UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 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: 001-40323

Recursion Pharmaceuticals, Inc.

(Exact name of registrant as specified in its charter)

Delaware 46-4099738

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

41 S Rio Grande Street
Salt Lake City, UT 84101
(Address of principal executive offices) (Zip code)
(385) 269 - 0203
(Registrant's telephone number, including area code)

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value $0.00001	RXRX	Nasdaq Global Select Market

Securities registered pursuant to section 12(g) of the Act: **None**

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes o No x

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 x 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 x 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	☐	Non-accelerated filer	x
Accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	x

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

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

The aggregate market value of the 106,432,549 shares of Class A common voting stock held by non-affiliates of the Registrant, computed by reference to the closing price as reported on the Nasdaq Stock Exchange, as of the last business day of Recursion Inc.'s most recently completed second fiscal quarter (June 30, 2021) was $3.9 billion.

As of February 28, 2022, there were 161,768,235 and 9,005,359 of the registrant's Class A and B common stock, par value $0.00001 per share, outstanding, respectively.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the 2022 Recursion Inc. Proxy Statement for use in connection with its Annual Meeting of Stockholders to be filed hereafter are incorporated by reference into Part III of this report.

About Recursion

Our Mission:
Decode biology to radically improve lives

We are a clinical pharmatech company building the world's largest proprietary biological and chemical data atlas and applying machine learning to distill hundreds of billions of searchable relationships across biology and chemistry, unconstrained by human bias.

We're industrializing drug discovery and development.

A Letter from Our Co-Founder and CEO

Dear Investor,

Last spring, I wrote our first public letter to shareholders as part of our IPO prospectus. In that letter I aimed to introduce you to Recursion by explaining our mission, our vision and by giving you a sense of the kind of company we strive to build.

Here, in our first annual shareholder letter, and in each annual shareholder letter going forward, I will lay out for you as transparently as possible the key achievements and challenges we faced over the prior year. In addition, I will also lay out many of the most critical questions and areas of strategic interest for us looking forward. While perhaps uncommon today, I feel that candor is a critical ingredient in achieving our mission. We are in the earliest innings of what I believe will be a fundamental transformation of the biopharma industry in the coming decades. We will be aggressive in our aim to lead this shift and we will undoubtedly have both successes and failures. With transparency, I hope to create long-term trust between us and our shareholders, as well as to maximize the proportion of like-minded, long-term investors in our shareholder base. You should know what kind of company we are today and aim to become in the future as you consider joining or continuing to be a part of our mission as a shareholder.

Now that the purpose of this letter is clear, and an expectation for transparency has been established, let me share with you how we grew as a company in 2021, what we accomplished, what challenges we faced, and what we are focused on in 2022 and beyond.

2021 – The Year of the Map

When we founded Recursion in 2013, we had a few key hypotheses including:

a. Images, combined with sophisticated computational approaches, could give rise to a new kind of -omics that would be less expensive, more scalable and somewhat orthogonal to previously established high-dimensional datasets.

b. In biology, structure suits function, and as such the new image-based omics we were establishing (***phenomics***) could be useful in building scalable models of not just the ***what*** of biology, but also the ***how***.

c. If the two hypotheses above are true, and if we could both scale and create relatability of data across time and between experiments, then we could ***build a map of biology*** and ***navigate that map*** to discover new medicines with less bias, more speed and more scale, ultimately industrializing drug discovery.

In the years since, we convinced ourselves (and our partners, investors and other stakeholders) that the first two hypotheses were likely to be true. Fast forward to mid-2020, with tens of millions of experiments and several petabytes of proprietary phenomics data in our hands, it felt like we were on the precipice of making an early judgment about our third and most critical founding hypothesis. Using data from a small subset of CRISPR-based gene knockout and small molecule profiling experiments, we built our first real map of biology in which we used machine learning and AI to ***predict*** how any two tested genes or molecules might interact with each other, even without physically testing them together. This was a seminal moment for Recursion - if we could predict whether different actions on biology (e.g. a gene knockout, addition of a protein or a small molecule) might interact with other actions on biology without testing all possible combinations, we could scale our exploration exponentially; the results of a set of physical experiments that might take 1,000 years to conduct using our previous approach could now be predicted after just a few months worth of data generation, and the best of those predictions could potentially be navigated to new medicines.

In the late fall of 2020, we started reading out the first validation experiments from predictions made from our map. In some cases these experiments were conducted in animal models after ***just a prediction of a novel relationship in our nascent map of biology***. While many validatory experiments failed, many were also successful - many more than would be successful by chance - and the scale of hypotheses that we could identify and explore seemed to have improved notably. In a variety of animal models in oncology, for example, we demonstrated several new potential mechanisms which generated complete responses, and in some cases we had gotten to these results ***directly*** from a predicted relationship between a novel target and known oncological drivers in our map. This was enough for us to declare 2021 the ***Year of the Map***, and we rapidly began shifting internal discovery capabilities from our previous brute-force search approach (try all possible combinations of potential drugs against each disease model) to our new approach of ***mapping and navigating biology.***

As a result, in 2021, our teams were spending as much time learning ***how to map and navigate biology*** as they were launching and advancing new programs. As a larger number of programs reached more advanced stages of pre-clinical development, we were bandwidth constrained across several key teams. As a result, our pipeline grew and advanced only marginally during 2021. However, the investments made in new people, processes, and approaches in 2021 have prepared us to execute against many new and existing programs in our internal and partnered pipelines in 2022. These advances laid the groundwork for 2022, the ***Year of Maps to Medicines***.

Map-Based Partnering

While the first use case for our mapping and navigating technology was to support our internal pipeline, the sheer scale enabled by this approach also expanded the universe of potential collaborations we could deliver against. The first such deployment of our mapping and navigating technology would actually be an addition to our ongoing work with Bayer.

In September of 2020, when we signed our partnership with Bayer to attempt to initiate more than 10 new programs in fibrosis, our new approach to mapping and navigating biology had barely taken root within Recursion. Over the first year of that collaboration, with multiple programs advancing simultaneously and a strong relationship between our teams, we approached Bayer about the opportunity to expand our partnership, both in terms of the number of programs we might initiate and the potential to apply our new mapping and navigating tools to explore the interaction space of biology and chemistry more rapidly and broadly. In December of 2021, we announced an expansion of the partnership to more than a dozen programs, but perhaps more notably, the expansion of our partnership included for the first time the use of our map-based approach as an option by which we could prioritize new programs with our colleagues at Bayer. We are excited to be well on our way to mapping Bayer's compound library and are already identifying map-based relationships that we think will be of interest to our colleagues there.

Strategic Partners

Bayer

Roche/Genentech

Furthermore, as we entered 2021 and thought about the power of our map-based approach, we wanted to deploy it against some of the toughest areas of biology where traditional approaches have struggled the most. Neuroscience was just such a space, and in December we also announced a transformative partnership with Roche and Genentech in neuroscience and one indication in oncology. Rather than approach neuroscience and this oncology indication with a specific set of hypotheses informed by the literature, over the coming years we will build maps of biology across the genome and hundreds of thousands of small molecules. Our aim together is to explore up to 40

new medicines across neuroscience and this single oncology indication using these maps. What's more, our colleagues at Roche and Genentech will be contributing single-cell sequencing datasets to the efforts and they will collaborate with us to use these and our datasets to build new multi-modal maps of biology that we together hope will provide even better fidelity, resolution and translational potential. This partnership represents not only one of the largest exploratory scientific collaborations in biopharma history, but also the potential for critical revenue for Recursion with $150M upfront, milestones for map-building and data-sharing that could exceed $500M, research, development, commercialization and net sales milestones on up to 40 programs that could exceed $300M per program and mid- to high-single digit tiered royalties on net sales for products commercialized from this work together. We are thrilled by the progress to date between our teams and look forward to pioneering new approaches together.

Moving forward, we will continue to pursue a limited number of strategic partnerships in areas of biology, as we have done in fibrosis and neuroscience, where we believe the deep expertise and resources of our partners will be critical for success. We will not be in a rush to sign such partnerships, however; we will focus on those that provide an opportunity for us and our partner to bring new medicines to patients in ways we or they might not be able to do alone.

2021 - a Year of Foundational Building and Strategic Growth

In 2021, we more than doubled the size of our team to approximately 400 employees.

Our mission is to ***Decode Biology to Radically Improve Lives***. It is purposefully audacious, expansive, and impactful. We are capitalizing on the near simultaneous convergence of near exponential improvements in diverse areas of science and technology that will make this the ***Century of Biology.*** Taking advantage of this opportunity at scale requires both capital and talent.

In the first quarter of 2021, significant work at Recursion was focused on executing a successful initial public offering. In April we raised more than $500M in gross proceeds to significantly expand our resources and protect our mission. The resources of our IPO and our partnerships means that we can invest in extraordinarily talented Recursionauts with a wide variety of backgrounds. In 2021, we more than doubled the size of our team to approximately 400 employees. The most intense areas of growth were in our clinical development organization as well as across our biology, chemistry, digital chemistry, software engineering, and data science teams. Many of our new employees were hired in anticipation of the significant neuroscience collaboration we signed at the end of the year with Roche and Genentech, and as a result, we were able to make tangible progress against key challenges even before the collaboration officially debuted so that we could hit the ground running at full speed upon the close of the deal.

The growth of our clinical development team from approximately 4 people at the start of 2021 to more than 30 people at the end of the year was particularly essential to prepare and shepherd multiple clinical programs in our pipeline into phase 2 or phase 2/3 studies, as well as to create the foundation for the systems and processes to begin to guide a growing set of new clinical programs including our C. difficile program and potentially multiple oncology programs and others advancing through the pipeline.

Growth

6.8
PETABYTES
at the end of 2020

h13
PETABYTES
at the end of 2021

In addition to the growth of our team, our Recursion Data Universe continued to grow, from approximately 6.8 petabytes at the end of 2020 to nearly 13 petabytes at the end of 2021. Perhaps more importantly, the ***types*** of data in our Data Universe also grew substantially, with the addition or expansion of significant new transcriptomic, proteomic, and invivomic datasets alongside more rigorous digital warehousing of our now broadened bespoke assay data. For the first time, these multi-modal datasets are allowing us to begin to combine our ***Maps of Biology*** into an ***Atlas of Biology***. The number of predicted relationships in our growing maps of biology also grew exponentially from 13 billion to more than 200 billion.

Finally, while we are very efficient with space at Recursion, we expect new laboratory-based technologies and team members to join us in the coming years that required us to make investments to more than double our office and lab space in Salt Lake City, as well as to open small offices in Toronto and Montreal, where we plan to continue the growth of our technology teams. We expect these new facilities, spanning offices to analytical chemistry to biobanking to automated microsynthesis, to be ready for use from mid-2022 through 2023.

2021 In Review: Challenges

Operating as a public company is, not surprisingly, more complex than operating as a private company. It brings with it new opportunities, but also new challenges for the organization. Add to this our rapid growth in 2021, moving the entire research enterprise to mapping and navigating biology as well as a smoldering pandemic that necessitated temporarily closing our offices to non-lab workers and it becomes clear that 2021 presented no shortage of challenges for our team. Our team encountered and overcame these challenges with maturity and resilience.

While our culture of caring for each other and our ‘one Recursion’ mindset was a stabilizing force, the single most important shift we made was evolving how we work from a function-first mentality to a project or goal-first mentality. Our new operating model was designed primarily by our President and COO Tina Larson and her team. Though rolling out a new operating model is a challenge, most of our teams have made extraordinary progress in living the principles of the model. While employees still report through their functional managers, who handle career development and partner in motivating and coaching employees, work is primarily prioritized and delivered through one of multiple cross-functional leadership teams focused on specific goals or projects at Recursion. As we continue to tune this new operating model, I believe that we will continue to maximize the likelihood of success for Recursion.

Perhaps the most challenging aspect of 2021 was the simultaneous build of our clinical development team while preparing to launch multiple clinical studies. As we announced recently, we made the decision to delay the start of our GM2 gangliosidosis phase 2 trial to explore a more robust dose optimization experiment in a sheep model of Tay-Sachs disease. This decision was driven by noise in the potency of REC-3599 in experiments conducted in patient-derived fibroblasts that raised the possibility that our planned dosing regimen may not be efficacious in certain patients. While noisiness in patient-derived fibroblast studies is common, because we plan to dose infants in this study, we decided that the right decision was to take a conservative approach and maximize our confidence in dose selection before beginning the trial. Despite this delay, we remain excited about the underlying science discovered using the first generation brute force approach in GM2, and our other trials are set to begin on-time or with only very modest delays. In the face of supply-chain delays and ongoing challenges with SARS-CoV-2 in the healthcare system, we are excited to have already initiated our first phase 2 program in cerebral cavernous malformation, and to be nearing initiation of our NF2 and FAP programs.

We have the resources to deliver towards our mission, create value and grow conscientiously.

We try to be aggressive and opportunistic in our growth at Recursion; after all, there is a LOT to build. As a result, in 2021 we explored multiple acquisition targets that would augment or accelerate our mission. Due to the challenges within capital markets at the end of 2021, we were deliberate with our resources and chose not to complete such deals. We also made the decision to slow certain longer-term oriented growth strategies for 2022, such as the creation of Induction Labs, and instead, focus on delivering value through near term (our internal pipeline) and medium term (our collaborations with Bayer and Roche) value drivers. Due to our successful IPO, upfront payment of $150M from the Roche and Genentech collaboration in January 2022 and the potential for further milestone payments from our partnerships in the near and medium term, we have the resources to deliver towards our mission, create value and grow conscientiously.

Key Foci Moving Forward

Looking beyond 2022 and near-term execution across our pipeline and partnerships, there are two main areas of strategic focus, planning and exploration for us.

First is the continuing evolution and expansion of our Recursion OS to eliminate discovery and translation bottlenecks at scale. Over the past 8.5 years, we have built an extraordinarily capable system for target discovery and hit identification across biology and a growing library of chemical compounds. However, this is just the beginning. Turning our hits into leads and development candidates still requires significant bespoke effort. We are confident that there are many tools we can build or buy to improve this process, but the most critical will be the completion of an iterative cycle of new chemical entity improvements combining digital chemistry with automated microsynthesis capabilities. We have already built a small team and several tools in the digital chemistry space, and we will continue to expand on this work. We have also made very early investment in automated microsynthesis capabilities with key hires, and that team is evaluating the best strategy for building out this compelling capability in the coming years. Success here would enable us to take hits from our platform, prioritize new chemical entities of interest to improve on key properties, and then rather than waiting months for synthesis of those compounds from partners, we could synthesize them onsite in small quantities to immediately test back on the platform. This compressed iterative cycle may allow us to advance new chemical entities much more quickly. In addition, we could significantly expand our early predictive ADMET capabilities in this space, further improving our ability to bring new medicines forward at scale.

Recursion OS

13PB
PROPRIETARY BIOLOGICAL DATA

>200B
INFERRED BIOLOGICAL RELATIONSHIPS
to mine using our maps of biology

The second key area of longer term focus is the evaluation of our business model; as we lead the growing pharmatech sector, the optimal model for growing businesses like ours and delivering value to patients is still uncertain. There are two distinct categories of strategy here: i) a vertically-integrated technology-first biopharma company spanning discovery through commercialization or ii) a discovery-focused entity deeply embedded as the research engine for many larger biopharmaceutical companies across our industry. There are opportunities and challenges in both strategies, and the decision depends not only on where we can best deliver, but also on the pace of adoption of technologies across the competitive landscape of large pharmaceutical companies. The significant increase in deal value for technology-enabled discovery companies over the last two years demonstrates how the most progressive large biopharma companies are beginning to appreciate techniques and technologies such as those we have built into the Recursion OS. However, wholly-owned clinical assets remain the currency of our industry, and we see the shift of many technology-enabled drug discovery companies towards building their own pipeline in response.

Therapeutic Areas

Oncology
Rare Disease
Neuroscience
Fibrosis
Inflammation and Immunology

I am confident that we have built a team, a technology, and a strategy that will help to redefine the idea of what a 21st century biopharma company looks like.

Recursion today is hedged with both a significant internal pipeline, focused primarily on highly partnerable (e.g., oncology) or capital-efficient disease areas (e.g., rare disease), as well as significant research collaborations with large pharma companies in resource-intensive and intractable areas of biology (neuroscience and fibrosis). We will continue gathering input, both on our own ability to deliver a competitive advantage beyond discovery and translation, and on how the industry is evolving, before starting to narrow our approach towards one or the other strategy.

Despite the tensions in the world in 2021 and early 2022, I am confident that we have built a team, a technology, and a strategy that will help to redefine the idea of what a 21st century biopharma company looks like. We have asked every Recursionaut, myself included, to grow in their skills and thinking, such that we can continue to improve our level of value creation year over year. We will continue to operate the company with a long-term horizon, cognizant of the challenges of quarterly thinking that can creep into companies in the public market, but also recognizing the need for us to demonstrate equal parts discipline and delivery to go alongside our innovative thinking. Thank you for being a partner on our journey to bring more and better medicines to patients faster; together, we can ***decode biology to radically improve lives***.

Thank you,

Chris Gibson, Ph.D.
Co-Founder and Chief Executive Officer

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PART I

RISK FACTOR SUMMARY

Below is a summary of the principal factors that make an investment in the common stock of Recursion Pharmaceuticals, Inc. (Recursion, the Company, we, us, or our) risky or speculative. This summary does not address all of the risks we face. Additional discussion of the risks summarized below, and other risks that we face, can be found in the section titled “Item 1A. Risk Factors” in this Annual Report on Form 10-K.

- We are a clinical-stage biotechnology company with a limited operating history. We have no products approved for commercial sale and have not generated any revenue from product sales.
- Our drug candidates are in preclinical or clinical development, which are lengthy and expensive processes with uncertain outcomes and the potential for substantial delays.
- We have incurred significant operating losses since our inception, we expect to incur substantial and increasing operating losses for the foreseeable future, and we may not be able to achieve or maintain profitability.
- Our mission is broad and expensive to achieve and we will need to raise substantial additional funding, which may not be available on commercially reasonable terms or at all.
- We expect to finance our cash needs for the foreseeable future potentially through a combination of private and public equity offerings and debt financings, as well as strategic collaborations. If we are unable to raise capital when needed, we would be forced to delay, reduce, or eliminate at least some of our product development programs and other activities, and to possibly cease operations.
- Raising additional capital entails risks, including that it may adversely affect the rights, or dilute the holdings, of our existing stockholders; increase our fixed payment obligations; require us to relinquish rights to our technologies or drug candidates; and/or divert management’s attention from our core business.
- If we are unable to establish additional strategic collaborations on commercially reasonable terms or at all, or if current or future collaborations are not successful, we may have to alter our drug development plans.
- We or our current and future collaborators may never successfully develop and commercialize drug candidates, or the market for approved drug candidates may be less than anticipated, which in either case would materially and adversely affect our financial results and our ability to continue our business operations.
- Our approach to drug discovery is unique and may not lead to successful drug products for various reasons, including potential challenges identifying mechanisms of action for our candidates.
- Although we intend to explore other therapeutic opportunities in addition to the drug candidates we are currently developing, we may fail to identify viable new candidates or we may need to prioritize candidates and, as a result, we may fail to capitalize on profitable market opportunities.
- We may experience delays in initiating and completing clinical trials, including due to difficulties in enrolling patients or maintaining compliance with trial protocols, or our trials may produce inconclusive or negative results.
- If we are unable to obtain or there are delays in obtaining regulatory approvals for our drug candidates in the U.S. or other jurisdictions, or if approval is subject to limitations, we will be unable to commercialize, or delayed or limited in commercializing, the products in that jurisdiction and our ability to generate revenue may be materially impaired.
- Our quarterly and annual operating results may fluctuate significantly due to a variety of factors, a number of which are outside our control or may be difficult to predict, which could cause our stock price to fluctuate or decline.

- If we are not able to develop new solutions and enhancements to our drug discovery platform that keep pace with technological developments, or if we experience breaches or malfunctions affecting our platform, our ability to identify and validate viable drug candidates would be adversely impacted.
- Third parties that provide supplies or equipment, or that manufacture our drug products or drug substances, may not provide sufficient quantities at an acceptable cost or may otherwise fail to perform.
- We or third parties on which we depend may experience system failures, cyber-attacks, and other disruptions to information technology or cloud-based infrastructure, which could harm our business and subject us to liability for disclosure of confidential information.
- Force majeure events, such as the COVID-19 pandemic, a natural disaster, global political instability, or warfare, could materially disrupt our business and the development of our drug candidates.
- If we are unable to adequately protect and enforce our intellectual property rights, including obtaining and maintaining patent protection for our key technology and products that is sufficiently broad, our competitors could develop and commercialize technology and products similar or identical to ours and our ability to successfully commercialize our technology and products may be impaired.
- If we are unable to protect the confidentiality of our trade secrets and know-how, our business and competitive position may be harmed.
- If we fail to comply with our obligations in the agreements under which we collaborate with and/or license intellectual property rights from third parties, or otherwise experience disruptions to our business relationships with our partners, we could lose rights that are important to our business.
- We face substantial competition, which may result in others discovering, developing, or commercializing competing products before we do.
- If we are unable to attract and retain key executives, experienced scientists, and other qualified personnel, our ability to discover and develop drug candidates and pursue our growth strategy could be impaired.
- We are subject to comprehensive statutory and regulatory requirements, noncompliance with which may delay or prevent our ability to market our products or result in fines or other liabilities.

Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K contains “forward-looking statements” about us and our industry within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “would,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplate,” “believe,” “estimate,” “predict,” “potential,” or “continue” or the negative of these terms or other similar expressions. Forward-looking statements contained in this report may include without limitation those regarding:

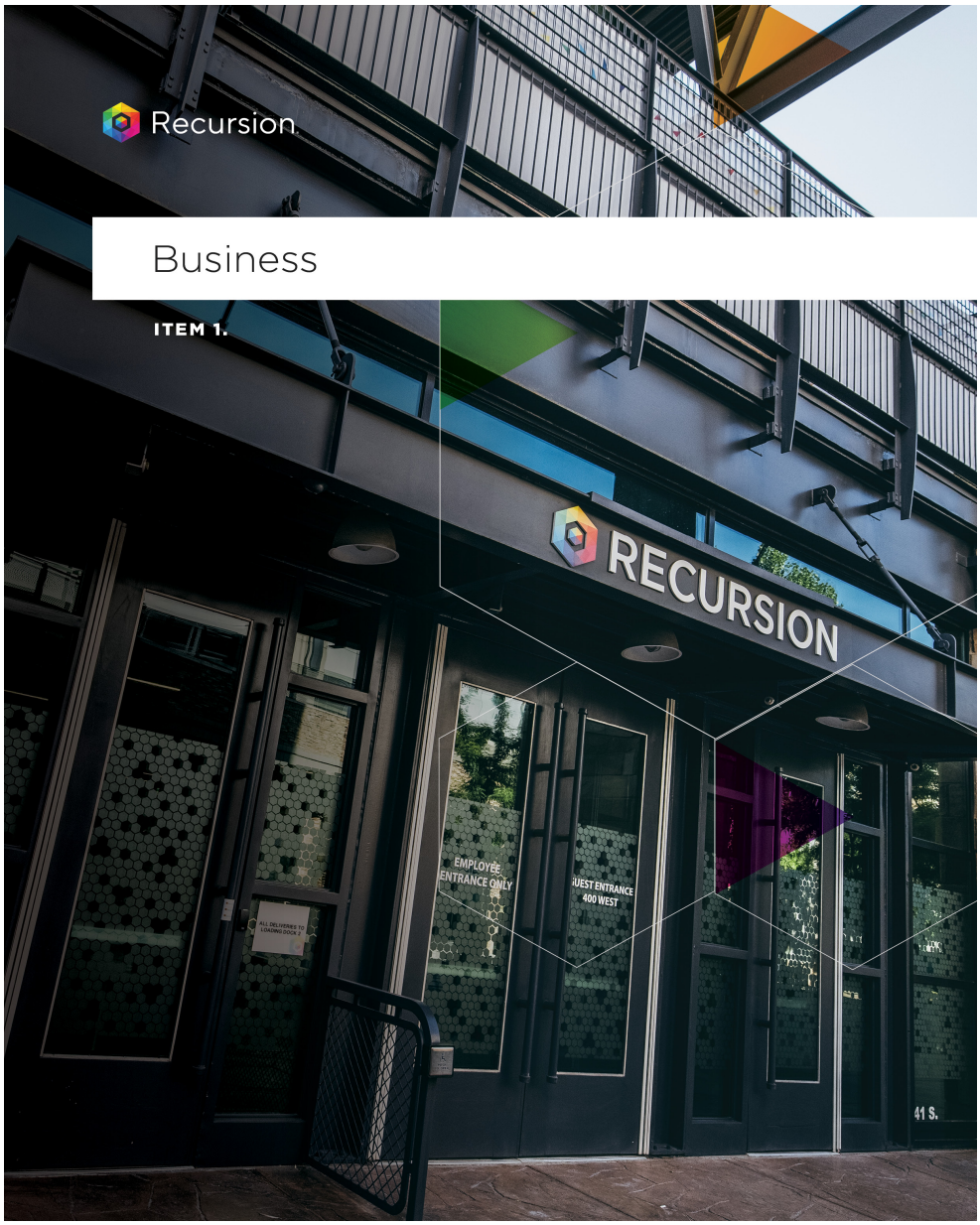
- our research and development programs
- the initiation, timing, progress, results, and cost of our current and future preclinical and clinical studies, including statements regarding the design of, and the timing of initiation and completion of, studies and related preparatory work, as well as the period during which the results of the studies will become available;
- the ability of our clinical trials to demonstrate the safety and efficacy of our drug candidates, and other positive results;
- the ability and willingness of our collaborators to continue research and development activities relating to our development candidates and investigational medicines;

- future agreements with third parties in connection with the commercialization of our investigational medicines and any other approved product;
- the timing, scope, and likelihood of regulatory filings and approvals, including the timing of Investigational New Drug applications and final approval by the U.S. Food and Drug Administration, or FDA, of our current drug candidates and any other future drug candidates, as well as our ability to maintain any such approvals;
- the timing, scope, or likelihood of foreign regulatory filings and approvals, including our ability to maintain any such approvals;
- the size of the potential market opportunity for our drug candidates, including our estimates of the number of patients who suffer from the diseases we are targeting;
- our ability to identify viable new drug candidates for clinical development and the rate at which we expect to identify such candidates, whether through an inferential approach or otherwise;
- our expectation that the assets that will drive the most value for us are those that we will identify in the future using our datasets and tools;
- our ability to develop and advance our current drug candidates and programs into, and successfully complete, clinical studies;
- our ability to reduce the time or cost or increase the likelihood of success of our research and development relative to the traditional drug discovery paradigm;
- our ability to improve, and the rate of improvement in, our infrastructure, datasets, biology, technology tools, and drug discovery platform, and our ability to realize benefits from such improvements;
- our expectations related to the performance and benefits of our BioHive-1 supercomputer;
- our ability to realize a return on our investment of resources and cash in our drug discovery collaborations;
- our ability to scale like a technology company and to add more programs to our pipeline each year;
- our ability to successfully compete in a highly competitive market;
- our manufacturing, commercialization, and marketing capabilities and strategies;
- our plans relating to commercializing our drug candidates, if approved, including the geographic areas of focus and sales strategy;
- our expectations regarding the approval and use of our drug candidates in combination with other drugs;
- the rate and degree of market acceptance and clinical utility of our current drug candidates, if approved, and other drug candidates we may develop;
- our competitive position and the success of competing approaches that are or may become available;
- our estimates of the number of patients that we will enroll in our clinical trials and the timing of their enrollment;
- the beneficial characteristics, safety, efficacy, and therapeutic effects of our drug candidates;
- our plans for further development of our drug candidates, including additional indications we may pursue;
- our ability to adequately protect and enforce our intellectual property and proprietary technology, including the scope of protection we are able to establish and maintain for intellectual property rights covering our current drug candidates and other drug candidates we may develop, receipt of patent protection, the extensions of existing patent terms where available, the validity of intellectual property rights held by third parties, the protection of our trade secrets, and our ability not to infringe, misappropriate or otherwise violate any third-party intellectual property rights;
- the impact of any intellectual property disputes and our ability to defend against claims of infringement, misappropriation, or other violations of intellectual property rights;

- our ability to keep pace with new technological developments;
- our ability to utilize third-party open source software and cloud-based infrastructure, on which we are dependent;
- the adequacy of our insurance policies and the scope of their coverage;
- the potential impact of a pandemic, epidemic, or outbreak of an infectious disease, such as COVID-19, or natural disaster, global political instability, or warfare, and the effect of such outbreak or natural disaster, global political instability, or warfare on our business and financial results;
- our ability to maintain our technical operations infrastructure to avoid errors, delays, or cybersecurity breaches;
- our continued reliance on third parties to conduct additional clinical trials of our drug candidates, and for the manufacture of our drug candidates for preclinical studies and clinical trials;
- our ability to obtain, and negotiate favorable terms of, any collaboration, licensing or other arrangements that may be necessary or desirable to research, develop, manufacture, or commercialize our platform and drug candidates;
- the pricing and reimbursement of our current drug candidates and other drug candidates we may develop, if approved;
- our estimates regarding expenses, future revenue, capital requirements, and need for additional financing;
- our financial performance;
- the period over which we estimate our existing cash and cash equivalents will be sufficient to fund our future operating expenses and capital expenditure requirements;
- our ability to raise substantial additional funding;
- the impact of current and future laws and regulations, and our ability to comply with all regulations that we are, or may become, subject to;
- the need to hire additional personnel and our ability to attract and retain such personnel;
- the impact of any current or future litigation, which may arise during the ordinary course of business and be costly to defend;
- our expectations regarding the period during which we will qualify as an emerging growth company under the JOBS Act;
- our anticipated use of our existing resources and the net proceeds from our initial public offering; and
- other risks and uncertainties, including those listed in the section titled “Risk Factors.”

We have based these forward-looking statements largely on our current expectations and projections about our business, the industry in which we operate, and financial trends that we believe may affect our business, financial condition, results of operations, and prospects. These forward-looking statements are not guarantees of future performance or development. These statements speak only as of the date of this report and are subject to a number of risks, uncertainties and assumptions described in the section titled “Risk Factors” and elsewhere in this report. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Except as required by applicable law, we undertake no obligation to update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, or otherwise.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this report. While we believe such information forms a reasonable basis for such statements, the information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and you are cautioned not to unduly rely upon them.


Recursion
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Item 1. Business.

Overview

We are a clinical-stage biotechnology company industrializing drug discovery by decoding biology. Central to our mission is the Recursion Operating System (OS), a platform built across diverse technologies that enables us to map and navigate hundreds of billions of biological and chemical relationships within one of the world's largest proprietary biological and chemical datasets, the Recursion Data Universe. Scaled 'wet-lab' biology and chemistry tools are organized into an iterative loop with 'dry-lab' computational tools to rapidly translate map-based hypotheses into validated insights and novel chemistry, unconstrained by published literature or human bias. Our focus on novel technologies spanning target discovery through translation, as well as our ability to rapidly iterate between wet lab and dry lab in-house and at scale, differentiates us from other companies in our space. Further, our balanced team of life scientists and computational and technical experts creates an environment where empirical data, statistical rigor and creative thinking are brought to bear on our decisions. To date, we have leveraged our Recursion OS to enable three value drivers: i) an expansive pipeline of internally-developed programs, including several clinical-stage assets, focused on genetically-driven rare diseases and oncology with significant unmet need and market opportunities in some cases expected to be in excess of $1 billion in annual sales; ii) strategic partnerships with leading biopharma companies to map and navigate intractable areas of biology, including fibrosis with Bayer and neuroscience with Roche and Genentech, to identify novel targets and translate potential new medicines to resource-heavy clinical development overseen by our partners; and iii) Induction Labs, a growth engine created to explore new extensions of the Recursion OS both within and beyond therapeutics. We are a biotechnology company scaling more like a technology company.

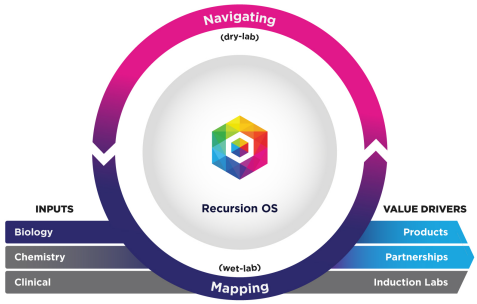
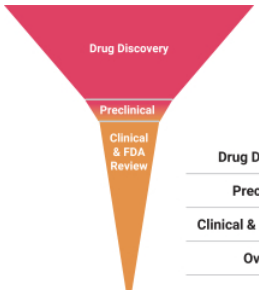


Figure 1. The Recursion Operating System (OS) for industrializing drug discovery. The Recursion OS is an integrated, multi-faceted system for iteratively mapping and navigating large-scale and rich biological and chemical datasets to industrialize drug discovery and translation.

The Digital Biology Opportunity

The traditional drug discovery and development process is characterized by substantial financial risks, with increasing and long-term capital outlays for development programs that often fail to reach patients as marketed products. Historically, it has taken over ten years and an average capitalized R&D cost of approximately $2 billion per approved medicine to move a drug discovery project from early discovery to an approved therapeutic. Such productivity outcomes have culminated in an industry success rate of 8% to 14% from discovery to commercialization, respectively, yielding a rapidly declining IRR for the industry, from 10% in 2010 to 2.5% in 2020.[1-5]



Historical Biopharma R&D Metrics

	Success rate	Time (years)	Capitalized R&D spend per approval
Drug Discovery	51%	4.5	$881-$1,098
Preclinical	69%	1	
Clinical & FDA Review	8-14%	8-11	$954-$1,460
Overall	<4%	~14	$1,778-$2,558

Figure 2. Historical biopharma industry R&D metrics. The primary driver of the cost to discover and develop a new medicine is clinical failure. Less than 4% of drug discovery programs that are initiated result in an approved therapeutic, resulting in a risk-adjusted cost of $1.8 to $2.6 billion per new drug launched.[1-5]

These sobering metrics, despite incredible investment and brilliant scientists, point to the need to evolve a more efficient drug discovery process and explore new tools. Traditional drug discovery relies on basic research discoveries from the scientific community for disease-relevant pathways and targets to interrogate. Coupled with biology's incredible complexity, this approach has forced the industry to rely on reductionist hypotheses of the critical drivers of complex diseases, which can create a 'herd mentality' as multiple parties chase a limited number of therapeutic targets. The situation has been exacerbated by normal human bias (e.g., confirmation bias and sunk-cost fallacy). Accentuating this problem, the sequential nature of current drug discovery activities and the challenges with aggregation and relatability of data across projects, teams and departments lead to frequent replication of work and long timelines to discharge the scientific risk of such hypotheses. Despite decades of accumulated knowledge, the result is that drug discovery has unintentionally become almost artisanal, creating major hurdles for innovation.

Contemporaneously, technological innovations, such as machine learning (ML) have transformed complex industries - from media to transportation to e-commerce - through the creation of scalable and continuously improving iterative cycles of digitization, data aggregation and prediction. The biopharma sector, however, has been slower to embrace such innovations and methods of thinking, except in very narrow areas. We are focused on filling this innovation gap by building a new type of drug discovery engine, the Recursion OS, and reengineering the end-to-end process from the ground up using multiple technological advances that have become accessible within just the past decade.

[1] Alacrita Consulting. Pharmaceutical Probability of Success. (2018)
[2] Deloitte. Ten years on: Measuring the return from pharmaceutical innovation (2020)
[3] DiMasi et al. Innovation in the pharmaceutical industry: New estimates of R&D costs. Journal of Health Economics. 47:20-33 (2016)
[4] Paul, et al. How to improve R&D productivity: the pharmaceutical industry's grand challenge. Nature Reviews Drug Discovery. 9: 203-214 (2010)
[5] Martin et al. Clinical trial cycle times continue to increase despite industry efforts. Nature Reviews Drug Discovery. 16:157 (2017)

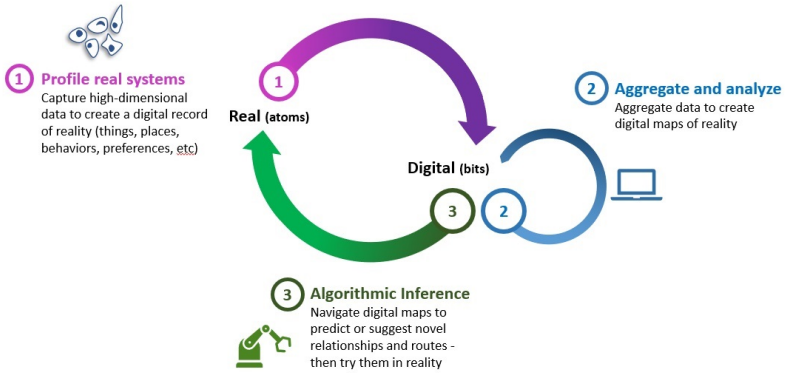


Figure 3. The standard iterative loop involves 1) profiling of real systems, 2) aggregation and analysis and 3) algorithmic inference, as used by machine-learning native companies across multiple industries[6]. The details of the real system that is profiled change based on the industry. For example, using satellite and street data along with traffic, construction and weather data to model the real world and predict optimal routes and points of interest along a route or the use of detailed user metrics from media viewing apps to map human preferences and predict and refine new content. Or in the entertainment context, using detailed measurement of viewing preferences to predict the most appealing media types. In these cases, and many others, digital maps of reality create ever-improving predictions that can be tested, leading to both a data moat and ever-improving products.

Our Radical New Approach to Drug Discovery

The emergence of technological innovations has created the opportunity to envision new approaches to discovering therapeutics at scale. We are pioneering the integration of these technological innovations across biology, chemistry, automation, data science and engineering to modernize drug discovery. Combining advances in high content microscopy with arrayed CRISPR genome editing techniques, we can rigorously generate massive, high-dimensional biological and chemical datasets to probe genome-scale biological contexts in multiple human cellular conditions, giving rise to the Recursion Data Universe. Simultaneously, exponential improvements in compute speed and reductions in data storage costs driven by the technology industry, married with ML tools to make sense of complex data, enable us to efficiently harness these massive datasets and perform an unbiased inquiry of causative human biology, unconstrained by presumptive hypotheses. We believe this will enable us to derive novel biological insights previously inaccessible to scientific researchers, reduce the effects of human bias inherent in discovery biology and reduce translational risk at the program outset. For example, given any gene of interest, our platform reveals its relationship to all other genes and molecules included in the Recursion Data Universe, based on proprietary data created in our own automated wet laboratory. Thus we are vastly expanding the scope of surveyable biology and combining novel, basic science and therapeutic discovery into a single step.

[6] Adapted from “Around the physical-digital-physical loop - A current look at Industry 4.0 capabilities” Deloitte Insights 10 October 2018, Rutgers and Sniderman.

Figure 4. The productionized portions of the Recursion OS today. We use our proprietary software and highly-automated wet laboratory to design and execute up to 2.2 million experiments each week across diverse biological and chemical matter. Complex, high-dimensional data from these experiments are generated at a rate of up to 110 terabytes per week and aggregated and analyzed by proprietary neural networks in either distributed cloud computing environments or on our own high-performance compute cluster, BioHive-1. We leverage these algorithms to make predictions about the relationships between untested combinations of biology and chemistry. As of today, we have made more than 200 billion such predictions. Our scientists navigate this vast Map of Biology using proprietary software to discover novel relationships, which we can quickly test either in-house across a variety of assays or via clinical research organizations (CROs). As we validate or refute the predictions in orthogonal assays, up to and including complex animal models, our Recursion OS is continuously improved. This iterative cycle of mapping and navigating is akin to the strategy used by many of the largest technology companies in other complex industries.

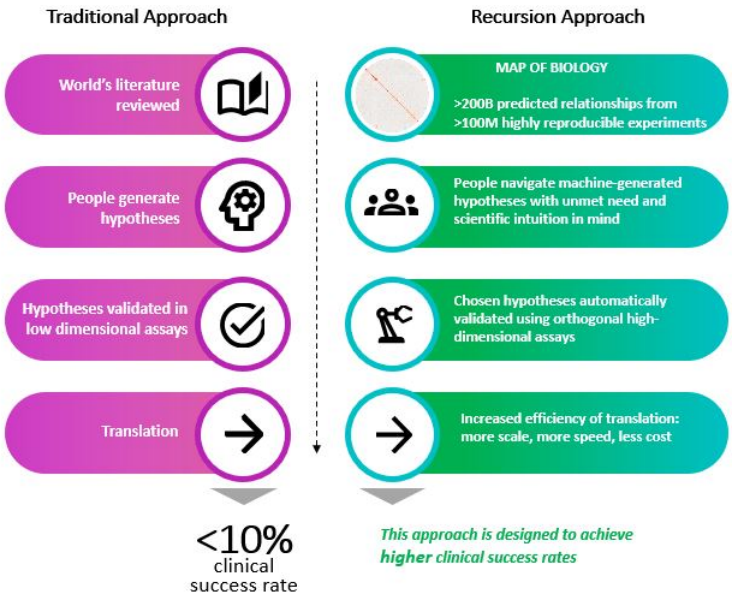


Figure 5. Our radically new approach to drug discovery. To date, we have used our approach to generate one of the largest biological and chemical datasets on earth, at nearly 13 petabytes, which is growing by up to 2.2 million experiments' worth of data each week. In addition, we have built a proprietary suite of software applications within the Recursion OS, making us well-positioned to automate and accelerate basic science and drug discovery tasks and enable scientific teams to quickly and iteratively evaluate therapeutic candidates. Cumulatively, these advances may redefine R&D productivity, as technology has disrupted many other industries, and we believe they will generate forward program growth as they have led to forward revenue growth in the context of technology companies. By applying the Recursion OS to drug discovery, Recursion expects to turn drug discovery from sequential trial-and-error into a search problem where we map and navigate biology in an unbiased manner to discover new insights and translate them into potential new medicines at scale.

Recursion: A Biotechnology Company Scaling More Like a Technology Company

Traditional approaches to drug discovery typically begin with a specific indication and a human-derived target hypothesis. Bespoke assays are subsequently built, and data is generated to identify therapeutic candidates acting against the proposed target. In contrast, we empirically generate large datasets encompassing a broad range of indications, with data across hundreds of thousands of biological and chemical perturbations. We combine this data within our Recursion Data Universe, with the proprietary suite of advanced computational tools in our Recursion OS to map the relationships among and between all of the possible combinations of perturbations. We then initiate and advance new therapeutic programs by navigating the map to the most exciting predicted relationships. Mutually reinforcing advances in ML algorithms and an ever-growing body of knowledge through continuous data generation create a flywheel of novel insights, increasing the efficiency and output of our pipeline. Further, the time and cost for us to explore a hypothesis are radically less than traditional methods and approaches require, meaning we can explore biology and chemistry much more broadly to find the best relationships for translational research.

Year	2018	2019	2020	2021
Total Phenomic Experiments (Millions)	8	24	56	115
Data (PB)	1.8	4.3	6.8	12.9
Cell Types	12	25	36	38
Total Chemical Library[1] (Thousands)	24	106	706	978
In Silico Chemistry Library (Billions)	0	0.02	3	12
Predicted Biological and Chemical Relationships[2] (Billions)	NA	NA	13	203
IND-Enabling and Clinical Stage Programs	1	2	4	5
Cumulative Upfront and Investment Payments Committed by Partners[3]	$0	$0	$80M	$230M
Cumulative Potential Payments from Partners Excluding Royalties	$0	$0	>$1B	>$13B

Table 1. The scale and acceleration of our growth along multiple axes. We are a biotechnology company scaling more like a technology company, as demonstrated by our growth in inputs (experiments) and growth in outputs (data, biological and chemical relationships, programs and partnerships). (1) Includes approximately 500,000 compounds from Bayer's proprietary library. (2) 'Predicted Relationships' refers to the number of Unique Perturbations that have been predicted using our maps. (3) Announced a collaboration with Roche and Genentech in December 2021 and received an upfront payment of $150 million in January 2022.

The Recursion OS

Using our highly-automated wet-lab infrastructure, we have executed approximately 115 million experiments across different biological and chemical contexts in multiple human cell types. The resultant Recursion Data Universe, which grows nearly constantly as new experiments are performed, is the substrate by which we use sophisticated computational techniques to Map the underlying biology and chemistry. We apply additional sophisticated computational techniques to these Maps to build our Navigating Tools, which allow us to predict hundreds of billions of biological and chemical relationships in silico and prioritize the most novel and promising candidates for further validation in our wet laboratories. Our mapping and navigating approach to drug discovery means that the ambitious experimental explorations that would have taken us over 1,000 years to execute physically can now be inferred in a matter of months due to the relatability of the dataset that we have already constructed. To date, we have built, validated and deployed our approach with a focus on novel target discovery and validation, which we view as the most challenging step in the drug discovery process due to the bias and limitations of the modern reductionist approach to discovery. We continue to invest in extending our approach into chemistry to enable us to act more rapidly and with higher success rates in translating our novel target discovery work into IND-enabled programs. In the future, we expect that we will further evolve our approach into techniques that improve our ability to execute clinical programs at scale. Though still early, we believe we have demonstrated meaningful leading indicators that our approach industrializes drug discovery, broadening the funnel of potential therapeutic starting points, identifying failures earlier in the research cycle when they are relatively inexpensive and accelerating the delivery of high potential drug candidates to the clinic while reducing cost.

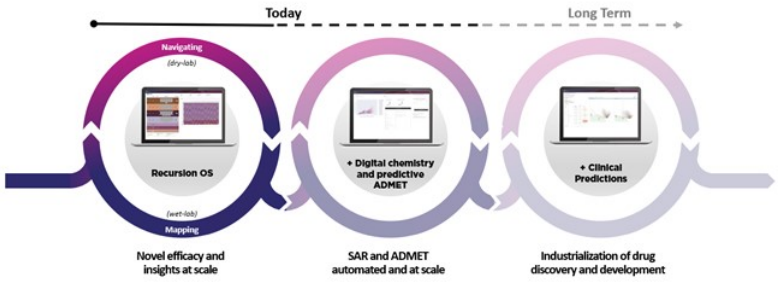


Figure 6. The Recursion OS today, along with a roadmap for future extensions and evolution. In its ideal state, a drug discovery funnel would be shaped like the letter 'T,' where a broad universe of possible therapeutics could be narrowed immediately to the best candidate, which would advance through subsequent steps of the process quickly and with no attrition. Our goal is to leverage technology to reshape the typical drug discovery funnel towards its ideal state by rapidly narrowing the funnel. Late-stage clinical failures are the primary driver of costs in today's pharmaceutical R&D model, due in part to inherent uncertainty in the clinical development and regulatory process. Reducing the rate of costly, late-stage failures and accelerating the timeline from hit to a clinical candidate would create a more sustainable R&D model.

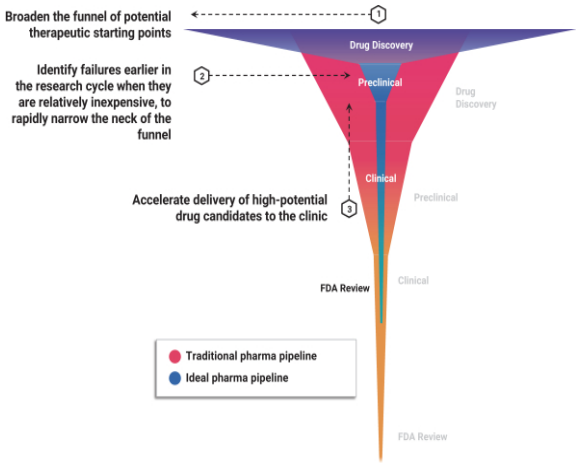


Figure 7. Reshaping the drug discovery funnel. The aim of the Recursion OS is reshaping the traditional pharma pipeline into a more ideal funnel in which the broad swath of biological and chemical data fed into the platform are quickly triaged and fed into an accelerated translation path into the clinic.

We believe we have made progress in reshaping the traditional drug discovery funnel in the following ways:

- *Broaden the funnel of therapeutic starting points.* Our flexible and scalable Mapping Tools and Infrastructure enable us to infer hundreds of billions of relationships between disease models and therapeutic candidates, 'widening the neck' of the discovery funnel beyond hypothesized and therefore human-biased targets.

- *Identify failures earlier when they are relatively inexpensive.* Our proprietary Navigation Tools enable us to explore our massive biological and chemical datasets to validate more and varied hypotheses rapidly. While this strategy results in an increase in early stage attrition, we are able to rapidly prioritize programs with a higher likelihood of downstream success. Over time, and as our OS improves, we expect that moving failure earlier in the pipeline will result in an overall lower cost of drug development.

- *Accelerate delivery of high-potential drug candidates to the clinic.* Additionally, the Recursion OS contains a suite of digital chemistry tools that enable highly efficient exploration of chemical space, including 3D virtual screening as well as translational tools that improve the robustness and utility of *in vivo* studies.

We have leveraged our evolving Recursion OS to explore more than 150 disease programs to a depth sufficient to quantify improvements in the time, cost and anticipated likelihoods of program success by discovery stage compared to the traditional drug discovery paradigm. These metrics are leading indicators that, using our approach, we may be able to industrialize drug discovery. We believe that future iterations of the Recursion OS will enable even greater improvements. Ultimately, we look to minimize the total dollar-weighted failure while maximizing the likelihood of success.

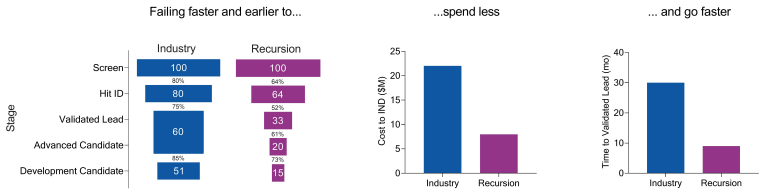


Figure 8. The trajectory of our drug discovery funnel mirrors the 'ideal' pharmaceutical drug discovery funnel. We believe that, compared to industry averages, our approach allows us to: i) identify low-viability programs earlier in the research cycle, which quickly narrows the funnel, ii) spend less per program and iii) rapidly advance programs to a validated lead. Data shown are the averages of all our programs from 2017 through 2021. As we continue to evolve and expand our Recursion OS through improvements in chemistry, digital chemistry and predictive ADMET, we believe we will further improve overall R&D productivity.

Over time, we believe continued successes and improvements in any or all of the dimensions highlighted above will improve overall R&D productivity, allowing us to address targeted patient populations that may otherwise not be commercially viable using traditional drug discovery approaches. Further, we believe our unbiased approach may lead to novel targets and allow us to outperform others in highly competitive disease areas where multiple parties often simultaneously pursue a limited number of similar target hypotheses. These advantages potentially significantly expand the total addressable market for our technology. However, the process of clinical development is inherently uncertain, and there can be no guarantee that we will achieve shorter development timelines with future product candidates.

Our Business Strategy

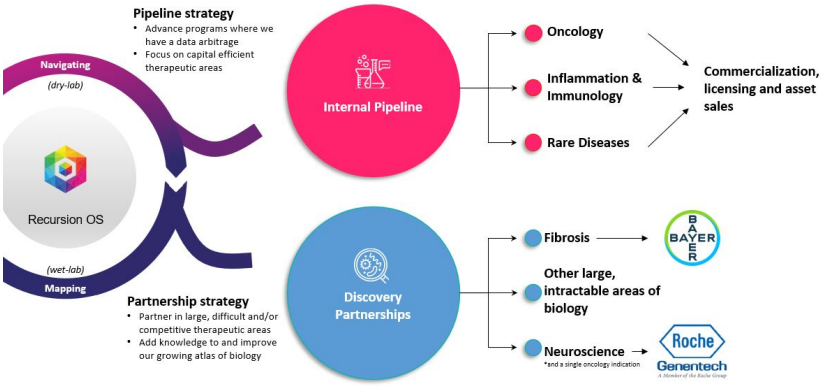


Figure 9. We harness the value and scale of our maps of biology using a capital efficient business strategy. Our business strategy is segmented into our: i) internal pipeline focused on oncology, rare diseases and other capital efficient opportunities, ii) enterprise-scale discovery partnership agreements in large therapeutic areas such as fibrosis with Bayer and neuroscience with Roche and Genentech and iii) Induction Labs which is our growth engine for translating our platform into auxiliary business opportunities over a longer-term horizon (not depicted above).

Our business strategy is to build, explore and develop opportunities that we feel we are most uniquely suited to advance. While most biopharma companies are focused on a narrow slice of biology or therapeutic area, where they believe they have an advantage or insight, our vision is to decode biology by mapping and navigating broad and diverse datasets so that we can, over time, evolve and extend our Recursion OS to deliver valuable and translatable insights at scale and across many therapeutic areas and modalities. Success in this endeavor would create extraordinary value and impact. Today, the biopharma industry has a market capitalization of multiple trillions of dollars, and creates products that touch nearly every human in the world at some point in time. Yet, on average, products developed in our industry fail in clinical development 90% of the time. This industry-wide inefficiency means continued investment in refining our Recursion OS to improve the probability of success of our programs over time is by far the most valuable long-term driver of our success, and it is also what we are most uniquely positioned to deliver.

Delivery of subsequent iterations of the Recursion OS, however, requires that we make tangible demonstrations of progress and potential along the way. As such, we developed a multi-pronged, capital efficient business model focused on three key value-drivers that enable us to demonstrate our progress over time while continuing to invest in the development of the Recursion OS, which we are convinced is our most compelling long-term value driver.

Value-Driver 1 - Near-Term Wholly Owned, Capital Efficient Programs

We believe that the primary currency of any biotechnology company today is clinical-stage, wholly-owned assets. These programs can be concretely valued using a variety of models by key stakeholders in the biopharma ecosystem and present the potential to meet critical patient needs. Further, for Recursion, these assets have a variety of additional benefits, including: a) validation of key elements of the Recursion OS; b) growing our expertise in clinical development; and c) building in-house processes to interact with regulatory agencies and advance medicines towards the market. This last point is perhaps the most important for Recursion. If the Recursion OS evolves in the manner we have designed it to, it will improve with more iterations such that future programs could be more valuable than today's programs. In this way, operating as a vertically-integrated biopharma company that leverages technology at every step from target discovery through clinical development (and even marketing and distribution) may be the long-term business model with the most upside for our stakeholders, including both investors and patients. Thus, the importance of our early cycles of learning and iteration in clinical development

have long-term value that may exceed the near-term commercial opportunities of any of the indications we have chosen to explore. For these reasons, we have directed our internal programs in areas that are both diverse and capital-efficient. Moreover, we may be opportunistic about selling or licensing assets after they achieve key value-inflection milestones so that we can re-invest in our long-term strategy.

Value-Driver 2 - Intermediate Term Partnered Programs

We believe that in its current form, our Recursion OS is already capable of delivering many more therapeutic insights than we would be able to responsibly shepherd alone today. As such, we have chosen to partner with experienced, top-tier biopharma companies to explore intractable and resource-intensive areas of biology like fibrosis with Bayer and neuroscience with Roche and Genentech. The key advantages of these partnerships are that: i) we are able to deploy the Recursion OS to turn latent value into tangible value in areas of biology where it would be challenging for us to do so alone; ii) the clinical development paths for these large therapeutic areas are often resource-intensive and highly complex; and iii) we are able to learn from our colleagues at these top-tier companies such that it could give us a competitive advantage in the industry over the longer term. This strategy also embeds us in the discovery process of large pharmaceutical companies, and gives rise to an alternative long-term business model whereby we become a valued partner of many such companies, focusing on discovery and de-risking of broad and varied programs while relying on our partners to develop and market the medicines while we take an increasingly large portion of the upside. Based on how value is ascribed across our industry today, this model alone is not yet feasible to maximize our business impact. However, we feel that shifts in industry perception and improving economics associated with each partnership agreement that we sign suggest that there is some potential for this portion of our business model to become the most value-accretive over the long-term.

Value-Driver 3 - Induction Labs for Long-Term Value Impact

Mapping and navigating biology has extraordinary potential to create better medicines faster and at lower costs. This is our primary focus today and is likely to be the most impactful use of our Recursion OS. However, there may be tangential markets and opportunities in spaces like diagnostics for which the infrastructure and technology we have built could create compelling value, impact and operating synergies. We will continue to make very small exploratory investments to test the utility of our platform to create new value-drivers for Recursion over the longer term.

Our Programs

Every program at Recursion is a product of our Recursion OS. All of the programs in our internal pipeline are built on unique biological insights surfaced through the Recursion OS and target diseases where: i) the disease-causing biology is well defined, but the downstream effects of the disease-cause are typically poorly understood or where the primary targets are typically considered undruggable and ii) there is a high unmet medical need, there are no approved therapies or there are significant limitations to existing treatments. Several of our internal pipeline programs target indications with market opportunities expected to be near to or in excess of $1.0 billion in annual sales and we are preparing for three programs to enter Phase 2 or Phase 2/3 clinical trials within the first three quarters of 2022 and a fourth program to enter a Phase 1 clinical trial within the second half of 2022.

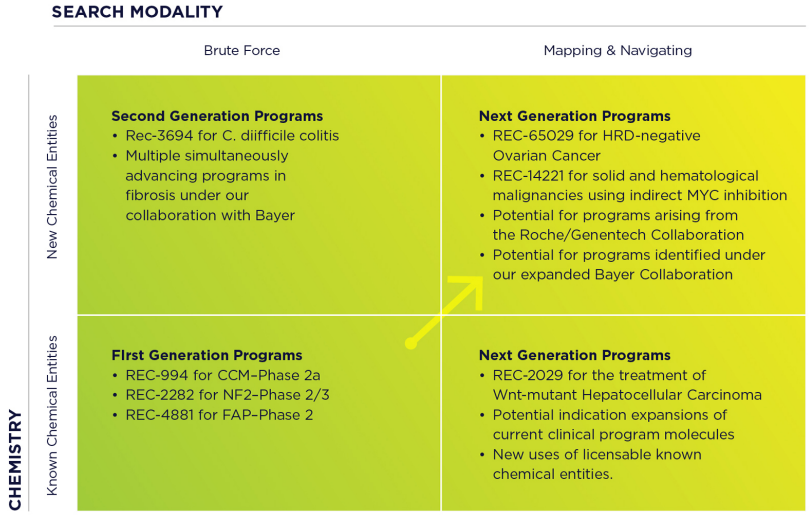


Figure 10. Examples of current Recursion programs falling into our First, Second and Next Generation paradigms. The earliest iterations of the Recursion OS leveraged brute-force search (where small molecules were tested directly in the context of each disease model we built) and used a small molecule library restricted primarily to known chemical entities. Programs arising from this iteration of the Recursion OS are deemed First Generation Programs. As we developed our chemistry capabilities and new chemical entity library at Recursion, Second Generation Programs arose, though the throughput needed to screen large libraries of new chemical entities presents a powerful but relatively inefficient solution. Today, most of our new programs, as well as new partnerships or expansions of prior partnerships, are Next Generation Programs, whereby we use our maps of biology to navigate to novel or unexpected relationships between molecules (known or new chemical entities) and then validate those predictions in our wet labs.

- **Recursion's First Generation of Potential Medicines.** The following programs represent the novel use of a known chemical entity discovered using early iterations of the Recursion OS.
  - REC-994 for the treatment of cerebral cavernous malformation, or CCM— Phase 2a enrolling patients at the time of filing. Orphan Drug Designation granted in the US and EU.
  - REC-2282 for the treatment of neurofibromatosis type 2, or NF2—expected Phase 2/3 initiation in Q2 2022. Orphan Drug Designation in the US and EU, as well as Fast-Track Designation in the US, have been granted.
  - REC-4881 for the treatment of familial adenomatous polyposis, or FAP—expected Phase 2 initiation in Q3 2022. Orphan Drug Designation granted in the US.
  - REC-3599 for the treatment of GM2 gangliosidosis, or GM2—expected Phase 2 initiation in 2024.

- **Recursion's Second Generation of Potential Medicines.** The following programs arose from a brute-force approach leveraging either an expanded internal new chemical entity library or a partner new chemical entity library.
    - REC-3964 for the treatment of C. difficile colitis— expected Phase 1 initiation in 2H, 2022
    - REC-64917 for Neural or Systemic Inflammation
    - Multiple simultaneous programs in fibrosis advancing with Bayer
- **Recursion's Next Generation of Potential Medicines.** The following programs represent a promising subset of known or new chemical entities discovered and developed using the latest Recursion OS mapping and navigating tools.
    - REC-65029 and derivatives or functionally related series for the Treatment of HRD-negative Ovarian Cancer by leveraging a potentially novel target insight
    - REC-648918 and derivatives or functionally related series to enhance anti-tumor immune response leveraging a potentially novel target insight (Target Alpha)
    - REC-2029 for the treatment of Wnt-mutant Hepatocellular carcinoma
    - REC-14221 and derivatives or functionally related series for the treatment of solid and hematological malignancies using indirect MYC inhibition
    - REC-64151 and derivatives or functionally related series for the treatment of immune checkpoint resistance in KRAS/STK11 mutant non-small cell lung cancer
    - Potential future programs in fibrosis with Bayer or in neuroscience or a single oncology indication with Roche and Genentech

In addition to the programs highlighted above, we are actively developing dozens of additional programs which may prove to be drivers of our future growth. As we have significantly expanded our chemistry capabilities in the last year and continue to invest deeply in these key elements of the Recursion OS, moving forward we expect that the vast majority of our new programs will be part of our Next Generation of potential programs discovered using our tools for mapping and navigating biology. We believe that the number of potential programs we can generate with our Recursion OS is key to the future of our company, as a greater volume of validated programs has a higher likelihood of creating value. The speed at which our OS generates a large number of product candidates is important, since traditional drug development often takes a decade or more. In addition, we believe that our large number of potential programs makes us an attractive partner for larger pharmaceutical companies. The static or declining level of R&D output at many large companies means that they have an ongoing need for new projects to fill their pipelines.

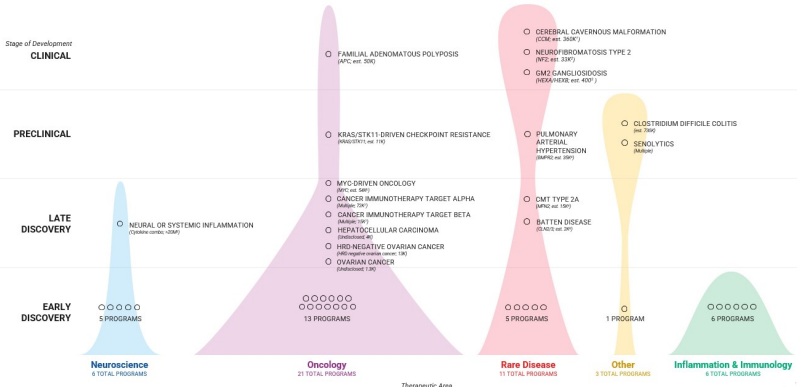


Figure 11. The power of our Recursion OS as exemplified by the breadth of active research and development programs. We have an expansive pipeline of internally-developed programs spanning multiple therapeutic areas and consisting of both new uses for existing compounds and new chemical entities, or NCEs, under active research and development. All populations are US and EU5 incidence unless otherwise noted. EU5 is defined as France, Germany, Italy, Spain and the UK. (1) Prevalence for hereditary and sporadic symptomatic population. (2) Annual US and EU5 incidence for all NF2-driven meningiomas. (3) Worldwide prevalence; conducting dose optimization study in animal model with a potential trial start in 2024 (4) US and EU5 prevalence (5) Our program has the potential to address a number of indications with systemic or neural inflammatory components. We have not finalized a target product profile for a specific indication. (6) Our program has the potential to address a number of indications driven by MYC alterations, totaling 54,000 patients in the US and EU5 annually. We have not finalized a target product profile for a specific indication. (7) Our program has the potential to address a number of indications in this space.

Our People

While we operate at the intersection of cutting-edge science and technology from multiple disciplines, our people are the glue that holds us together and are the most important part of our company. Unlike traditional biotechnology companies, our rapidly growing team of approximately 400 Recursionauts is balanced between life scientists such as chemists and biologists (approximately 40% of employees) and computational and technical experts such as data scientists and software engineers (approximately 35% of employees), creating an environment where empirical data, statistical rigor and creative thinking is brought to bear on the problems we address. While we are united in a common mission, Decoding Biology to Radically Improve Lives, our greatest strength lies in our differences: expertise, gender, race, disciplines, experience and perspectives. Deliberately building and cultivating this culture is critical to achieving our audacious goals. *Read more about how we invest in and motivate our people to achieve our mission in Recursion's first Environmental, Social and Governance Report, released simultaneously with this annual report.*

The Recursion OS - In Depth

The Recursion OS is an integrated, multi-faceted system for iteratively mapping and navigating massive biological and chemical datasets to industrialize drug discovery. It consists of three parts:

- *Mapping Tools and Infrastructure*: A synchronized network of highly scalable enabling hardware and software used to design and execute diverse biological experiments and subsequently store our ever-growing datasets. One of the cornerstones of this layer is our state-of-the-art ML supercomputer, BioHive-1, which we believe is one of the most powerful supercomputers wholly owned by any single biopharma

company for drug discovery applications and within the top 100 most powerful supercomputers across any industry.

- *The Recursion Data Universe*: As of December 31, 2021, our Recursion Data Universe contained nearly 13 petabytes of highly relatable biological and chemical data spanning phenomics, orthogonomics, InVivomics and bespoke bioassay data.

- *Navigating Tools:* A suite of in-house software tools, algorithms and machine learning approaches designed to explore data from the Recursion Data Universe and translate it into actionable insights for our research and development teams.

The combination of wet-lab biology and dry-lab computational tools are organized in an iterative loop to rapidly translate map-based hypotheses into validated insights and novel chemistry, unconstrained by published literature or human bias. While many in the industry have focused on point-solutions and digital chemistry tools, our focus on novel technologies spanning target discovery through translation as well as our ability to rapidly iterate between wet lab and dry lab differentiates us from other companies. More importantly, our repetition of wet-lab validation and *in silico* predictions creates a flywheel effect, where data generation and learning accelerate side-by-side and further strengthen our drug discovery platform. While emerging competitors and large, well-resourced incumbents may pursue a similar strategy, we have two advantages as a first mover: i) no amount of resources can compress the time it takes to observe naturally occurring biological processes, and ii) the ever-growing Recursion Data Universe creates compounding network effects that may make it difficult for others to close the competitive gap.

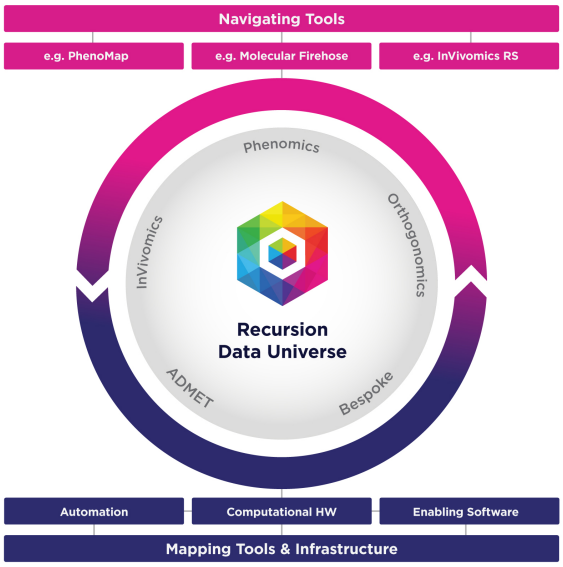


Figure 12: The Recursion OS for industrializing drug discovery. The Recursion OS is an integrated, multi-faceted system for iteratively mapping and navigating massive biological and chemical datasets to industrialize drug discovery. It is composed of: (i) Mapping Tools and Infrastructure, (ii) the Recursion Data Universe, which houses

our diverse and expansive datasets and (iii) Navigating Tools, a suite of our proprietary discovery, design and development tools.

Mapping Tools and Infrastructure

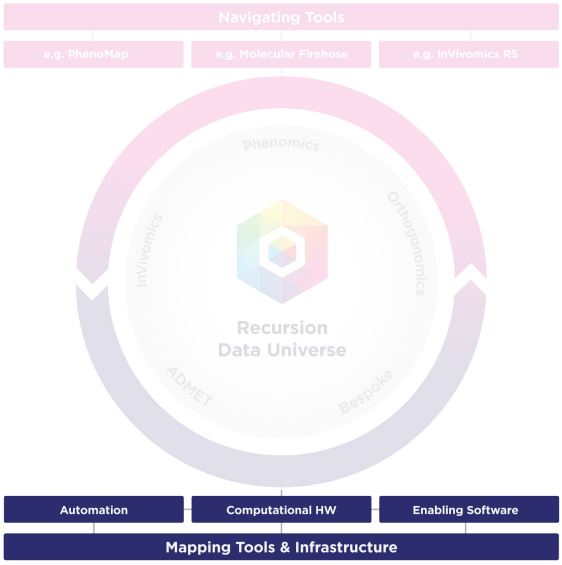


Figure 13. Our Mapping Tools and Infrastructure generate our proprietary data. This layer is the backbone upon which the Recursion OS operates and comprises diverse and highly advanced enabling hardware and software systems working in concert.

The foundational layer of the Recursion OS is a highly-synchronized network of enabling hardware and software used to design, execute, aggregate and store the nearly 13 petabytes of rapidly growing, biological and chemical data. Discrete components of this layer include the following:

Biological Tools

We deliberately designed our platform to model a wide range of biology spanning multiple therapeutic areas, including oncology, immunology, neuroscience, cardiovascular, metabolic and infectious diseases using the same, image-based endpoint and core technology stack. Our modular design enables us to systematically expand our search space into new areas of exploration while minimizing the need for bespoke assay development. In subsequent steps of our process, our modular design and consistent protocol enable us to analyze and compare the resulting data across these modules, revealing the interconnectedness of human biology and tractable therapeutic starting points. Modules that comprise our biological tool suite include:

- *Genetics Module:* A set of proprietary protocols and whole-genome arrayed guide RNA library using CRISPR gene editing approaches to model gene deficiency of every gene in the human genome in an arrayed and high-throughput format, plus BacMam capabilities to model gain-of-function.
- *Soluble Factor Module:* Proprietary protocols using single soluble factors such as cytokines and chemokines, or combinations thereof, to model a broad range of immune-related and complex diseases.

- *Infectious Disease Module:* Proprietary protocols using diverse biological pathogens driving a broad range of infectious diseases as well as agents involved in the innate immune response (e.g., LPS, cyclic dinucleotides, etc.).
- *Fibrosis Module:* Proprietary models and protocols developed in partnership with Bayer to study fibrotic diseases, including cell co-culture systems.
- *Neural Module:* Proprietary models and protocols developed in partnership with Roche and Genentech to study neuroscience diseases, including advanced genetic engineering methods and iPSC-derived human relevant models.
- *Complex Multicellular Disease Tools:* Advanced co-culture models to explore multifactorial diseases where cell-cell crosstalk is a critical driver of the disease states. These approaches are particularly relevant in immunology, where regulation between adaptive immune cells (i.e., T cells, B cells) and innate immune cells (i.e., monocytes, macrophages) is critical to understanding the full breadth of immunological responses.
- *Patient-Derived Tools:* Techniques to improve the translatability and speed at which we validate and translate early discoveries. We are actively sourcing patient cells (nearly 400 individual lines across more than 65 diseases sourced to date), reprogramming them to induced pluripotent stem cells, or iPSCs, and banking the resulting lines so that we can rapidly differentiate these cells into multiple tissue-specific states for downstream validation when needed.

We continue to build out additional biology tools and modules to further expand our search space, while maintaining a common, image-based endpoint to reduce complexity, increase flexibility and ensure the relatability of our ever-growing Data Universe. Over time, we plan to introduce additional variables such as variable imaging time points, 3D models and tissue-specific organoids that move our screens ever closer to human systems biology.

Chemistry Tools

Our in-house chemistry tools include physical compound collections, state-of-the-art compound storage and handling infrastructure, and high-precision analytical equipment. Our experienced team of chemists use this equipment, and a network of reputable CROs, to advance discovery efforts and deliver differentiated drug candidates.

We have access in-house to nearly one million small molecule starting points from a combination of commercial, semi-proprietary and proprietary sources and use this library to identify new chemical starting points for small molecule discovery campaigns. Approximately 500,000 of these compounds reside within the Recursion NCE library, curated by our medicinal chemists and designed for highly druggable chemical properties while avoiding undesirable chemical properties, such as poor solubility and permeability. While this library has been constructed to maximize chemical diversity, we have ensured that several analogs of many compound cores are included to help identify emergent structure activity relationships for early hits and enable rapid hit expansion into readily available analogs. Additionally, we have curated a selection of approximately 7,500 preclinical and clinical-stage compounds from public forums or filings, covering approximately 1,000 unique mechanisms, for which an abundance of existing data and annotations currently exist. Such molecules are frequently used as tools within our work and may be advanced as therapeutic programs if our maps reveal unique and previously undisclosed biological activity. Approximately another 500,000 compounds are from Bayer's NCE library, for which we do not have structural information.

We plan to substantially increase the size and diversity of our NCE library over the coming years through a combination of partnerships and investments that are being made in our Closed Loop Automated Synthesis Suite (CLASS) which will eventually integrate sample management, synthesis and purification and in vitro ADMET and bioanalytical testing. We believe we have the potential in the next 3-5 years to meet or surpass the scale of large pharmaceutical company libraries that typically have between approximately 1.4 and 4 million compounds. Our next generation of wet-lab has been designed with the theoretical potential to store more than 60 million compounds onsite.

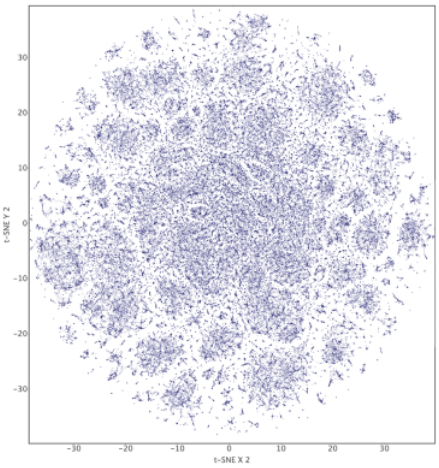


Figure 14. Our internal chemical libraries are highly diverse. This visualization of the structural diversity of approximately 200,000 compounds from one of our small molecule NCE libraries, where compounds are clustered based on descriptors using t-distributed stochastic neighbor embedding, demonstrates the evenly distributed and diverse nature of our compounds. This diversity increases the probability that we capture useful biochemical interactions across a broad range of biology.

Mass Compound Storage & Handling. We have invested in a sophisticated compound management infrastructure that allows for the environmentally controlled (temperature and humidity) storage of over one million compounds in tubes and plates. Our system enables rapid creation of purpose-built and custom libraries from our existing compound inventory. In addition, automated pipetting systems are in place to consistently aliquot and dilute these compounds into a variety of configurations for experimentation. All key events and lab data are tracked in our laboratory information management software, which integrates with experiment design and scheduling software, enabling accurate and seamless information tracking for our experiments.

Medicinal Chemistry/CMC Outsourcing. Our internal team of experienced medicinal chemists execute all drug design activities in-house but outsource drug synthesis and select ADMET assays to a network of reputable contract research organizations (CROs) with whom we have built well-established relationships. This may change with the build out of our CLASS system in the coming years. However, today external CROs provide easily scalable and project-specific resource flexibility, access to diverse chemistry expertise and rapid turnaround as we iterate on SAR. As programs advance into more advanced preclinical stages where synthesis at scale is of higher priority, our medicinal chemists work ever-closer with our CROs and internal chemistry, manufacturing and controls (CMC) group to craft detailed material plans for preclinical, IND-enabling and clinical supplies. We are also investing in the design and build out of a manufacturing facility that will enable us to synthesize and scale drug substance manufacture to support preclinical animal studies and early human clinical trials.

Analytical and Bioanalytical Chemistry. We have built an analytical laboratory equipped with state-of-the-art liquid chromatography-mass spectrometry equipment. Our lab performs analytical work to assess compound purity and identification for quality controls, bioanalytical work measuring compound levels in plasma and tissue samples from in vivo ADME and efficacy studies and plasma protein binding and permeability studies. Furthermore, this team carries out biomarker identification and validation activities in support of preclinical and clinical translational efforts. Further, we are investing in the design and build out of our Closed Loop Automated Synthesis Suite (CLASS). As currently designed, this suite will eventually integrate, both physically and virtually, sample management, synthesis and purification and *in vitro* ADMET and bioanalytical testing. The suite will be built on our digitalization, analytics

and informatics capabilities to create an integrated computational platform with visualization tools, in-silico predictive models and retrosynthetic intelligence when fully mature. This suite will allow us to industrialize the synthesis of small molecules and subsequent data generation at scale

Cell Culture

We have built a state-of-the-art cell culture facility to consistently produce high-quality, mammalian cells, such as vein, kidney, lung, liver, skin and blood cell subsets, that go into each experiment run on our platform and in subsequent validation. We utilize a toolbox of in vitro cell culture techniques to scale production while driving down costs. This includes the graduated use of small scale flasks, with a 25 cm2 growth surface area, to large-scale, single-use bioreactors, with a combined 575,000 cm2 growth surface area that enables us to generate 25 billion human cells, enough for up to 8,000, 1536-well plates for screening.

We have on-boarded innovations including large scale, microcarrier-based, suspension culture systems to reduce footprint and increase growth surface for additional scale. Additionally, our cell culture facility is now fully equipped to perform work using human induced pluripotent stem cell (iPSC) lines, including: (i) CRISPR genome editing technologies to generate knock-out or knock-in lines (ii) differentiation of human induced pluripotent stem cells at large scale and (iii) increased cryostorage capacity for pluripotent cell lines and differentiated cell products. We will continue to onboard additional cutting-edge innovations to scale our work further.

Primary cells	Abbr.
Normal Human Dermal Fibroblast	*NHDF*
Renal Primary Proximal Tubule Epithelial Cells	*R-PTEC*
Human Mesenchymal Stem Cells	*hMSC*
Hepatic Progenitor Cells	*HepaRG*
Skeletal Muscle Myoblasts	*SKMM-Ad*
Human Renal Cortical Epithelial Cells	*HRCE*
Human Cardiac Microvascular Endothelial Cells	*HMVEC-C*
Human Pulmonary Artery Endothelial Cells	*HPAEC*
Human Umbilical Vein Endothelial Cells	*HUVEC*
Normal Human Epidermal Keratinocytes	*NHEK*
Macrophages (from Apheresis, Leukopacs)	*Macrophages*
Peripheral Blood Mononuclear Cells	*PBMC*
Adult Retinal Pigment Epithelial Cells	*RPE-Ad*
Human Pulmonary Artery Smooth Muscle Cells	*PASMC*
Small Airway Epithelial Cells	*SAEC*
Normal Human Bronchial Epithelial Cells	*NHBE*
Normal Human Lung Fibroblasts	*NHLF*
Normal Human Fibrocytes	*Fibrocytes*
Purified Monocytes (from Apheresis, Leukopacs)	*Monocytes*

Cell lines	Abbr.
Adenocarcinoma human alveolar basalepithelial cells	*A549*
Human Cardiomyocyte Cell Line	*AC16*
Spontaneous Immortalized Retinal Pigment Epithelial	*ARPE-19*
Lung adenocarcinoma	*Calu-3*
Immortal Human Keratinocytes	*HaCaT*
Human Liver Carcinoma	*HepG2*
Breast cancer cell line	*MCF7*
Human colon adenocarcinoma	*Caco-2*
Human primary pancreatic adenocarcinoma	*BXPC3*
Neuroblastoma cell line	*SH-SY5Y*
Monocytic cell line	*THP-1*
Human bone osteocarcoma epithelial cells	*U2OS*
Mammary gland/breast; derived from metastatic site	*AU565*
Human Hepatocellular Carcinoma	*Huh7*
Breast cancer cell line	MDA-MB-231

iPSC-derived cell types
iPSC-derived cardiomyocytes
iPSC-derived neurons
iPSC-derived astrocytes

Table 2. Numerous and diverse cell types onboarded to our platform enable us to broadly interrogate biology. Approximately 40 human cell types have been onboarded to our high-throughput discovery systems to date, spanning primary cells, cell lines and cells derived from iPSCs.

We maintain a strong track record of quality and consistency in our cell culture facility by implementing facility design and control systems that are uncommon among technology-enabled drug discovery companies. These designs and controls include rigorous process validation and documentation, a personnel training and qualification program, and routine quality monitoring. Our quality system is designed such that we routinely monitor our performance to identify and implement the appropriate preventive and continuous improvement actions.

Lab Robotics

We have assembled and synchronized robotic components, such as liquid dispensers, plate washers and incubation stations, that enable us to efficiently execute up to 2.2 million experiments per week with only a small

team overseeing the process at any given time. These robotic systems are modular by design and easily configurable to allow us to create complex and variable workflows. This flexibility is essential for executing experiments using our diverse biological tools (e.g., genetic and soluble factors) and chemical libraries at scale and with high quality.

We ensure our lab generates consistent, accurate and precise data through the use of multiple systems: facility controls to prevent contamination of cells, rigorous assay validation and instrument qualification to ensure consistency, and routine quality monitoring to capture data automatically and track all critical experiment specifications. Our quality system is designed such that we routinely monitor our performance to identify and implement the appropriate preventive and continuous improvement actions.

Figure 15. Our high-throughput automation platform looks more like a sophisticated manufacturing facility than a biology R&D laboratory. Our platform can execute up to 2.2 million experiments each week with high-quality to enable downstream analyses.

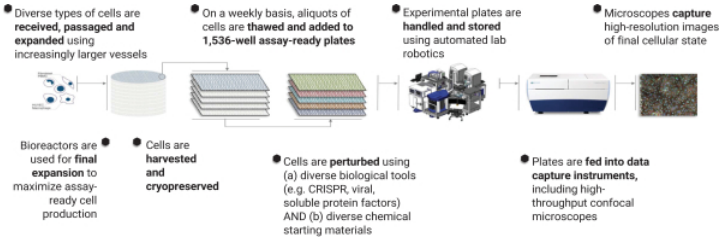


Figure 16. The automated workflow used to generate our large-scale, image-based dataset. A core dataset in the Recursion Data Universe is based on over one billion labeled images of human cells generated across millions of unique perturbations (i.e., gene knockout, soluble protein factor addition, drug addition or combinations thereof) generated in our own wet laboratories.

Our laboratory operates approximately 50 weeks each year. Since 2017, we have at least doubled our throughput every year while meeting our quality benchmarks. We have achieved this level of operational excellence by integrating state-of-the-art technology and adopting lean manufacturing principles. Our move to mapping and navigating biology using inference, and away from brute-force screening, has relieved some of the demand for exponential scaling of our platform moving forward.

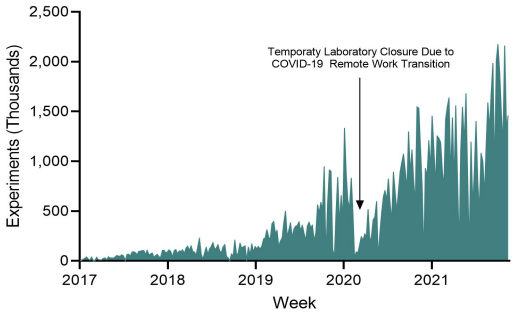


Figure 17. The experimental throughput of our high-dimensional phenomics assay has scaled significantly over time. The capabilities of our phenomics assay have grown throughout 2021 with quick recovery following a COVID-19-induced, full-office closure in early 2020.

Data Capture

The Recursion Data Universe contains nearly 13 petabytes of highly relatable biological and chemical data spanning multiple different “omic” modalities. We have invested in state-of-the-art equipment to capture this data at scale and processes to ensure that the highest quality data are fed into the Recursion Data Universe.

High-Throughput Microscopy. Central to the Recursion Data Universe is our image-based dataset. As of December 2021, we operate 20 ImageExpress microscopes in our labs, which we believe to be the greatest single number of such systems in a single facility anywhere. These microscopes run nearly continuously, capturing over 155,000 fluorescent microscopy images every hour across six imaging channels. Alerts are automatically triggered if quality issues are detected, enabling our teams to quickly reimage our experimental conditions to obtain higher quality data. Upon imaging, our digital data pipeline immediately uploads these images to the cloud where they are processed within seconds. On a weekly basis, our pipeline captures, uploads and processes up to 110 terabytes of imaging data to add to the Recursion Data Universe.

High-Throughput Sequencing. Our high-throughput sequencing system enables us to profile transcriptomic measurements in house for any cell type and biological perturbations we develop. As of December 2021, this system includes two Illumina NovaSeq 6000 production scale sequencers. These sequencers currently process 6,100 individual transcriptome samples per week in development operations, and we anticipate a full production capacity of 44,000 transcriptomes a week in the future. Additionally, we have installed a 10x Chromium X instrument capable of performing single cell RNAseq workflows and are currently in the process of validating this assay. The addition of the single cell RNAseq platform will allow us an additional level of granularity in assessing transcriptional changes not capable with other transcriptomic methods.

In Vivo Data Collection. We use our proprietary cage hardware and continuous, high-resolution video systems to collect InVivomics data at scale. In 2021, we had 19 cage systems operational, actively surveying a total of 931 possible simultaneous in vivo subjects undergoing pharmacokinetics, efficacy and safety studies of our drug candidates, as well as R&D studies to unlock future predictive assays. This data is uploaded to the cloud where it is

automatically analyzed. Readouts are provided back to our scientists and integrated into our Recursion Data Universe.

Figure 18. Our proprietary, scalable Smart Housing System for in vivo studies automatically collects and analyzes video and sensor data from all cages continuously.

Additional Data Collection Systems. Beyond phenomics, orthogonomics and InVivomics, we continuously capture experimental data from bespoke assays as we validate our discovery programs. Example data capture infrastructure includes multiplexed readouts for biological analytes, flow cytometry and electric cell-substrate impedance testing. As this data is generated, it is included in our data warehousing system that connects one-off experimental assays with the rest of the Recursion Data Universe.

Technology Stack

The Recursion OS is built on top of a core technology stack that is highly scalable and flexible. We have adopted a 'hybrid-cloud' strategy, leveraging the benefits of both public and private cloud infrastructure depending on the context and our needs:

- *Public Cloud.* The public cloud is our default choice for production workloads and applications. The scale, elasticity of compute and storage and economies of scale offered by public cloud computing providers enable us to cost-effectively execute our strategy.
- *Private Cloud.* The private cloud, or edge computing, is used to integrate our lab data flows, including the upload of data to the public cloud.
- *BioHive-1 and High Performance Computing in a Private Cloud.* In December 2020, we made a significant investment to expand our computing power, purchasing a world-class supercomputer named BioHive-1. BioHive-1 is built on NVIDIA's DGX SuperPod architecture and ranked 97th on the most recent TOP500 list of the world's most powerful supercomputers as of November 2021. This new computing power allows us to iterate on new neural network architectures faster and more efficiently, accelerating our deep learning models and empowering our growing workforce of ML experts. Deep learning projects that took a week to run on our previous cluster can run in under a day on the new cluster.

Figure 19. We believe BioHive-1 is one of the most powerful supercomputers dedicated wholly to drug discovery for a single company. BioHive-1 consists of 40 NVIDIA DGX A100 640GB nodes which further expands our capability to rapidly improve ML models.

Enabling Software Tools

Alongside our infrastructure, we have built a suite of tools that empower our scientists to accurately design, execute and verify the quality of up to 2.2 million diverse experiments each week, spanning phenomic, orthogonomic and ADMET assays. Our tools, which take into account real-time onsite reagent supplies, enable consistent control strategies and design standards that make each week's data relatable across time. Additionally, these tools automatically flag experiments or processes which miss quality requirements or stall at some point in the process and notify the appropriate Recursionaut, providing them the tooling needed for manual intervention. Elements of our Enabling Software Tool suite include:

- Experiment Design Tools: Proprietary Laboratory Information Management System (LIMS) to track reagent inventory and flexibly select compounds from our library, custom applications used to design large experimental layouts consisting of millions of perturbation conditions with appropriate randomization and control strategies, and proprietary algorithms for designing CRISPR gene editing guide RNAs for maximal knockout efficiency

- Experiment Execution and QC Tools: Suite of tools and dashboards to automatically execute and continuously monitor experimental protocols to ensure reliable experiment execution and custom web applications that enable our scientists to view and interact with microscopy images and associated meta-data from our phenomics platform for systematic QC at both the image- and plate-level.

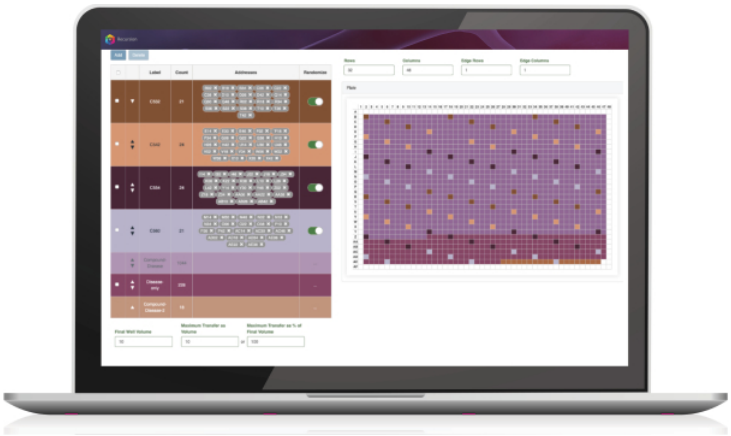


Figure 20. Experiment Delight allows our biologists to design massive experiments while complying with our complex proprietary rules for layout. Experiment Delight is our internal experiment design tool used to rapidly create large-scale experiment sets with high flexibility, while integrating our proprietary rules for experiment layout learned over approximately a decade of iterative improvement. The graphical interface facilitates experiment plate layout specification.

The Recursion Data Universe

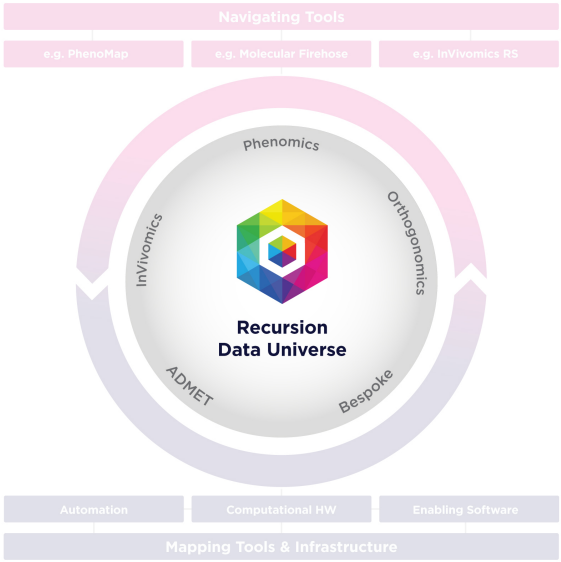


Figure 21. The Recursion Data Universe is at the core of the Recursion OS. The central asset of the Recursion OS is the Recursion Data Universe, encompassing multiple data types that compound together, the whole providing greater insight than the sum of the parts.

The Recursion Data Universe comprises nearly 13 petabytes of highly relatable biological and chemical data, including: phenomics, orthogonomics, ADMET assays, InVivomics and bespoke bioassay data. These different data modalities are highly complementary as we advance drug discovery and development programs. Phenomic data provides a broad, foundational layer of biological and chemical data, while other datasets provide greater translational insights. The size of the Recursion Data Universe has nearly doubled in the last year.

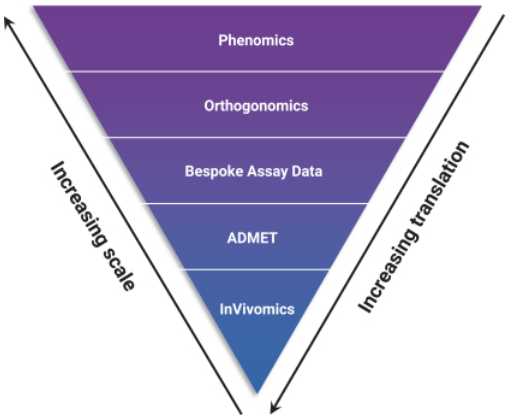


Figure 22. Diverse datasets within the Recursion Data Universe are highly complementary. The Recursion Data Universe consists of complementary datasets spanning multiple data modalities. While phenomics data can be generated cost-effectively and at scale, other datasets such as transcriptomics, proteomics and InVivomics offer increasing insight as we translate programs from early discovery through development.

Phenomics

At the core of the Recursion Data Universe is our proprietary cellular image dataset generated by our automated phenomics platform. While investigating various biological and chemical contexts, the readout remains constant: a fluorescent microscopy image that captures composite changes in cellular morphology; a cellular phenotype. We use our proprietary staining protocol to capture these changes in cellular morphology across nearly all of our phenomic experiments. This protocol, consisting of six subcellular dyes imaged in six different channels, has been optimized to capture a wide array of biology across nearly any human cell type that can be cultured and perturbed in laboratory conditions. As a result, we can capture the effects of a wide range of biological and pharmacological phenomena of interest, including phenotypic changes induced by small molecules, genetic gain- and loss-of-function, toxins, secreted factors, cytokines, or any combination of the above.

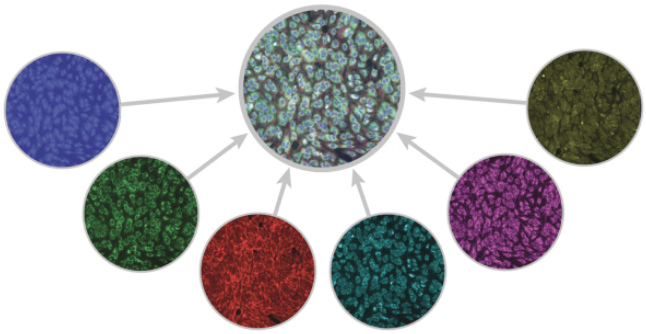


Figure 23. Our fluorescent staining protocol images multiple large cellular structures to capture a holistic assessment of cellular state. We use fluorescent dyes to stain a set of common cellular substructures that are subsequently captured using fluorescent microscopy imaging. Combined with tools from the Recursion OS, this complex and rich biological data modality can inform a host of scientific questions. The top image is a composite of the 6 channels. It is followed by each of the 6 individual channel faux-colored images of HUVEC cells: nuclei in blue, endoplasmic reticula in green, actin in red, nucleoli in cyan, mitochondria in magenta and Golgi apparatus in yellow. The overlap in channel content is due in part to the lack of complete spectral separation between fluorescent stains.

Cellular morphology is a holistic measure of cellular state that integrates changes from underlying layers of cell biology, including gene expression, protein production and modification and cell signaling, into a single, powerful readout. Images are also two-to-four orders of magnitude more data-dense per dollar than other -omics datasets that focus on these more proximal readouts, enabling us to generate far more data per dollar spent to inform our drug discovery efforts. Indeed, since 2017 we have approximately doubled the capacity of our phenomics platform each year and currently generate up to 13.2 million images or 110 terabytes of new data to the Recursion Data Universe per week across up to 2.2 million experiments. Lastly, our phenomics approach builds on the recent explosion of powerful computer vision and ML approaches driven by the technology industry over the last half decade. Modern ML tools can be trained to identify the most salient features of images without relying on any pre-selected, disease-specific subject matter expertise, even if these features are imperceptible to the human eye. Using these tools, we can capture the aggregate cellular response induced by a disease-causing perturbation or therapeutic, and quantify these changes in an unbiased manner, freeing us from human bias. In contrast, traditional drug discovery relies on presumptive target hypotheses and bespoke biological signaling assays that only capture narrow, pre-determined biology and thus limit the scope of biological exploration.

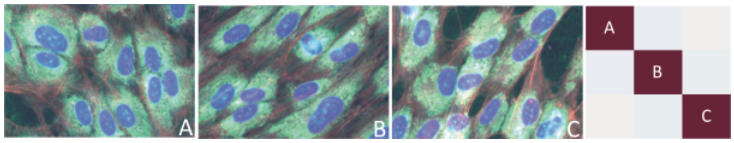


Figure 24. ML algorithms can detect cellular phenotypes that are indistinguishable to the human eye. Most morphological differences within our images are too subtle for the human eye to detect, but ML algorithms like those we deploy in our Recursion OS can readily distinguish between them. The heatmap of similarities shown here between learned embeddings of these images shows clear separation of highly similar cellular changes while even well-trained cell biologists or pathologists would be hard-pressed to describe consistent differences between these cell cultures.

Orthogonomics

Phenomics provides cost-effective, information-rich and functional biological data well-suited for broad biological exploration. However, other data modalities such as transcriptomics and proteomics can be highly complementary. Both of these approaches generate supplemental data that can be useful for i) unraveling the mechanism of action by which a compound is active and/or ii) more precisely measuring (and confirming) a compound's functional activity and efficacy. While the costs to measure bio-molecules using these approaches are orders of magnitude more expensive compared to phenomics, this data can be highly informative in order to advance programs. In particular, when used in a targeted manner (e.g., to follow up on predicted potential mechanisms of action) rather than broad primary profiling, orthogonomic approaches may deliver net value even at a higher per-measurement cost. Additionally, if we are able to generate this data cost-effectively and at scale, we may be able to significantly reduce the time needed to develop specific assays on a per bio-molecule basis. Collectively, we refer to these alternative modalities as orthogonomics, the generation and integration of orthogonal -omics-level datasets as a part of the Recursion Data Universe.

Scaled Transcriptomics. We have developed an in-house laboratory process capable of profiling over 20,000 genes from samples drawn from any of our biological modules. Throughout 2021 we leveraged our transcriptomic data generation engine to accelerate our biological understanding of many of our programs. We currently have the capability of processing up to 6,100 individual transcriptome samples per week, and have generated 91,400 whole transcriptome observations as of the end of 2021. The incorporation of in-house production-scale sequencers has reduced our transcriptomics data turnaround time by 70%. We intend to continue to develop, mature and scale this technology as a means to obtain valuable orthogonal data and a deeper understanding of the biology and pharmacology of our programs and lead molecules.

Proteomics. In 2021, we executed thousands of screens of proteomic samples, obtaining proteoprints for over 7,000 proteins for each in vitro and in vivo sample studied, and leveraged this data across over a dozen internal programs to inform our research operating plans and obtain a deeper understanding of the biology and pharmacology of our programs and lead molecules.

Other Scaled -omics. Exploration and development of scaled metabolomics and lipidomics are on our roadmap as additional medium-throughput mechanisms for orthogonal validation.

ADMET Assays

While our phenomics platform has historically been used to identify signals of compound efficacy, we explored the use of our image-based readout to predict ADMET properties of promising compounds early in the drug discovery process. Poor in vivo pharmacokinetics, including unwanted side effects, are a major driver of late-stage drug program failures.

To train predictive ADMET models, our team has built large-format ADMET datasets spanning various compound liabilities including CYP inhibition, which can indicate a risk of complication from drug-drug interactions and hERG liabilities, which can suggest a heightened risk for heart arrhythmias. This ADMET data has been combined with phenomic and compound structure data to create early predictive models, winnowing those drug candidates with a higher likelihood of potential liabilities before investing time and resources.

InVivomics

In vivo studies are an important tool for providing an assessment of the efficacy and safety of a compound within the context of a complete, complex biological system. Similar to other steps within the drug discovery and development process, conventional in vivo studies are fraught with human bias and limited in the endpoints that they measure. Using our In Vivo Data Collection Infrastructure, we can collect more holistic measurements of an individual animal's behavior and physiological state using continuous video feeds and our proprietary animal cages, surveilling animals in their home environment. By automating the process of data collection, we can amass uninterrupted data on animal behavior and physiology across days, weeks, or even months allowing for a more accurate and holistic assessment of the animal's health state across the entirety of the study. This data can subsequently be used to create more abstract representations of animal behavior, potentially allowing us to rapidly phenotype new animal models and identify in vivo disease signatures that may be more relevant for assessing compound efficacy and potential liabilities.

Bespoke Assays

In addition to the large format datasets described above, our team is experienced at developing custom assays needed for program-specific validation at a smaller scale. These assays encompass diverse biomolecules, including nucleic acids, proteins and lipids, allowing for complete coverage across diverse therapeutic areas. Representative examples of these bespoke assays include high-content protein translocation readers and multiplexed readers to measure protein changes, qPCR or bead-based technologies to measure panels of transcript changes, mass spectrometry to measure more challenging biomolecules, electric cell-substrate impedance sensing and flow cytometry to measure distinct cellular subpopulations.

As this data is generated, it is included in our data warehousing system that connects bespoke assays with the rest of the Recursion Data Universe.

Navigating Tools

Our Navigating Tools are a rapidly growing suite of in-house software applications designed to process and translate data from the Recursion Data Universe into actionable insights for our research and development teams to accelerate programs.

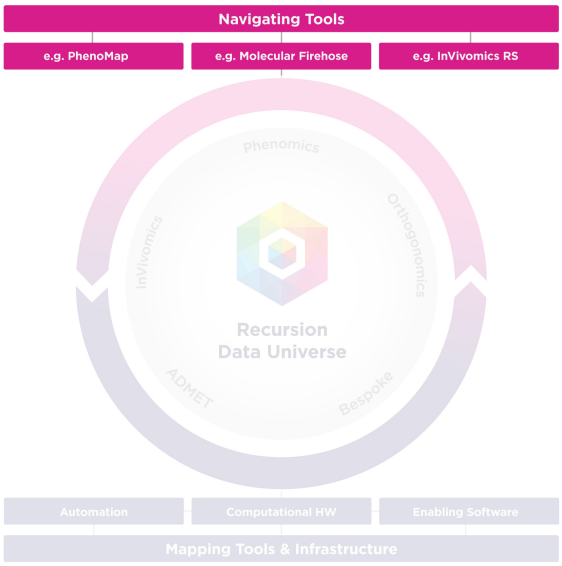


Figure 25. Navigating Tools. Our Navigating Tools are a suite of proprietary data generation, discovery and development tools that explore and transform data into actionable insights. The combination of our proprietary data generation and software tools provides the basis for data-driven decision making.

Data Processing Tools

To understand, explore and relate new or existing data in the Recursion Data Universe, we must normalize, transform and analyze the data. Our tools in this layer manage the streaming of our data at scale to the appropriate public and private cloud, the transformation of our images into mathematical representations through our in-house proprietary convolutional neural networks, and the standard and custom analyses performed on our data as parameterized and requested by users. Anomalies are flagged to the team for fast resolution.

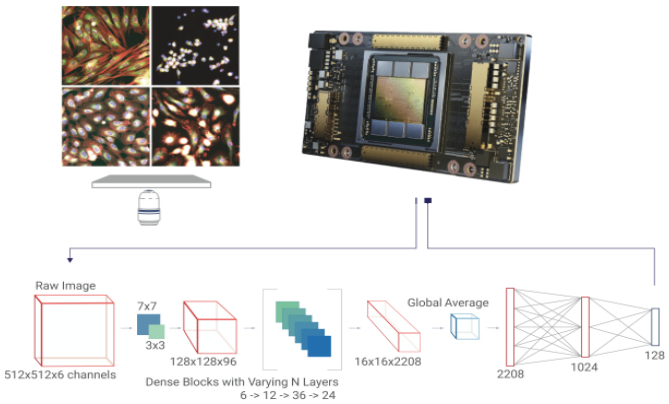


Figure 26. We convert raw images into a list of features that allows cross-image comparison. Microscopy images are run through a deep convolutional network with an architecture similar to the one above. The network is trained on our phenomics data so that, layer by layer, each image is transformed into a list of 128 features representing the cellular biology in the image. The resulting features power downstream analysis.

Biological and Chemical Activity Assessment

Our activity assessment tools enable us to evaluate the robustness of diverse disease model phenotypes and subsequently measure the activity of potential therapeutic agents within these disease models. These tools are target-agnostic by design, explore cellular biology holistically and enable the exploration of many disease models and potential therapeutics simultaneously with no significant alteration to the core platform.

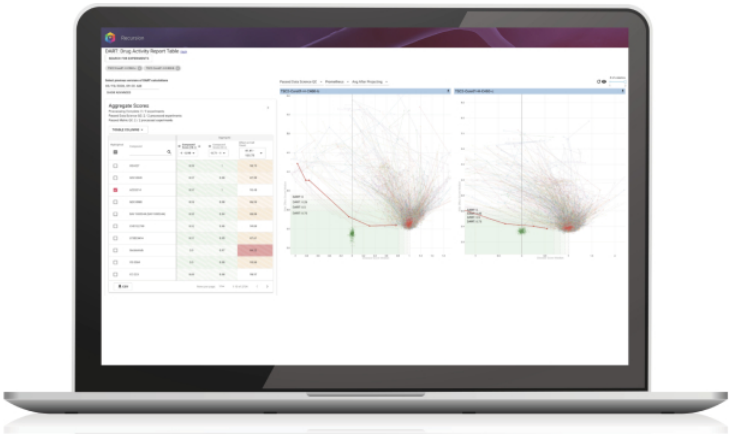


Figure 27. Our proprietary user interface enables our biologists to rapidly identify compounds with maximum positive effect on a disease phenotype while minimizing side effects. The results from our empirical hit identification screens allow drug discovery teams to rapidly explore results and focus on compounds that are believed to be the most promising.

Program Insights

We translate processed data into actionable insights which fall into two categories: i) insights into underlying biology and early therapeutic starting points and ii) insights into the specific chemical substrate of interest. We mine the Recursion Data Universe to predict therapeutic activity and behavior that may seed new NCE programs or new uses for KCE programs. We use an additional suite of tools to infer a compound's mechanism of action and potential ADMET liabilities based on measures of similarity to other high-dimensional landmarks in our dataset and predictive models incorporating images and chemical structure.

PhenoMap. PhenoMap is a massive relational database of biological and chemical perturbation phenotypes that allow us, based on phenotypic similarity, to infer the relationship between any two perturbations (or groups of perturbations) in silico. To date, we are able to infer over 200 billion biological and chemical relationships, which are generated solely by ML tools without any human bias and may allow us to understand the mechanisms underpinning disease and how to manipulate them. For example, we can query the similarity (or dissimilarity) created by the CRISPR-engineered knockout of any two genes from our whole-genome arrayed CRISPR screen, revealing both known and novel drug targets never before described in scientific literature. We can also query the similarity between any small molecule in our library and all genetic knockouts, uncovering a compound's mechanism of action and, most importantly, can infer the activity of such molecules against high-value drug targets. Our ability to probe the relationships between any perturbation in our library (spanning the genome and approximately one million small molecules) changes drug discovery from an iterative trial-and-error process into a computationally driven search problem.

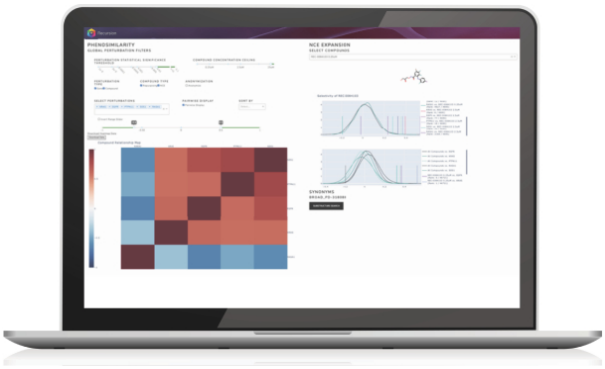


Figure 28. The PhenoMap allows our team to simultaneously view multiple relationships between genes and compounds. Our PhenoMap enables us to rapidly explore inferred biological and chemical relationships in order to: i) discover targets, ii) predict active hits, iii) optimize for similar or dissimilar relationships, and iv) predict mechanisms of action.

We are looking to augment the above insights by including data and predictions related to physicochemical and structural information about compounds, synthesizable compounds not yet tested on our platform, ADMET assays, and in vivo experiments.

Compound Intelligence. Our Compound Intelligence (CI) tools generate early insights into specific therapeutic candidates, helping us to advance candidates with favorable properties while culling candidates with higher likelihoods of failure. Using one application of CI, we can elucidate the mechanism of action of NCE compounds either by comparing a compound's phenotype to: i) those phenotypes from our whole-genome arrayed CRISPR experiments (querying whether the phenotype induced by inhibition of a small molecule mimics any genetic knockout in our library) or ii) those phenotypes induced by well-annotated compounds in our repurposing library. Using a different application within CI, we can use our growing ADMET dataset and computational models to predict specific ADME and toxicology endpoints for therapeutic candidates. Compounds with low predicted ADMET properties are advanced. Compounds with high predicted ADMET properties may be discarded or flagged for subsequent investigation.

Program Acceleration

Once insights have surfaced, our researchers have a suite of digital chemistry and translational tools at their disposal to optimize compounds and accelerate discovery and development programs.

Compound Atlas. Compound Atlas is a collection of our proprietary and commercially-available digital chemistry tools that enables our scientists to expand from promising therapeutic starting points into more diverse chemical structures using large, enumerated chemical libraries from vendors such as Enamine and WuXi. Scaffold Shopper, a module within Compound Atlas, can compare candidate compounds identified by our platform to over 12 billion ready-to-synthesize and off-the-shelf molecules based on our 3D chemical functionality and shape-based similarities within a matter of minutes and at a low computational expense. Additionally, we have built software that enables our chemists to rapidly assemble dense mini-libraries around reproducible and validated hit molecules to accelerate structure-activity relationship (SAR) establishment without requiring custom synthesis.

Figure 29. Scaffold Shopper enables our chemists to rapidly identify read-to-synthesize and off-the-shelf compounds for hit expansion. Comparisons are based on 3D chemical functionality and shape-based similarities generated within a matter of minutes and at a low computational expense.

Molecular Firehose. Molecular Firehose filters the expansive search results from Compound Atlas, so that our medicinal chemists can rapidly prioritize molecules of interest. Chemists can dynamically filter search results with a range of molecular properties and both 2D and 3D-based similarity scoring to better identify an appropriate compound set to order for synthesis from our chemical vendors.

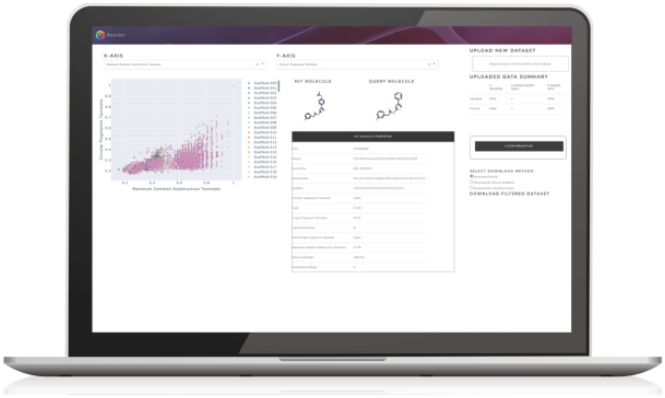


Figure 30. Molecular Firehose filters multiple properties to rapidly identify viable compounds to synthesize.

InVivomics Research Suite

The InVivomics Research Suite is our proprietary collection of software tools that enable scientists to monitor and analyze behavioral and physiological data from ongoing and completed in vivo studies. Study data for individual animals or aggregated across study groups can be explored in near real-time, better ensuring that the final study data will be reproducible and interpretable. Continuous monitoring allows researchers to similarly flag unexpected effects that may arise from animal handling, dosing, or compound liabilities and modify or terminate the study as needed. At the end of the study, graphical and tabular data are automatically generated to aid in the evaluation of study results and the design of follow-up in vivo studies.

More importantly, continuous video feeds and our proprietary animal cages enable us to amass uninterrupted data on animal behavior and physiology across days, weeks, or even months. ML tools within our InVivomics Research Suite can then be used to create more abstract representations of animal behavior, allowing us to rapidly phenotype new animal models and identify in vivo disease signatures that may be more relevant for assessing potential compound safety and efficacy attributes.

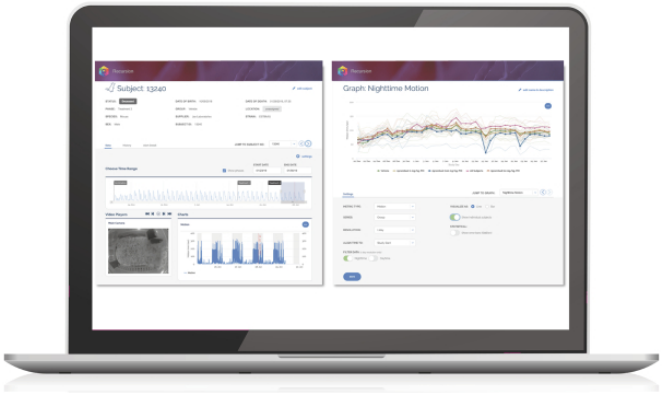


Figure 31. InVivomics Research Suite allows our team to track and analyze a broad range of data in ongoing animal studies. These tools enable our in vivo scientists to monitor individual subjects through near real-time video feed and data generation and review study level data.

Data Warehousing System

We employ a data warehousing system that encompasses the Recursion Data Universe, electronic lab notebooks generated by our research scientists, and technical analyses posted to our internal knowledge repository by our data and ML scientists. This data warehousing system is centralized and accessible for authorized Recursionauts and helps preserve institutional knowledge, further collective learning, and generate ideas for new discovery and development tools.

Bridging from Recursion OS Insights to Program Advancement

Reason to Believe. In order to identify novel program starting points, it is critical that the Recursion OS can accurately predict relationships across diverse domains of biology. To confirm the accuracy of our predictions, we have demonstrated that our approach recapitulates hundreds of well-known biological pathways. In the example below, we illustrate our map based predictions for approximately 150 gene knockouts from canonical biological pathways and known agonists or antagonists of these same pathways. By comparing the phenotypes induced by these perturbations to one another using our Recursion OS, we observed that each perturbation creates a unique phenotype and phenotypes form clusters that recapitulate well-understood biological pathways, including genes involved in Bcl-2 signaling, NF-KB signaling, RAS signaling, JAK/STAT signaling, and TGFß signaling.

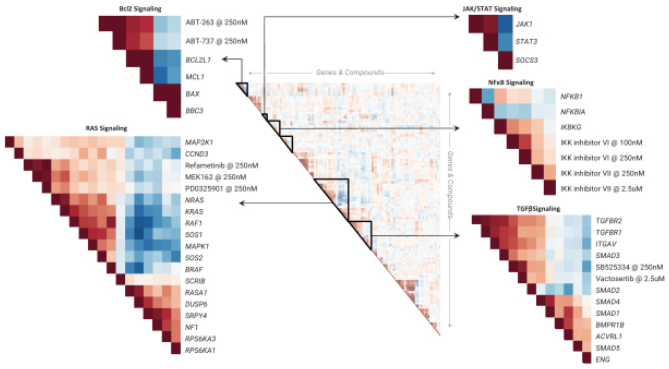


Figure 32. Inferred relationships between genes and small molecules faithfully recapitulate well known biology. Above, we show a visualization of approximately 0.00001 % of our map of biology (~22,500 of 203 billion predicted relationships) produced by our Recursion OS for well studied genes and small molecules. Increasingly dark shades of red reflect an increasing degree of phenotypic similarity. Increasingly dark shades of blue reflect an increasing degree of phenotypic oppositeness or anti-similarity (which often suggest inhibitory relationships between genes, though possibly distal). Highlighted sections reveal expected relationships along well-studied biological pathways.

These findings not only validate the accuracy of our inference relationships, but also suggest that we can use our approach of mapping and navigating biology and chemistry to identify new drug targets or early therapeutic starting points to seed new drug discovery programs. While there is no typical drug discovery program, most programs proceed as follows.

Step 1: Navigate the Map to Identify Novel Biological Targets and/or Early Therapeutic Starting Points. Using the Recursion OS, we can profile, map, and subsequently navigate relationships among diverse biological perturbations, including CRISPR gene knockouts, soluble factors, bacterial toxins and small molecules based on the similarity (shades of red in the figure above) or anti-similarity (shades of blue in the figure above) of each perturbation's high-dimensional phenotype. Using these relationships, we can elucidate both potential novel drug targets or early potential therapeutic compounds to start new drug discovery programs. With more than 200 billion predicted relationships, there are more potential programs in our maps of biology than we can prosecute. For example, at a 'hack-week' in 2021, more than 100 potential new drug discovery programs were elucidated by about a dozen teams over 7-10 days using these maps. The maps mean that generating a program hypothesis requires no new wet-lab work; scientists simply use our software tools to navigate biology and chemistry.

Step 2: Empirically Confirm Map-Based Insights. Having selected a target and/or compound of interest based on its inferred activity, we then physically screen candidate compounds in the disease-relevant background to confirm our predictions. These experiments, deemed 'lightning screens,' are designed to confirm predicted relationships of interest from our map within 1-4 weeks. Data from the direct confirmation of a map-based insight is funneled back to project teams who can then make go/no-go decisions on initiating a program.

Step 3: Orthogonally Validate Insights. In addition to understanding and refining the chemistry (see steps 4 and 5 below), project teams build research operating plans based on confirmed map-based insights. These plans span orthogonal *in vitro* validation of the relationship (e.g., using various cellular -omics technologies, such as transcriptomics), bespoke assay development and evaluation, animal model validation and/or patient-derived cellular assay evaluation. We strive for independence in our validation both in the disease models used (e.g., *in vivo*

models, *in vitro* systems) and in the endpoints measured (e.g., phenomics vs. transcriptomics vs. tumor growth in an *in vivo* model).

Step 4: Predicting the Mechanism of Action. Having confirmed our predictions empirically, for NCE programs, our medicinal chemists work to further understand the mechanism by which compounds are operating using our maps, often in parallel with our orthogonal validation work in step 3 above. Our compound library contains approximately six thousand compounds with well-annotated mechanisms of action. Using our mapping and navigating software tools and the phenotypes from these compounds, as well as from thousands of genes that we have knocked out using our CRISPR-gene editing tools, our chemists can compare the phenotypes of our validated compounds to these high-dimensional landmarks and assess their degree of similarity to identify potential mechanisms of action.

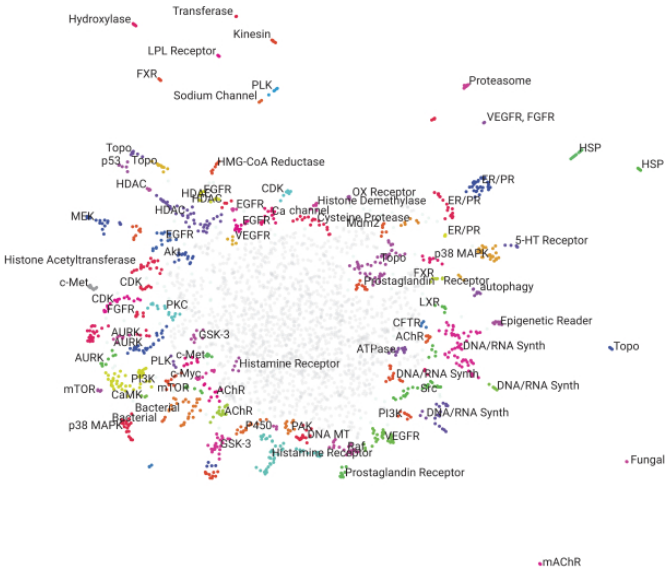


Figure 33. Compounds with the same mechanism cluster together phenotypically. A UMAP plot where each dot represents a different compound. Compounds that are phenotypically similar reside closer together and recapitulate mechanistic similarities.

Step 5: Optimize Validated Compounds into Viable Drug Candidates. While a compound may be active in our screens, most early therapeutic starting points have low potency and undesirable drug properties and must be optimized before advancing into in vivo and, ultimately, human studies. During the lead optimization process, our chemists rely upon our phenomics platform to repeatedly measure changes in compound potency and selectivity that result from changes in compound structure. Our chemists also take advantage of our burgeoning suite of proprietary digital chemistry tools to conduct chemical expansion exercises across more than 12 billion molecules in our in silico library which we can then order for validation on the platform.

Because this process may extend over several months, it is critical that our platform assay is highly stable over time. To ensure this stability, we test that our assay can reproduce specific measures of compound activity, such as a compound's EC50 (the concentration of a drug that gives half-maximal response) or max-effect (the maximal response), in experiments run weeks, or even months, apart.

In the example below, we ran four separate experiments of a HIF2a inhibitor known to be active against our VHL disease model over a period of three months. Dose-response curves across all four runs demonstrate a high degree of overlap, including highly similar EC50s and max-effect. Our calculated minimum significance ratio from this study, a common industry metric of in vitro assay reproducibility over time, is 1.076, which is highly robust by industry benchmarks[7]. These results demonstrate the stability of our assay and the ability to use our phenomic platform as a basis for SAR.

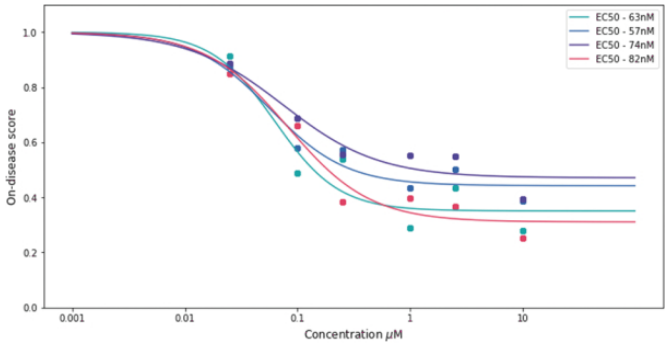


Figure 34. Compound activity is reproducible across experimental runs. Dose response curves from multiple runs of the same tool compound against our disease model for VHL loss-of-function show high consistency with a minimum significance ratio of 1.076.

Step 6: Select and Advance Drug Candidates into Clinical Trials. After optimizing therapeutic drug candidates, we select those compounds that have the best chemical properties to advance through development and ultimately clinical trials. We have built the internal capabilities to drive clinical candidates through IND-enabling studies, regulatory approval processes, and human clinical studies. Collectively, members of our team have been involved in over 700 clinical programs, including recently completing our first SAD and MAD studies in 2019 and 2020, respectively. Additionally, we work closely with a team of external consultants across regulatory, CMC, and clinical operations to ensure execution success.

Our Programs - Deep Dive

Every program at Recursion is a product of our Recursion OS. Our wholly-owned programs are built on unique biological insights surfaced through the Recursion OS and target diseases where: i) the disease-biology is well defined and ii) there is high unmet medical need, there are no approved therapies, or there are significant limitations to existing treatments. Several of our programs target indications with market opportunities expected to be near to or in excess of $1.0 billion in annual sales and we are preparing four programs to enter Phase 2 or Phase 2/3 clinical trials within the first three quarters of 2022 and a fourth program to enter a Phase 1 clinical trial within the second half of 2022.

[7] Haas JV, Eastwood BJ, Iversen PW, et al. Minimum Significant Ratio – A Statistic to Assess Assay Variability. 2013 Nov 1 [Updated 2017 Nov 20]. In: Markossian S, Sittampalam GS, Grossman A, et al., editors. Assay Guidance Manual [Internet]. Bethesda (MD): Eli Lilly & Company and the National Center for Advancing Translational Sciences; 2004.

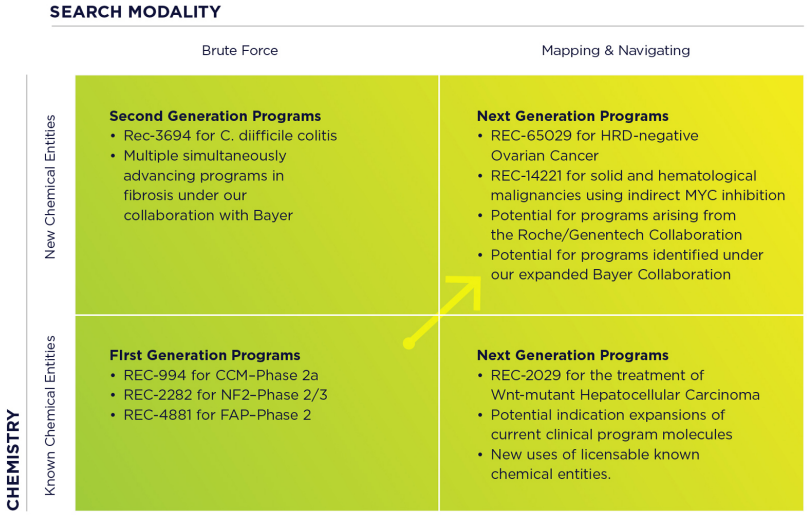


Figure 35. Examples of current Recursion programs falling into our First, Second and Next Generation paradigms. The earliest iterations of the Recursion OS leveraged brute-force search (where small molecules were tested directly in the context of each disease model we built) and used a small molecule library restricted primarily to known chemical entities. Programs arising from this iteration of the Recursion OS are deemed First Generation Programs. As we developed our chemistry capabilities and new chemical entity library at Recursion, Second Generation Programs arose, though the throughput needed to screen large libraries of new chemical entities presents a powerful but relatively inefficient solution. Today, most of our new programs, as well as new partnerships or expansions of prior partnerships, are Next Generation Programs, whereby we use our maps of biology to navigate to novel or unexpected relationships between molecules (known or new chemical entities) and then validate those predictions in our wet-labs.

- **Recursion's First Generation of Potential Medicines**. The following programs represent the novel use of a known chemical entity discovered using early iterations of the Recursion OS.
  - REC-994 for the treatment of cerebral cavernous malformation, or CCM— Phase 2a enrolling patients at the time of filing. Orphan Drug Designation granted in the US and EU.
  - REC-2282 for the treatment of neurofibromatosis type 2, or NF2—expected Phase 2/3 initiation in Q2 2022. Orphan Drug Designation in the US and EU, as well as Fast-Track Designation in the US, have been granted.
  - REC-4881 for the treatment of familial adenomatous polyposis, or FAP—expected Phase 2 initiation in Q3 2022. Orphan Drug Designation granted in the US.
  - REC-3599 for the treatment of GM2 gangliosidosis, or GM2—expected Phase 2 initiation in 2024.
- **Recursion's Second Generation of Potential Medicines.** The following programs arose from a brute-force approach leveraging either an expanded internal new chemical entity library or a partner new chemical entity library.

- REC-3964 for the treatment of C. difficile colitis— expected Phase 1 initiation in 2H, 2022
- REC-64917 for Neural or Systemic Inflammation
- Multiple simultaneous programs in fibrosis advancing with Bayer

- **Recursion's Next Generation of Potential Medicines.** The following programs represent a promising subset of known or new chemical entities discovered and developed using the latest Recursion OS mapping and navigating tools.
  - REC-65029 and derivatives or functionally related series for the Treatment of HRD-negative Ovarian Cancer by leveraging a potentially novel target insight
  - REC-648918 and derivatives or functionally related series to enhance anti-tumor immune response leveraging a potentially novel target insight (Target Alpha)
  - REC-2029 for the treatment of Wnt-mutant Hepatocellular carcinoma
  - REC-14221 and derivatives or functionally related series for the treatment of solid and hematological malignancies using indirect MYC inhibition
  - REC-64151 and derivatives or functionally related series for the treatment of immune checkpoint resistance in KRAS/STK11 mutant non-small cell lung cancer
  - Potential future programs in fibrosis with Bayer or in neuroscience or a single oncology indication with Roche and Genentech

In addition to the programs highlighted above, we are actively developing dozens of additional programs which may prove to be drivers of our future growth. As we have significantly expanded our chemistry capabilities in the last year, and continue to invest deeply in these key elements of the Recursion OS, moving forward we expect that the vast majority of our new programs will be part of our Next Generation of potential programs discovered using our tools for mapping and navigating biology. We believe that the number of potential programs we can generate with our Recursion OS is key to the future of our company, as a greater volume of validated programs has a higher likelihood of creating value. The speed at which our OS generates a large number of product candidates is important, since traditional drug development often takes a decade or more. In addition, we believe that our large number of potential programs makes us an attractive partner for larger pharmaceutical companies. The static or declining level of R&D output at many large companies means that they have an ongoing need for new projects to fill their pipelines.

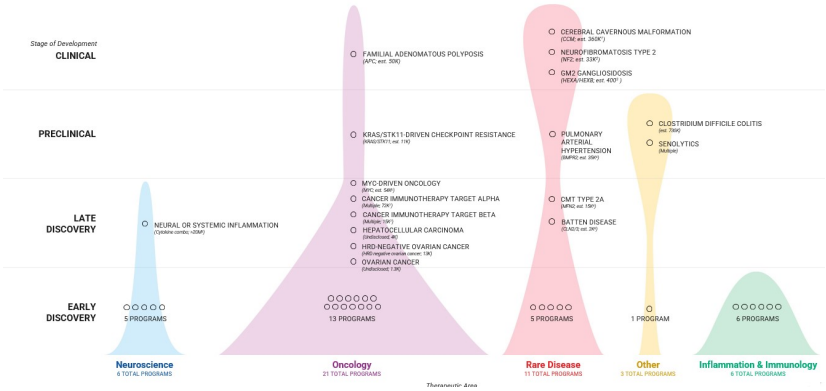


Figure 36. The power of our Recursion OS as exemplified by the breadth of active research and development programs. We have an expansive pipeline of internally-developed programs spanning multiple therapeutic areas and consisting of both new uses for existing compounds and new chemical entities, or NCEs, under active research and development. All populations are US and EU5 incidence unless otherwise noted. EU5 is

defined as France, Germany, Italy, Spain and the UK. (1) Prevalence for hereditary and sporadic symptomatic population. (2) Annual US and EU5 incidence for all NF2-driven meningiomas. (3) Worldwide prevalence; conducting dose optimization study in animal model with a potential trial start in 2024 (4) US and EU5 prevalence (5) Our program has the potential to address a number of indications with systemic or neural inflammatory components. We have not finalized a target product profile for a specific indication. (6) Our program has the potential to address a number of indications driven by MYC alterations, totaling 54,000 patients in the US and EU5 annually. We have not finalized a target product profile for a specific indication. (7) Our program has the potential to address a number of indications in this space.

First Generation Program - REC-994 for Cerebral Cavernous Malformation

Summary

REC-994 is an orally bioavailable, superoxide, scavenger small molecule being developed for the treatment of CCM. In Phase 1 SAD and MAD trials in healthy volunteers directed and executed by us, REC-994 demonstrated excellent tolerability and suitability for chronic dosing. CCM is among the largest rare disease opportunities and has no approved therapies. We recently enrolled the first patient in a Phase 2 double-blind, placebo-controlled, safety, tolerability and exploratory efficacy study.

Disease Overview

CCM is a disease of the neurovasculature for which approximately 360,000 patients in the US and EU5 have been diagnosed or suffer symptoms. Less than 30% of patients with CCM experience symptoms, resulting in the disease being severely underdiagnosed and suggesting that well more than 1 million patients may have the disease in the US and EU5. CCM and its hallmark vascular malformations are caused by inherited or somatic mutations in any of three genes involved in endothelial function: CCM1, CCM2, or CCM3. Approximately 20% of patients have a familial form of CCM that is inherited in an autosomal dominant pattern. Sporadic disease in the remaining population is caused by somatic mutations that arise in the same genes. CCM manifests as vascular malformations of the spinal cord and brain characterized by abnormally enlarged capillary cavities without intervening brain parenchyma. Patients with CCM lesions are at substantial risk for seizures, headaches, progressive neurological deficits and potentially fatal hemorrhagic stroke. Current non-pharmacologic treatments include microsurgical resection and stereotactic radiosurgery. Given the invasive and risky nature of these interventions, these options are reserved for a subset of patients with significant symptomatology and/or easily accessible lesions. Rebleeds and other negative sequelae of treatment further limit the effectiveness of these interventions. There is no approved pharmacological treatment that affects the rate of growth of CCM lesions or their propensity to bleed or otherwise induce symptoms. CCM can be a severe disease resulting in progressive neurologic impairment and a high risk of death due to hemorrhagic stroke.

Product Concept

We are developing an orally bioavailable small molecule therapeutic designed to alleviate neurological symptoms associated with CCM and potentially reduce the accumulation of new lesions. REC-994 is an orally bioavailable small molecule superoxide scavenger with pharmacokinetics supporting once-daily dosing in humans. Mechanistically, the reduction of endothelial superoxide species has been shown to reverse the cellular pathogenesis of the disease. In addition, REC-994 exhibits anti-inflammatory properties which could be beneficial in reducing disease-associated pathology. Preclinical data have demonstrated benefit on acute to subacute disease-relevant hemodynamic parameters such as vascular permeability and vascular dynamics. Chronic administration in rodent genetic models of CCM has demonstrated long-term benefit in reduction of lesion number and/or size. REC-994 was well tolerated at up to 800 mg daily dosing in healthy human subjects enrolled in our Phase 1 study, and there were no severe adverse events at any dose tested. The safety results of the Phase 1 studies we executed support continued evaluation of REC-994 in a Phase 2 study. We licensed global rights for the data underlying our novel usage of REC-994 from the University of Utah in February 2016 and have obtained orphan drug designation in the US and EU.

Preclinical

The novel use of REC-994 for CCM was discovered leveraging knock-down of the disease gene *CCM2* in primary human endothelial cells using the earliest form of the Recursion OS. In secondary orthogonal assays, REC-994 reversed defects in human endothelial cell-cell junctional integrity, a functional phenotype associated with the loss of *CCM2*.

REC-994 was subsequently tested in two endothelial-specific knockout mouse models for the two most prevalent genetic causes, *Ccm1* and *Ccm2*. These mouse models faithfully recapitulate the CNS cavernous malformations of the human disease. Mice treated with REC-994 demonstrated a decrease in lesion number and/or size compared to vehicle treated controls. Notably, 24-hour circulating plasma levels of REC-994 in this in vivo experiment were consistent with exposures seen in humans at a 200 mg daily dose.

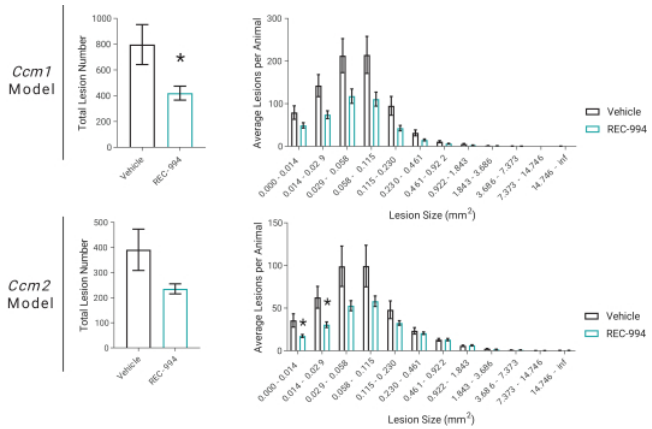


Figure 37. REC-994 reduces lesion severity in chronic mouse models of CCM Disease. Mice treated with REC-994 demonstrated a statistically significant decrease in the number of small-size lesions, with a trend toward a decrease in the number of mid-size lesions.

Clinical

We recently enrolled the first patient in a Phase 2 double-blind, placebo-controlled, safety, tolerability and exploratory efficacy study.

We conducted a SAD study in 32 healthy human volunteers using active pharmaceutical ingredients with no excipients in a Powder-in-Bottle dosage form. Results showed that systemic exposure (Cmax and AUC) generally increased in proportion to REC-994 after both single and multiple doses. Median Tmax and $t^{1/2}$ appeared to be independent of dose. There were no deaths or SAEs reported during this study and no TEAEs that led to the withdrawal of subjects from the study. These data supported a MAD study in healthy human volunteers.

The MAD study was conducted in 52 healthy human volunteers and was designed to investigate the safety, tolerability, and PK of multiple oral doses of REC-994, to bridge from the Powder-in-Bottle dosage form to a tablet dosage form, as well as to assess the effect of food on PK following a single oral dose. Overall, multiple oral doses of REC-994 were well tolerated in healthy male and female subjects at each dose level administered in this study. There appeared to be no dose-related trends in TEAEs, vital signs, ECGs, pulse oximetry, physical examination findings, or neurological examination findings. Pharmacokinetic results support once-daily oral dosing with the tablet formulation.

	Cohort 2: REC-994 50 mg (N=6)	Cohort 3: REC-994 200 mg (N=6)	Cohort 5: REC-994 400 mg (N=6)	Cohort 7: REC-994 800 mg (N=6)	Cohort 6[a]: REC-994 800 mg (N=6)
Day 1					
C_{max} (ng/mL)	222.7	626.7 (16.8)	111.3 (43.7)	2686.7 (35.4)	1775.0 (31.9)
T_{max} [b](h)	0.88 (0.50, 2.00)	1.00 (1.00, 2.00)	1.53 (0.75, 4.00)	1.50 (0.75, 4.00)	1.03 (0.75, 4.00)
AUC_{0-24} (h*ng/mL)	1861.0 (34.2)	4939.0 (19.7)	8596.6 (37.3)	23789.1 (32.3)	NA
C_{24} (ng/mL)	23.70 (44.9)	57.52 (39.1)	110.85 (69.6)	284.3 (39.8)	137.80 (35.60)
Day 10					
C_{max} (ng/mL)	128.2 (16.3)	699.2 (24.9)	1138.0 (41.4)	1979.5 (55.2)	1979.5 (55.2)
T_{max} [b](h)	0.750 (0.50, 1.00)	1.500 (0.50, 2.07)	2.000 (0.75, 8.00)	1.500 (1.00, 8.00)	1.500 (1.00, 8.00)
AUC_{0-24} (h*ng/mL)	1092.0 (15.2)	5038.4 (22.1)	9648.7 (26.4)	17541.6 (47.7)	17541.6 (47.7)
C_{24} (ng/mL)	13.67 (26.3)	54.52 (38.2)	107.1 (33.0)	195.7 (62.1)	195.7 (62.1)
$t_{1/2}$ (h)	7.266 (17.6)	7.725 (15.4)	8.541 (10.7)	7.711 (13.1)	7.711 (13.1)

Table 3. Summary Statistics for Plasma REC-994 Pharmacokinetic Parameters – Overall MAD Cohorts.

	Placebo (N=8) n (%)	REC-994 50 mg (N=6) n (%)	REC-994 200 mg (N=6) n (%)	REC-994 400 mg (N=6) n (%)	REC-994 800 mg (N=6) n (%)
Total Number of TEAEs	5	0	10	4	15
Total Subjects with at Least One TEAE	4 (50.0)	0	3 (50.0)	3 (50.0)	4 (66.7)
Severity					
Mild	3 (37.5)	0	3 (50.0)	3 (50.0)	3 (50.0)
Moderate	1 (12.5)	0	0	0	1 (16.7)
Severe	0	0	0	0	0
Relationship to Study Drug					
None	3 (37.5)	0	0	2 (33.3)	1 (16.7)
Unlikely	1 (12.5)	0	1 (16.7)	1 (16.7)	2 (33.3)
Possibly	0	0	0	0	0
Likely	0	0	2 (33.3)	0	1 (16.7)
Definitely	0	0	0	0	0
Total Number of SAEs	0	0	0	0	0
Total Subject with at Least One SAE	0	0	0	0	0
Total Subjects who Discontinued Study Drug Due to an AE	0	0	0	0	0

Table 4. Summary of Adverse Events from Phase 1 Multiple Ascending Dose Study. AE=adverse event; MAD=multiple ascending dose; SAE=serious adverse event; TEAE=treatment-emergent adverse event

We recently enrolled the first patient in an exploratory Phase 2 double-blind placebo-controlled, safety, efficacy and pharmacokinetics study of REC-994 in the treatment of symptomatic CCM. The study is enrolling patients with symptomatic CCM at least 18 years of age with anatomic CCM lesions demonstrated by MRI. The primary objective of the Phase 2 study will be to assess the safety and tolerability of daily dosing of a low and high dose group of REC-994 over 12 months, compared to placebo, in patients with symptomatic CCM. Exploratory secondary endpoints will include assessment of patient reported outcomes, imaging assessments, as well as established composite scales for neurological signs and symptoms.

Currently, there is no development or regulatory precedent or pathway for CCM drug development. We will undertake an exploratory Phase 2 to inform a pivotal trial design with guidance from the FDA.

Figure 38. Phase 2 clinical trial schematic for REC-994. Planned Phase 2 trial design to assess the efficacy and safety of REC-994 in patients with symptomatic CCM.

Competitors

There are two investigator-initiated clinical studies underway to study marketed therapeutics in CCM patients.

- Investigators at the University of Chicago are evaluating the efficacy of atorvastatin, or Lipitor, on reduction in hemorrhage rate in patients with CCM.
- Investigators at the Mario Negri Institute for Pharmacological Research in Italy are evaluating the efficacy of the approved beta blocker propranolol in reducing lesions and clinical events.

To our knowledge, the REC-994 program is the only industry-sponsored therapeutic program in clinical trials for CCM. If approved, REC-994 would be the first pharmacologic disease-modifying treatment for CCM, one of the largest areas of unmet need in the rare disease space.

First-Generation Program - REC-2282 for Neurofibromatosis Type 2

REC-2282 is a small molecule HDAC inhibitor being developed for the treatment of *NF2*-mutant meningiomas. The molecule has been well tolerated, including in patients dosed for multiple years, and potentially reduced cardiac toxicity that differentiates it from other HDAC inhibitors. In contrast to approved HDAC inhibitors, REC-2282 is both CNS-penetrant and orally bioavailable. We expect to enroll the first patient in an adaptive, parallel group, Phase 2/3, randomized, multicenter study in the second quarter of 2022.

Disease Overview

Neurofibromatosis Type 2 (NF2) is an autosomal dominant, inherited, rare, tumor syndrome caused by loss-of-function mutations in the *NF2* tumor suppressor gene, which encodes the cell signaling regulator protein merlin. Loss of NF2 results in growth of the hallmark tumors that characterize this disease: vestibular schwannomas (VS) and meningiomas. The tumor types of VS and meningiomas seen in NF2 are among the most common in neuro-oncology. In addition, *NF2* mutations give rise to spontaneous meningiomas, mesotheliomas, and underlie subsets of additional tumor types. Combined, we believe *NF2*-driven meningiomas occur in approximately 33,000 patients per year in the US and EU5. Patients with NF2 are diagnosed typically in their late teens or early 20s and present with hearing loss which is usually unilateral at the time of onset, focal neurological deficits, and symptoms relating to increasing intracranial pressure. Although the course of disease progression is highly variable, most patients are rendered deaf, and many will eventually need wheelchair assistance due to progressive neurological decline. The standard of care is surgery or radiosurgery and patients may require multiple operative procedures during their lifetime. Although surgery or radiation can be effective in controlling tumor growth, most surgical procedures result in morbidity related to neurological deficits based on the location of the tumor. Hearing loss, facial nerve palsy, and moderate facial nerve dysfunction are also common surgical outcomes. Radiation can induce malignant transformation which in turn makes surgery more complex. In addition, tumors may recur post-surgical resection along with the growth of new tumors. NF2-associated tumors and treatment related morbidity can lead to earlier than expected mortality. If left untreated, *NF2*-driven tumors can result in death resulting from rising intracranial pressure.

Product Concept

REC-2282, is an orally bioavailable, CNS-penetrating, pan-histone deacetylase, or HDAC, inhibitor with PI3K/AKT/mTOR pathway modulatory activity. By comparison to marketed HDAC inhibitors, REC-2282 is uniquely suited for patients with NF2, and *NF2*-mutant CNS tumors, due to its oral bioavailability and CNS-exposure. NF2 disease is driven by mutations in the *NF2* gene, which encodes an important cell signaling modulator, merlin. Loss of merlin results in activation of multiple signaling pathways converging on PI3K/AKT/mTOR among others. Human clinical pharmacodynamic data supports the role of REC-2282 in inhibiting activity of multiple aberrant signaling pathways in *NF2*-deficient tumors. HDAC inhibitors induce growth arrest, differentiation, and apoptosis of cancer cells. We obtained a global license for REC-2282 from the Ohio State Innovation Foundation in December 2018. Orphan drug designation for REC-2282 in NF2 has been granted in the US and EU. Fast Track Designation for REC-2282 in *NF2*-mutated meningioma was granted in the US in 2021.

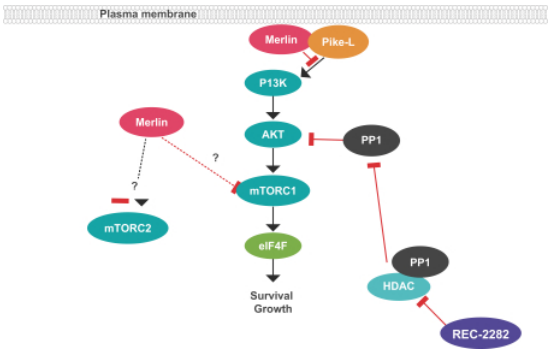


Figure 39. REC-2282 acts on an important pathway in tumor development to inhibit the growth of tumor cells. A potential mechanism of action of REC-2282 in NF2[8].

Preclinical

The novel use of REC-2282 for NF2 was discovered leveraging the knock-down of the disease gene *NF2* in human cells in the Recursion OS. We did not see similarly robust responses in the context of many other tumor suppressor genes studied, suggesting some specificity of the mechanism in the context of *NF2* loss of function.

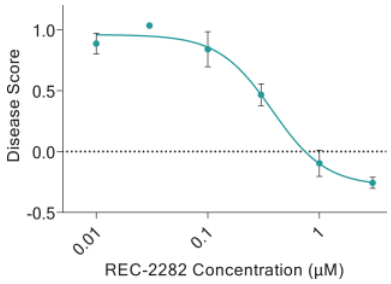


Figure 40. Impact of REC-2282 on *NF2* model in the Recursion OS. REC-2282 reversed the effects of knock-down of *NF2* in primary human cells using our phenomics assay.

[8] Adapted from Petrilli and Fernández-Valle. Role of Merlin/NF2 inactivation in tumor biology. Oncogene 2016 35(5):537-48

After we discovered the novel use of REC-2282 for NF2 using our platform, we performed a literature search to better understand the molecule and validate disease models. At that time, we discovered that REC-2282 had been shown to inhibit *in vitro* proliferation of vestibular schwannoma, or VS, and meningioma cells by inducing cell cycle arrest and apoptosis at doses that correlate with AKT inactivation. In preclinical models, REC-2282 inhibited the growth of primary human VS and *NF2*-deficient mouse schwannoma cells, as well as primary patient-derived meningioma cells and the benign meningioma cell line, Ben-Men-1.

In animal models of NF2, REC-2282 suppressed *in vivo* growth of an *NF2*-deficient mouse vestibular schwannoma allograft. In addition, REC-2282 suppressed *in vivo* growth human vestibular schwannoma xenograft models in mice fed, either a standard diet of rodent chow, or chow formulated to deliver 25 mg/kg/day REC-2282 for 45 days. REC-2282 also suppressed the growth of an orthotopic mouse model of *NF2*-deficient meningioma using luciferase-expressing Ben-Men-1 meningioma cells. These animal data served as a functional and orthogonal validation of our platform findings.

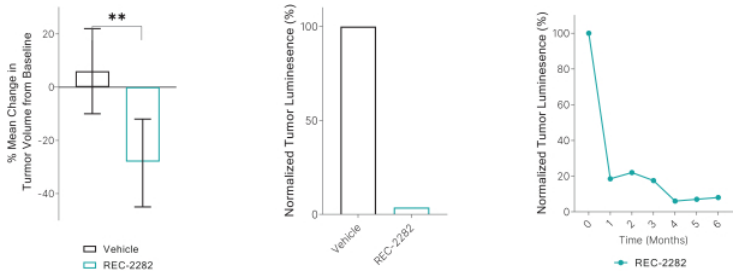


Figure 41. REC-2282 prevents tumor growth in Vestibular Schwannoma xenografts. REC-2282 significantly reduces the mean size of VS xenografts in SCID-ICR mice. Error bars shown are the 95% CI. P=0.006. Adapted from Jacob, 2011. REC-2282 also suppressed the growth of Ben-Men-1-LucB tumor xenografts as measured by tumor luminescence. Adapted from Burns, 2013.

Clinical
We expect to initiate a parallel group, two-staged, Phase 2/3, randomized, multicenter clinical trial within the next quarter.

Previous clinical work conducted in investigator-initiated trials and trials sponsored by Arno Therapeutics (no longer a licensor of Ohio State University for this molecule) includes human exposure to REC-2282, previously referred to as AR-42. A total of three completed studies in adult human subjects were conducted in the United States in patients with solid or hematological malignancies. Published data from Ohio State University reflects that a total of 77 patients were treated with REC-2282 in doses ranging from 20 mg to 80 mg three times a week for three weeks followed by one week off-treatment in four-week cycles. Multiple patients were treated for multiple years using this dosing regimen at the 60 mg dose and the longest recorded treatment duration is 4.4 years at the 40 mg dose. The majority of adverse events were transient cytopenia that did not result in dose reduction or stoppage. The MTD in patients with solid tumors was determined to be 60 mg. The REC-2282 plasma exposure in patients with hematological malignancies and solid tumors generally increased with increasing doses. There were no consistent signs of plasma REC-2282 accumulation across a 19-day administration period nor obvious differences in PK between hematologic and solid tumor patients.

In another early Phase 1 pharmacodynamic study by Ohio State University, it appears that REC-2282 suppressed aberrant activation of ERK, AKT, and S6 pathways in vestibular schwannomas resected from treated NF2 patients. These results may be difficult to achieve with single pathway inhibitors of ALK or MEK.

We are planning to initiate an adaptive, parallel group, two-staged, Phase 2/3, randomized, multicenter study to evaluate the efficacy and safety of REC-2282 in patients with progressive NF2 mutated meningiomas with underlying NF2 disease and sporadic meningiomas with documented NF2 mutations.

The study is designed to accelerate the path to potential product registration by allowing for initiation of a confirmatory Phase 3 study prior to full completion of Phase 2. It is a combined Phase 2-3 study design, beginning with a Proof-of-Concept Phase 2 portion in which 20 adult subjects (and up to nine adolescent subjects) will begin treatment on two active dose arms. Subject safety will be monitored by an independent Data Monitoring Committee, which will apply dose modifications and stopping rules as indicated. After all 20 adult subjects have completed six months of treatment, an interim analysis will be performed for the purposes of 1) determination of go/no-go for Phase 3 portion of the study, 2) selection of the dose(s) to carry forward, 3) re-estimation of sample size for the planned Phase 3, and 4) agreement from FDA to initiate Phase 3. Subjects in the Phase 2 will continue treatment for up to 26 months total and then have the option to enroll in an Open Label Extension study. The Phase 3 portion of the design currently requires recruitment of an additional 60 subjects (adult and potentially adolescent subjects), who will receive treatment for up to 26 months. The planned primary endpoint is Progression-Free Survival (PFS).

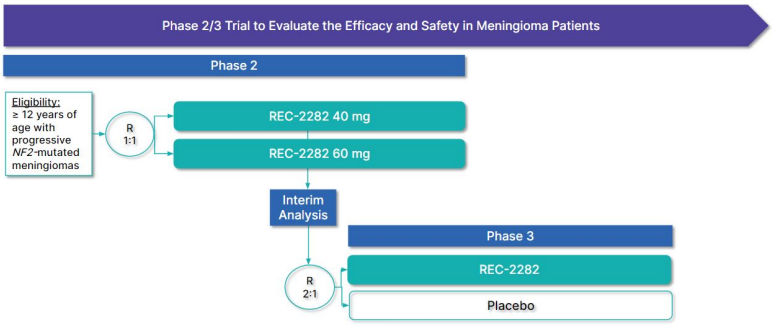


Figure 42. Phase 2/3 clinical trial schematic for REC-2282. Planned Phase 2/3 trial design to assess the efficacy and safety of REC-2282 in meningioma patients.

Competitors

There are currently four active programs in clinical development targeting *NF2*-driven brain tumors.

- Brigatinib, an approved ALK inhibitor for NSCLC from Takeda Pharmaceuticals, is in Phase 2 for NF2 disease meningioma, vestibular schwannoma and ependymoma.
- Crizotinib, an ALK/ROS1 inhibitor, is being studied in an investigator sponsored Phase 2 study in progressive vestibular schwannoma in NF2 patients.
- Selumetinib, a MEK inhibitor from AstraZeneca, is being studied in a Phase 2 trial for *NF2* related tumors.
- GSK2256098, a FAK inhibitor from GlaxoSmithKline, is being studied in a basket Phase 2 for meningiomas with a variety of targeted therapies and genetic alterations, including *NF2* mutation.

First Generation Program - REC-4881 for Familial Adenomatous Polyposis (FAP)

Early Discovery	Late Discovery	Preclinical	Phase 1	Phase 2	Phase 3

Summary

REC-4881 is an orally bioavailable, non-ATP-competitive allosteric small molecule inhibitor of MEK1 and MEK2 being developed to reduce polyp burden and progression to adenocarcinoma in FAP patients. REC-4881 has been well tolerated in prior clinical studies, consistent with the intended use and has a gut-localized PK-profile in humans that is highly advantageous for FAP, and potentially other *APC*-driven gastrointestinal tumors. We expect to enroll the first patient in a Phase 2, double-blind, randomized, placebo-controlled basket trial in the third quarter of 2022.

Disease Overview

FAP is a rare tumor syndrome affecting approximately 50,000 patients in the US and EU5 with no approved therapies. FAP is caused by autosomal dominant inactivating mutations in the tumor suppressor gene *APC*, which encodes a negative regulator of the Wnt signaling pathway. FAP patients develop polyps and adenomas in the colon, rectum, rectal pouch, stomach, and duodenum throughout life. These growths have a high risk of malignant transformation and can give rise to invasive cancers of the colon, stomach, duodenum, and rectal tissues. Standard of care for patients with FAP is colectomy in late teenage years. Without surgical intervention, affected patients will progress to colorectal cancer by early adulthood. Post-colectomy, patients receive endoscopic surveillance every 6-12 months to monitor disease progression given the ongoing risk of malignant transformation.

Despite surgical management, the need for effective pharmacological therapies for FAP remains high due to continued risk of duodenal and desmoid tumors post-surgery. These tumors occur in the majority of patients and surgical resection of these tumors can be associated with significant morbidity. NSAIDs, such as sulindac or celecoxib, are sometimes used to treat these tumors, but have limited efficacy and do not impact pre-cancerous lesions. While surgical management and surveillance have improved the prognosis for FAP patients, desmoid tumors remain a major cause of death in patients with FAP following colectomy.

Product Concept

Our REC-4881 candidate is an orally bioavailable, non-ATP-competitive allosteric small molecule inhibitor of MEK1 and MEK2 (IC50 2-3 nM and 3-5 nM, respectively) that has demonstrated potent reduction in polyps and dysplastic adenomas, in the *Apcmin* mouse model of FAP. In a previous Phase 1 clinical study run by Millennium Pharmaceuticals, 51 patients with solid tumors were treated with REC-4881 and did not demonstrate the typical ocular toxicities associated with this class. REC-4881 exhibits extremely low hepatic metabolism and its primary route of elimination is through biliary excretion and gastrointestinal elimination, which may allow it to achieve preferential exposure at tumor sites in the duodenum and lower gastrointestinal tract with reduced systemic exposures and toxicity. We obtained a global license for REC-4881 from Takeda Pharmaceuticals in May 2020. Orphan drug designation for REC-4881 in FAP and *APC*-driven tumors was granted by the FDA in 2021.

Preclinical

The novel use of REC-4881 for FAP was discovered leveraging knock-down of the FAP disease gene *APC* in human cells using the Recursion OS. We validated our findings using tumor cell lines and spheroids grown from human epithelial tumor cells with a mutation in *APC*. REC-4881 inhibited both the growth and organization of spheroids in these models and, in tumor cell lines, had well over a 1,000-fold selectivity range in cells harboring *APC* mutations.

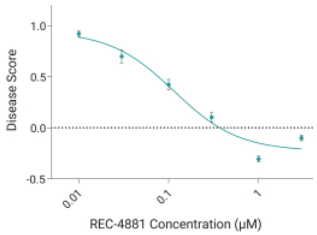


Figure 43. Impact of REC-4881 on an *APC* model on the Recursion OS. REC-4881 reversed the effects of knockdown of *APC* in primary human cells using our phenomics assay.

We subsequently evaluated REC-4881 in a disease relevant preclinical model of FAP. Mice harboring truncated *Apc*, or *Apcmin*, were treated with multiple oral daily doses of REC-4881 or celecoxib (as a comparator) over an eight-week period. Mice treated with celecoxib had approximately 30% fewer polyps than did those treated with vehicle, whereas mice treated with 1 mg/kg or 3 mg/kg REC-4881 exhibited approximately 50% fewer polyps than vehicle-treated mice. Mice that were treated with 10 mg/kg REC-4881, the highest dose tested, exhibited an approximately 70% reduction in total polyps.

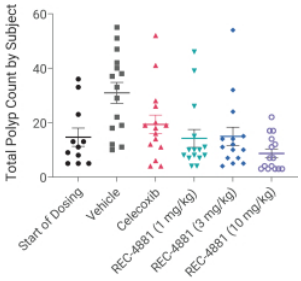


Figure 44. REC-4881 reduces GI polyp count in the *Apc^{min}* mouse model of FAP. GI polyp count after oral administration of indicated dose of REC-4881, celecoxib, or vehicle control for 8 weeks. Polyp count at start of dosing reflects animals sacrificed at the start of study (15 weeks of age). $P < 0.001$ for all REC-4881 treatment groups versus vehicle control.

In FAP, polyps arising from mutations in *APC* may progress to high-grade adenomas through accumulation of additional mutations and eventually to malignant cancers. To evaluate the activity of REC-4881 on both benign polyps and advanced adenomas, gastrointestinal tissues from mice treated with REC-4881 were histologically evaluated and polyps were classified as either benign or high-grade adenomas. While celecoxib reduced the growth of benign polyps in the model, a large proportion of polyps that remained were dysplastic. By contrast, treatment with REC-4881 specifically reduced not only benign polyps, but *also* precancerous high-grade adenomas, a finding with the potential for translational significance.

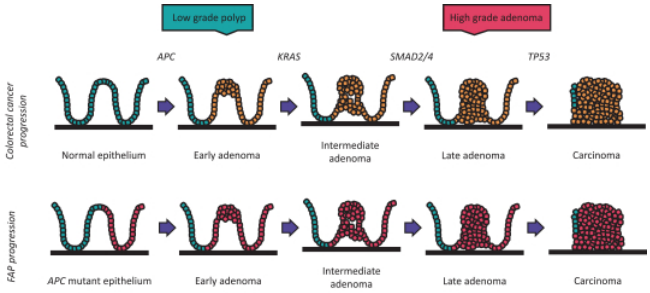


Figure 45. Disease progression of FAP begins with mutations in *APC*. Progression of benign *APC*-mutant polyps to high-grade adenomas and eventually malignant tumors occurs following the accumulation of additional genetic alterations[9].

[9] Adapted from http://syscol-project.eu/about-syscol/

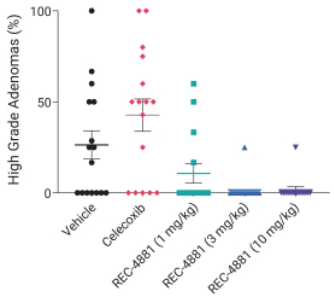


Figure 46. REC-4881 reduces high-grade adenomas in the *Apc*^{Min} mouse model of FAP[9]. Quantification of high-grade adenomas versus total polyps based on blinded histological review by a pathologist. While celecoxib reduces benign polyps, the majority of remaining lesions are high grade adenomas. By contrast, REC-4881 reduces both polyps and high-grade adenomas.

REC-4881 is a non-ATP-competitive and specific allosteric small molecule inhibitor of MEK1 and MEK2. Studies have shown that mitogen-activated protein kinase signaling, or MEK, and extracellular signal-regulated kinase, or ERK signaling is activated in adenoma epithelial cells and tumor stromal cells, including fibroblasts and vascular endothelial cells.

In addition, genomic events resulting in alteration of mitogen-activated protein kinase signaling, or MAPK, such as activating mutations in *KRAS*, are frequent somatic events that promote the growth of adenomas in FAP. Therefore, suppression of aberrant MAPK signaling in adenomas of FAP with REC-4881 has the potential to regress or slow the growth of these tumors by acting on core pathways driving their growth.

Clinical

Millennium Pharmaceuticals previously conducted clinical work including human exposure using REC-4881, then referred to as TAK-733. A total of 51 patients were included in the Phase 1 study, which demonstrated that REC-4881 had a manageable toxicity profile up to the maximum tolerated dose, or MTD, of 16 mg dosed on days one to 21 of 28-day treatment cycles. The most common adverse events were dermatitis acneiform rash (53%), fatigue (36%), and diarrhea (31%), consistent with other MEK inhibitors. No dose-limiting toxicities, or DLTs, were observed in patients who received REC-4881 in doses from 0.2 mg to 8.4 mg. Four patients experienced DLTs of grade 3 dermatitis acneiform at doses of 12 mg (n=1), 16 mg (n=1), and 22 mg (n=2). Importantly, REC-4881 demonstrated fewer adverse ocular side effects compared to approved drugs in this class. Our preclinical data in FAP support a low dose cohort in the Phase 2 trial in the dosing range where DLTs were not experienced in the prior Phase 1 (0.2 - 8.4 mg).

Study C20001 was a Phase 1, multicenter, open-label, dose-escalation, first-in-human clinical trial designed to evaluate the safety, pharmacokinetics, and pharmacodynamics of TAK-733 (now REC-4881) in patients with advanced, nonhematologic malignancies and melanoma. Abbreviations: $AUC_{0\text{-}24hr}$: area under the plasma concentration versus time curve from zero to 24 hours; CL_{ss}/F: apparent oral clearance; C_{max}: maximum plasma concentration; CV%: percent coefficient of variation; NC: not calculable; Std Dev: standard deviation; T_{max}: time of first observed maximum concentration. Mean and geometric mean were calculated if 2 or more individual parameter values. Median, Std Dev, CV%, min, and max were calculated if 3 or more individual parameter values. Summary statistics for PK parameters are not presented in this table for 0.2, 0.4, 0.8, and 1.6 mg cohorts, as N<3 in these cohorts. The number of patients (n) may differ from the total N in each dose cohort depending on the parameter and day. Source: CSR C20001

We plan to initiate a Phase 2, randomized, double-blind, placebo-controlled basket trial to evaluate efficacy, safety and pharmacokinetics of REC-4881 in classical FAP patients. We expect to initiate this Phase 2 clinical trial by the end of Q3 2022.

- The study will be conducted in classical FAP who are at or over 18 years of age at the time of enrollment.

- The study will be conducted in two parts. Part A will evaluate the effects of food and dosing interval on the pharmacokinetics of REC-4881 (as the drug has not been studied in patients with colectomy previously). Part 2 will evaluate the efficacy, safety and pharmacokinetics of REC-4881.
- Patients from three subpopulations will be randomized into two active and one placebo group and treated for 12 months.
- The study will assess tumor response endpoints in patients treated with REC-4881 versus placebo.

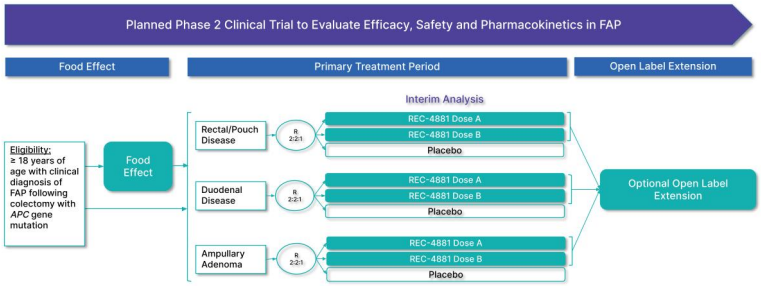


Figure 47. Clinical trial schematic for REC-4881. Planned Phase 2 clinical trial to assess the efficacy, safety and pharmacokinetics of REC-4881 in patients with classical FAP.

Key Competitors

There are four primary therapeutic approaches in clinical development for FAP; all are focused on reduction in colorectal polyposis.

- Guselkumab (Tremfya) is an IL-23 human monoclonal antibody, or mAb, in Phase 2 development by Janssen Pharmaceuticals which is hypothesized to reduce cytokine production, inflammation, and tumor polyp development.
- Eicosapentaenoic acid-free fatty acid is a polyunsaturated fatty acid currently in Phase 3 development for FAP by S.L.A. Pharma AG. Eicosapentaenoic acid-free fatty acid is hypothesized to reduce polyp formation due to its activity as a competitive inhibitor of arachidonic acid oxidation.
- A combination of Eflornithine and sulindac (CPP1X/Sulindac) is in development by Cancer Prevention Pharma for FAP and, in a recent Phase 3 study, the incidence of disease progression with the combination was not significantly lower than either drug alone. The company submitted an NDA in June 2020, and it remains under review. The company withdrew their MAA application in October 2021.
- Encapsulated rapamycin, or eRAPA, is currently in Phase 2 development by Emtora Biosciences for FAP and is hypothesized to reduce tumor formation through its inhibitory effect on the mTOR pathway.

First Generation Program - REC-3599 for GM2 Gangliosidosis

Summary

REC-3599 is an orally bioavailable, selective, potent small molecule inhibitor of Protein Kinase C beta, or PKCß, and Glycogen synthase kinase 3 beta, or GSK3ß being developed for the treatment of infantile GM2 gangliosidosis. REC-3599 has demonstrated strong reduction of pathogenic biomarkers GM2 and lipofuscin levels in cells derived from patients with multiple different mutations in either HEXA or HEXB, referred to as Tay-Sachs or Sandhoff Disease, respectively. We are planning to generate additional pharmacodynamic and efficacy data in a sheep model of GM2. We anticipate enrolling the first patients in a Phase 2 trial in infantile GM2 patients in 2024.

Disease Overview

GM2 gangliosidosis, or GM2, is a lysosomal storage disease affecting approximately 400 patients in the US and EU5. The disease is caused by mutations in either HEXA or HEXB genes which encode subunits of the lysosomal beta-hexosaminidase enzyme. Mutations in HEXA lead to Tay-Sachs disease and mutation in HEXB lead to Sandhoff disease. GM2 presents during infancy, childhood, or later in life depending upon the degree of genetic deficiency and is classified by the period of onset: Infantile onset, Juvenile onset, and Late-onset Tay-Sachs or Sandhoff Disease. Patients with infantile GM2 are diagnosed in the first year of life and exhibit rapidly progressing neurological decline, associated with neuronal lysosomal dysfunction and GM2 accumulation, resulting in complete neurological disability and premature death in the first few years of life. Some of the earliest observed signs include retinal abnormalities and exaggerated startle reflex within the first six-months after birth. Affected infants may achieve some motor milestones at close to expected normal developmental age up to about 12-months; however, they will ultimately lose any gained motor skills, including basic skills such as the ability to turn over, sit, crawl, and swallow, by the age of 18-24 months and usually succumb to their disease prior to age four. There are no approved symptomatic or disease modifying treatments for the disease. Standard of care for these patients is supportive interventions, including seizure control with anticonvulsants, assisted feeding through a nasogastric tube, or percutaneous endoscopic gastrostomy, and, ultimately, ventilatory support. While progression of the disease remains rapid, supportive care can provide some improvement in the survival for patients with infantile GM2.

Product Concept

We are developing a small molecule therapeutic as monotherapy or in combination with gene therapy to slow progression of neurological decline in patients with infantile GM2. REC-3599 is an orally bioavailable, CNS-penetrant small molecule inhibitor of PKCß with additional inhibitory activity on GSK3ß. In preclinical studies, REC-3599 demonstrated potent and concentration-dependent reduction of GM2-ganglioside accumulation and sphingolipid-associated autofluorescence in infantile GM2 patient-derived fibroblast models at IC50s suitable for human dosing. REC-3599 is hypothesized to play a dual role in modulating lysosomal biogenesis through inhibition of GSK3ß while also stimulating cellular autophagy through inhibition of PKCß. Eli Lilly previously studied REC-3599, then referred to as ruboxistaurin, in adult patients with diabetic retinopathy, including in Phase 3 clinical trials. The compound has been dosed in over >2,500 adult human subjects with treatment durations as long as two years. REC-3599 has been well tolerated in adult human subjects, supporting its evaluation in this rare and devastating infantile neurological disease. We executed a relevant in vivo pharmacodynamic study and juvenile rodent toxicology studies at the request of the FDA to help bridge entry into pediatric populations.

In 2015, Eli Lilly out-licensed the rights for ruboxistaurin to Chromaderm; we subsequently licensed the global rights to ruboxistaurin from Chromaderm for all systemic uses in December 2019. We obtained pediatric rare disease designation for REC-3599 in GM2 in 2020. We plan to seek orphan drug designation for REC-3599 in GM2 following the generation of additional pharmacodynamic data in a HEXA deficient GM2 animal model and completion of the planned Phase 2 study in patients with infantile GM2 gangliosidosis.

Preclinical

The novel use of REC-3599 for GM2 was discovered leveraging the Recursion OS using a knockdown of the GM2 disease gene HEXB in human cells.

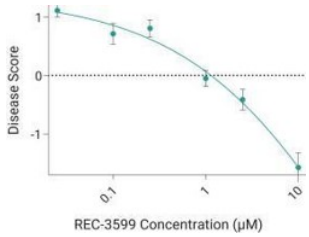


Figure 48. Impact of REC-3599 on HEXB model. REC-3599 reversed the effects of knockout of *HEXB* in human cells using our phenomics assay.

In Tay-Sachs and Sandhoff diseases, the loss of function of ß-hexosaminidase results in the accumulation of GM2 gangliosides and lipofuscin in the lysosome. Exposure of infantile GM2 patient fibroblast lines to REC-3599 resulted in a reduction in GM2 ganglioside aggregates, total GM2 levels, and lipofuscin-associated autofluorescence to levels comparable to apparently healthy control-derived fibroblast lines. These data are consistent with an improvement in lysosomal function resulting from REC-3599 exposure.

REC-3599 was initially developed as an inhibitor of PKCß; however, the compound also demonstrates weaker but significant inhibitory activity against GSK3ß. GSK3ß is a known inhibitor of lysosomal biogenesis, and inhibition of GSK3ß has been shown to lead to increased lysosomal production and function by activating transcription of lysosomal genes regulated by transcription factor TFEB. Additionally, inhibition of GSK3ß leads to pro-survival autophagic signaling through TFEB. In parallel, results support the role of PKCß as an inhibitor of cellular autophagy, a key cellular process in lysosomal-mediated degradation that is impaired in lysosomal storage diseases. Thus, the dual action of REC-3599 in modulating lysosomal biogenesis through inhibition of GSK3ß while also stimulating cellular autophagy through inhibition of PKCß, may underlie the unique activity of REC-3599 in human cellular models of GM2.

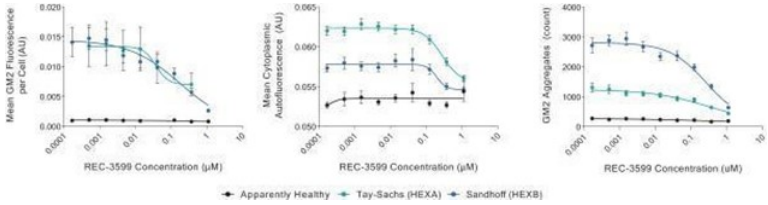


Figure 49. Infantile patient cells show reduced disease-specific activity when treated with increasing doses of REC-3599. Infantile Tay-Sachs and Sandhoff disease patient fibroblasts exhibit higher: mean GM2 fluorescence (left panel), aggregate counts (middle panel), and autofluorescent substrate accumulation (right panel).

Clinical

We are planning to initiate a Phase 2 clinical trial in Infantile GM2 in 2024.

Previous clinical work conducted by Eli Lilly includes considerable human exposure to REC-3599, including a total of 37 studies in adult human subjects with a total of 4,094 participants: 26 clinical pharmacology studies (including a QT study) that included a total of 573 adult subjects that have established the absorption, distribution, metabolism, excretion, pharmacodynamics, and tolerability of REC-3599; and 11 placebo-controlled studies that included a total of 3,521 adult subjects with diabetes and moderate to severe non-proliferative retinopathy. An additional 2 randomized, placebo-controlled trials in adults with diabetic macular edema and 1 safety and PK study in patients with diabetes were conducted after the initial marketing applications and included an additional 1,069 adult subjects.

In the clinical pharmacology studies, single doses of REC-3599 up to 256 mg and multiple daily doses up to 128 mg given over two weeks were taken by healthy subjects. In double-blind, placebo-controlled, safety and efficacy studies, REC-3599 was administered at daily doses of 4, 8, 16, and 32 mg for ≥ 36 months, and 64 mg for ≥ 12 months. In the Eli Lilly clinical trials REC-3599 has been well tolerated at the doses administered to adults.

Safety information provided in Eli Lilly's NDA 22005 supports the safety profile of REC-3599 in adult patients. The summary of safety conclusions was as follows: Most adverse events were noted to be mild to moderate severity and did not lead to discontinuation of study drug; the safety profile of REC-3599 was similar regardless of age, gender, ethnicity, and type of diabetes. REC-3599 32 mg administered once per day was the intended dose for patients with diabetic retinopathy. In Eli Lilly's clinical program, the incidence of patients with at least 1 serious adverse event, or SAE, was lower in 32 mg REC-3599 treated patients compared with placebo; the pattern of SAEs did not suggest any organ-specific or systemic toxicity. Analyses of laboratory measures, vital signs, and ophthalmic safety assessments revealed no clinically significant safety concerns.

Upon satisfactory completion of in vivo pharmacodynamic and efficacy studies in the sheep HEXA model, we expect to initiate an open-label Phase 2a study evaluating the efficacy, safety, tolerability, pharmacokinetics, and pharmacodynamics of REC-3599 in patients with Infantile GM2 gangliosidosis. We expect to initiate a Phase 2a clinical trial in 2024.

- The study will be conducted in pediatric patients with confirmed diagnosis of infantile GM2.
- The study will consist of four periods: screening, dose escalation, treatment, and follow-up. The anticipated treatment period is 36 months.
- An interim analysis is planned after 12 months of treatment of the last enrolled patient.
- We will track the achievement of development milestones, neurological function, and quality of life using established and validated composite scales.

Figure 50. Phase 2 clinical trial schematic for REC-3599. Planned Phase 2a clinical trial to assess the efficacy, safety, and pharmacokinetics of REC-3599 in patients with Infantile GM2.

Key Competitors

Key competitors to the REC-3599 program consist of two therapeutic categories, gene therapies and small molecule substrate reduction therapies. Two companies are developing AAV-based gene therapies to restore functional beta-hexosaminidase enzymes by gene delivery:

- Taysha Gene Therapies is developing an AAV-based gene therapy, TSHA-101. The program is currently in Phase 2.
- Sio Gene Therapies is also developing an AAV-based gene therapy, AXO-AAV-GM1/GM2. The program is currently in Phase 1/2.

Two companies are developing small molecule substrate reduction therapies:

- Sanofi is developing Venglustat as an orally bioavailable small molecule hypothesized to reduce substrate accumulation in GM2 and other lysosomal storage diseases. The program is currently in Phase 3 studies in patients with late-onset GM2.

- IntraBio is developing N-Acetyl-L-Leucine as an orally bioavailable amino-acid ester. The program has completed a Phase 2 study.

While restoration of gene function with gene therapies offers large potential therapeutic benefit for patients with genetic diseases such as GM2, results from other devastating neurological conditions such as spinal muscle atrophy suggest that, even with an efficacious gene therapy, unmet need is expected to remain high. Thus, we anticipate that multiple therapies administered in combination, including gene therapies, may offer the potential for the greatest benefit for patients with severe neurological conditions, such as GM2.

Second Generation Program - REC 3964 for Clostridium difficile Colitis

Summary

REC-3964 is an orally active, gut-biased, small molecule inhibitor of *C. difficile* glucosyl transferase. This molecule has the potential to prevent recurrent disease and be used as secondary prophylaxis therapy in high-risk patients with *C. difficile* infections, a leading cause of antibiotic-induced diarrhea and a major cause of morbidity and mortality. REC-3964 is progressing through IND-enabling safety studies. We anticipate a Phase 1 start in healthy volunteers in the second half of 2022.

Disease Overview

C. difficile-induced diarrhea is a leading cause of antibiotic-induced diarrhea and arises from the disruption of normal bacterial flora in the colon. Toxins A, or TcdA, and B, or TcdB, secreted by the bacterium are responsible for considerable morbidity, including severe diarrhea, colitis, toxic megacolon, sepsis, extended hospital stays, and, potentially, death. More than 730,000 patients are diagnosed in the US and EU5 each year. Recurrence of disease occurs in 20-30% of patients treated with standard of care. Standard of care includes antibiotic therapies which can further impair flora, and lead to relapse.

Product Concept

We aim to develop REC-3964 as the first safe and efficacious, orally bioavailable, small molecule toxin inhibitor of *C. difficile*, which could be used to prevent recurrent infections and potentially used prophylactically in high-risk patients, including elderly immunocompromised patients in long-term care facilities who have a history of related infections and hospitalizations. REC-3964 was designed for gut-biased pharmacology to target the infection at its anatomic site in the GI tract while reducing systemic exposure and potential systemic effects. In addition, this molecule represents a novel mechanism that could be used in combination with currently approved and novel antimicrobials in development for this disease. Unlike antibiotic treatments that can eliminate the gut microbiota and further enhance *C. difficile* infection, this toxin-targeted mechanism would not be expected to negatively impact the gut microbiome. REC-3964 could have the potential to offer protection against recurrent *C. difficile* infections, thereby preventing significant morbidity and mortality.

Preclinical

We identified early molecules in the series on the Recursion OS using gut epithelial cells exposed to *C. difficile* Toxin B. REC-3964, which we have selected as our development candidate for this disease, displays nanomolar potency on our platform as well as in orthogonal functional validation assays including electric cell substrate impedance sensing, a measure of barrier integrity. We have shown in a target-based validation assay that REC-3964 inhibits glucosyltransferase (IC50 = 1.2-10 nM), suggesting suppression of toxin-induced glycosylation of Rho-GTPases in host cells as the most likely mode of action. REC-3964 has negligible off-target activity, produces favorable gut and plasma exposure levels following oral dosing, and is non-mutagenic. REC-3964 also improves survival in a hamster model of *C. difficile* infection.

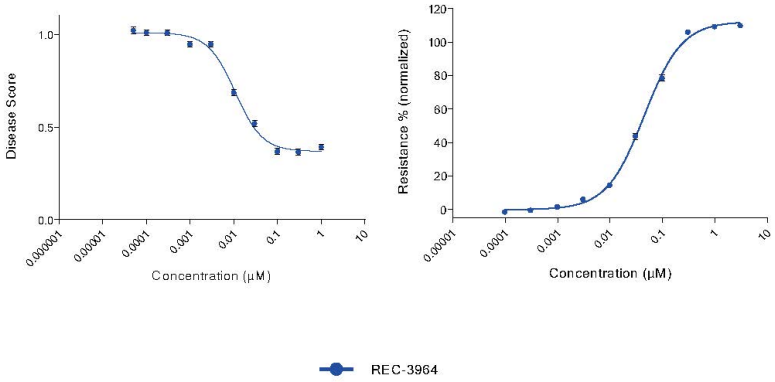


Figure 51. REC-3964 reversed Toxin B-induced phenotype and improved endothelial cell barrier integrity. Activity of REC-3964 in the platform assay (left panel) and the ECIS assay (right panel). Left panel: A disease phenotype was induced by Toxin B, or TcdB, in HUVECs incubated with REC-3964. Right panel: Transendothelial resistance was quantified with ECIS after incubation of HUVEC cells with 10ng/mL TcdB from *C. difficile* in the presence of REC-3964. Data in both are presented as Mean ± SEM, N=>3 independent experiments.

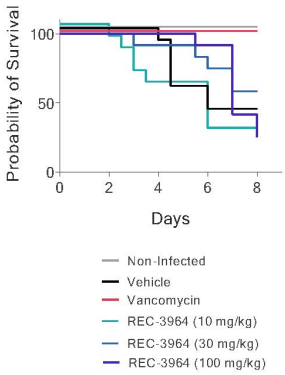


Figure 52. *C. difficile*-infected model hamsters treated with REC-3964 survive longer than vehicle-treated animals. REC-3964 was administered by oral gavage twice daily for 5 consecutive days along with groups for vehicle and vancomycin (50 mg/kg, QD). N=5 in untreated and vancomycin-treated animals and N=10 in vehicle and test-compound treated animals.

Clinical

REC-3964 is progressing through IND-enabling safety studies. We anticipate a Phase 1 start in healthy volunteers in the second half of 2022.

Second Generation Program - REC 649127 for Neural or Systemic Inflammation

Summary

We have identified *REC-649127* and other compounds in this series to have excellent oral bioavailability, robust brain exposure, and broad anti-inflammatory effect *in vitro* and *in vivo*. These compounds appear to act via a unique non-kinase mechanism to modulate the NFκB pathway. We are working to identify the specific molecular target(s). Many diseases are driven by inflammatory processes, and modulation of this pathway may be beneficial in both peripheral inflammation diseases, such as psoriasis, and in neuroinflammation related to neurodegenerative and other diseases. The program is currently in Late Discovery and focused on improving chemical matter.

Disease Overview

Inflammatory processes are key to innumerous major diseases, affecting tens of millions of patients in the US and EU5. These conditions may be systemic in nature, such as psoriasis or rheumatoid arthritis, or focused on the central nervous system, including multiple sclerosis and a variety of neurodegenerative diseases. For some of these indications, there are a variety of safe and efficacious therapies available to patients, such as anti-TNFs for psoriasis or S1P modulators for multiple sclerosis. However, a sizable number of patients may never respond to these approaches, acquire resistance to drugs over time or have a condition with few therapeutic options available to them. A hallmark of many of these diseases is the production of proinflammatory cytokines such as TNFα, IL-6, IL-1β and MCP-1, by activated immune cells like microglia or macrophages. These cytokines, in turn, drive disease progression.

Product Concept

We aim to discover and develop novel, orally bioavailable small molecules with well-tolerated anti-inflammatory effects and the potential for use in a variety of CNS and systemic inflammatory diseases. Modulating NFκB-driven inflammation via a novel or unconventional mechanism could enable the treatment of patients who do not respond well to currently available therapeutics. Precise modulation of such pathways could also provide a therapeutic avenue for neuroinflammation, such as that seen in neurodegenerative diseases, including Alzheimer's and Parkinson's diseases. Because they may modulate the NFκB pathway differently from existing therapeutics, these molecules may provide benefit either as single agents or in combination with other therapies.

Preclinical

In May 2021, we identified REC-649127 and related compounds using our Recursion OS via a rescue screen of TNFα-stimulated HUVEC cells, where they exhibited a unique pattern of partial inhibition in comparison to IKK inhibitors used as benchmarks. REC-649127 and compounds in this series have shown anti-inflammatory activity in stimulated HUVEC, induced pluripotent stem cell (iPSC) derived microglia, and human peripheral blood mononuclear cells (PBMC). In contrast to IKK inhibitors, which completely inhibit pro-inflammatory cytokine release in LPS-stimulated human PBMC, our compounds partially inhibit the release of multiple cytokines, including IL-6, IL-1β, and TNFα, among others. Thus, these compounds appear to act via a mechanism that is distinct from known upstream modulators of the NFκB pathway, such as IKK inhibitors. REC-649127 dosed orally reduced levels of IL-6 and multiple other cytokines in the plasma and hippocampus in a mouse model of lipopolysaccharide (LPS) induced acute inflammation. Larger effects were seen in the plasma than in the brain, as expected based on relative compound exposure in each compartment (mouse brain $K_{pu,u}$ = 0.4). REC-649127 also reduced skin thickening and cumulative Psoriasis Area Severity Index (PASI) score after 8 days of oral dosing, suggesting that observed reductions in pro-inflammatory cytokine levels by REC-649127 are physiologically relevant. REC-649127 and other compounds in this series are in Late Discovery.

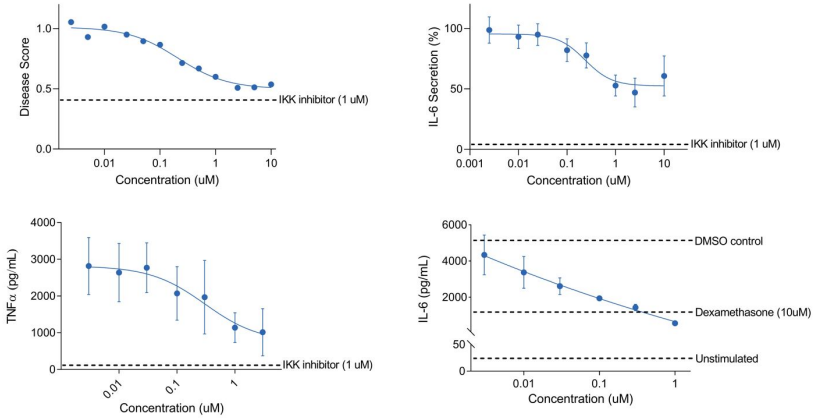


Figure 53: REC-649127 reduces hallmarks of inflammation in vitro similarly to known anti-inflammatory molecules. Upper left: REC-649127 partially rescues TNFα-stimulated HUVEC disease phenoprint on the Recursion phenomics platform, similar to the IKK inhibitor positive control. Upper right: REC-649127 reduces IL-6 secretion in HUVECs. Compound was added to culture, then 1 hr later, 25ng/ul TNFα was added. 24 hours later, IL-6 secretion was read out via HTRF. Lower left: REC-649127 reduces TNFα secretion in healthy human PBMCs. Cells were pretreated with compound for 60 minutes, then cultured in 100 ng/mL LPS for 24 hrs. TNFα was then measured by Luminex. Lower right: REC-649127 reduces IL-6 secretion in iPSC derived microglia. Cells were pretreated with compound for 5 min, then cultured in 100 ng/mL LPS for 5.5 hours. 5 mM ATP was added at 5.5 hrs and IL-6 was measured via Luminex 30 minutes later.

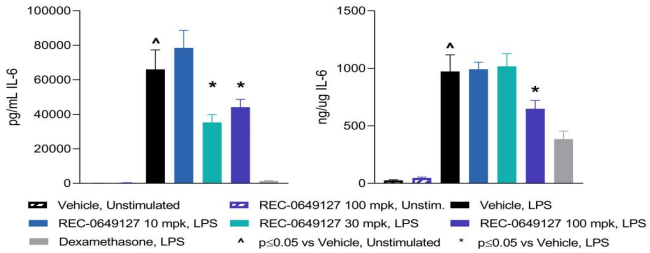


Figure 54. REC-649127 reduces inflammatory response in vivo. Left: Plasma and Right: Hippocampal levels of IL-6 were reduced by treatment with REC-649127 in an LPS model of inflammation. Mice were treated with compound, vehicle, or control compound (10 mg/kg dexamethasone), then injected 1 hr later with 5 mg/kg LPS. Animals were sacrificed at 6 hours post compound treatment and IL-6 measured via Luminex.

Next Generation Program - REC 65029 for HRD-negative ovarian cancer

Early Discovery	Late Discovery	Preclinical	Phase 1	Phase 2	Phase 3

Summary

We identified a novel lead molecule with oral bioavailability that is capable of sensitizing homologous recombination deficiency (HRD) negative ovarian cancer and beyond to PARP inhibitors. There are approximately 14,000 cases per year of HRD-negative ovarian cancers in the US and EU5. PARP inhibitors have significantly improved outcomes for patients with HRD-positive tumors. However, patients with HRD-negative tumors are either not eligible for certain PARP-targeted therapies, or have worse response rates. There are currently no approved therapies developed to sensitize HRD-negative tumors to PARP inhibitors. This program is currently in the lead optimization phase to improve chemical matter.

Disease Overview

Ovarian cancer carries a particularly poor prognosis as most patients are diagnosed at an advanced stage. Mutations in genes involved in the DNA Damage Repair pathway, including BRCA1/2, are in up to 50% of ovarian cancer patients. PARP inhibitors, including olaparib, rucaparib, and niraparib were developed to exploit the resulting susceptibility to additional genomic damage in tumors harboring these mutations. HRD-positive patients have seen outcomes improve approximately twofold, with even better survival data seen in BRCA1/2 mutant tumors; however, HRD-negative tumors have not similarly benefited from PARP inhibition. Patients with HRD-negative tumors have poorer prognosis and unfavorable outcomes.

Product Concept

We aim to discover and develop novel, orally bioavailable small molecules that drive *de novo* sensitivity to PARP inhibitors in HRD negative tumors. CDK12 inhibition has been proposed as a mechanism to drive sensitivity to PARP in this setting, but the high homology of CDKs makes targeting a single isoform difficult and prone to off-target toxicity. Mimicking the effects of CDK12 inhibition via alternative novel targets could be a route to increase applicability of PARP inhibitors in HRD negative tumors. We intend to position this agent in combination with PARP inhibitors in HRD negative ovarian cancer, and potentially explore single agent activity.

Preclinical

In December 2020, we identified REC-65029 to mimic the loss of CDK12 through inhibition of a novel target via our inferential search capabilities. Based on this data, we initiated animal studies evaluating single agent and combination activity with olaparib in an HRD-ovarian cancer CDX, OVCAR-3, and PDX, OV0273. In the OVCAR-3 model, we observed statistically significant reduction in tumor volume by both REC-65029 alone and in combination with olaparib vs. vehicle or single agent olaparib. In the OV0273 PDX, we observed 100% CR for both single agent REC-65029 and combination. vs. vehicle or single agent olaparib. We also saw significant improvement in survival for animals treated with REC-65029. We are currently evaluating several analogs in vitro and plan to advance these to in vivo studies.

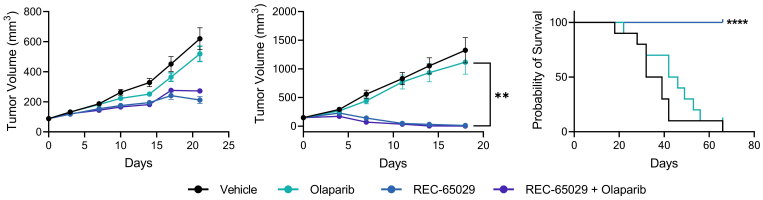


Figure 55: REC-65029 ± olaparib inhibits tumor growth in the OVCAR-3 CDX and OV0273 PDX mouse models. In the OVCAR-3 CDX model (left panel), mice were treated with REC-65029 (85 mg/kg, BID, PO) ± olaparib (100 mg/kg, QD, PO) for 21 days. In the REC-65029 arms, mice were originally treated at a dose of 100 mg/kg for 5 days, followed by a dosing holiday from days 6 to 9 due to body weight loss. As a result, REC-65029 was dose reduced to 85 mg/kg from day 9 to day 21, and all mice subsequently recovered. In both arms, single agent REC-65029 or in combination with olaparib resulted in a statistically significant partial response vs either

olaparib or vehicle arms. In the OV0273 PDX model (center and right panel), mice were treated with REC-65029 (85 mg/kg, BID, PO) ± olaparib (90 mg/kg, QD, PO) for 28 days. At this lower dose, informed from the CDX model, weight loss was not observed and no dosing holiday was required. All mice achieved 100% CR (n=10) by day 18, with a statistically significant improvement in survival > 30 days post final dose. ** p<0.01, **** p<0.0001.

Next Generation Program - REC-648918 to enhance anti-tumor response by inhibiting a novel target (alpha)

Summary

We identified a hit series using our inferential-search approach that is capable of amplifying the response to checkpoint therapy *in vivo*. A therapy that enhances anti-PD-(L)1 effect has the potential to increase the response rate of anti-PD-(L)1-eligible patients or expand the eligibility criteria of patients not expected to respond to immune checkpoint therapy. Additional priming of tumors can have a significant benefit, as response rates in some checkpoint-eligible settings are as low as 14%. In addition, many tumor types have proven intractable for immunotherapy and could greatly benefit from this approach. There are currently no approved therapies that act directly to increase responsiveness to immune-checkpoint therapy. This program is currently in the validated lead to lead phase.

Disease Overview

Anti-PD-(L)1 therapies have significantly changed the landscape of cancer therapy over the past ten years. In eligible patients, overall survival has been nearly doubled and serious adverse events have been nearly halved when compared to standard chemotherapy. Despite indications of antitumor immunity, such as PD-L1 expression, low response rates persist in many checkpoint-eligible settings. Furthermore, checkpoint therapy and strategies to add secondary immune activation (e.g. STING or dual checkpoint) have been shown to amplify treatment-limiting immunotherapy-related adverse events (IRAEs). An agent that increases sensitivity to anti-PD1 therapy without concomitant increases in peripheral inflammation could enhance response rates in under-responsive tumor types.

Product Concept

We aim to discover and develop novel, orally bioavailable small molecules that drive *de novo* sensitivity to immune checkpoint therapies. Using inferential-search approaches, we identified a lead compound, REC-648918, that attenuates multiple tumor-intrinsic genetic resistance signatures by inhibiting a novel target. We intend to position this therapeutic in combination with anti-PD-(L)1 in checkpoint-eligible and checkpoint-resistant patients.

Preclinical

In August 2020, we prioritized the target of REC-648918 as a potential attenuator of multiple immunotherapy escape targets. Based on this data, we initiated animal studies in April 2021 to evaluate the combination of REC-648918 in a CT26 tumor model. The compound demonstrated a significant amplification of immune checkpoint efficacy. Complete responders were re-challenged with CT26 tumors, with 75% rejecting reimplantation. In addition, we also showed increased response in combination with anti-PD-1 therapy in an EMT6 tumor model. In measurement of peripheral cytokine levels, IL-6 was decreased relative to anti-PD-1 therapy alone, indicating that the increase in antitumor response is not coupled with an increase in peripheral inflammation. However, intra-tumoral IFN-ɣ was increased in combination with anti-PD-1 therapy. Current NCE efforts have focused on increased potency in biochemical and cellular assays and improved *in vivo* kinetics over REC-648918. Several analogs are currently undergoing *in vivo* evaluation.

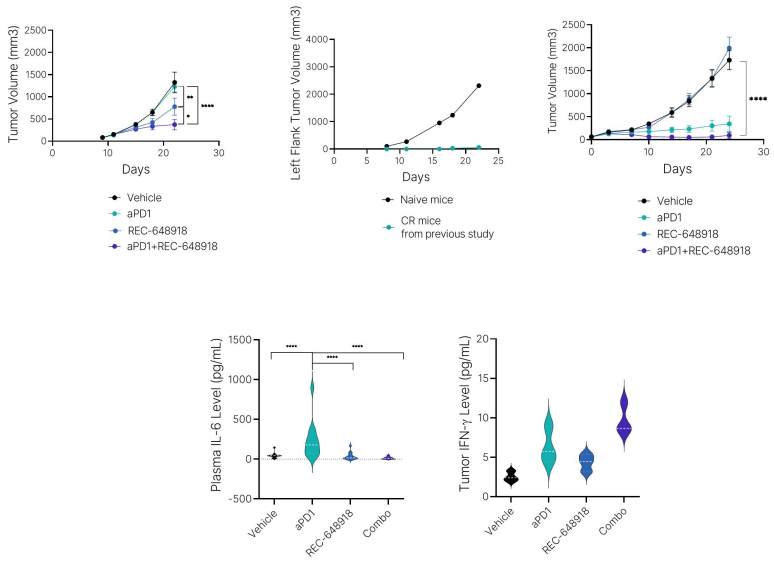


Figure 56. REC-648918 inhibits tumor growth in a mouse CT26 colorectal cancer model as a monotherapy and in combination with anti-PD1. Four of ten mice treated with the combination achieved complete responses (upper left panel). When re-challenged with CT26 tumor on the opposite flank, 3 of 4 mice with complete responses rejected implantation (upper center panel). Cytokine levels were analyzed in the tumor and periphery by Luminex. In plasma, the increase in IL-6 observed in aPD1 was not observed in vehicle, REC-648918 or a combination of anti-PD-1 and REC-648918 (lower left panel). Intratumorally, IFN-ɣ was elevated with aPD1 treatment and with the combination of aPD1 and REC-648918 (statistical significance not observed) (lower right panel). In a subcutaneous EMT-6 breast cancer model, 2 of 10 mice achieved CR in the aPD1 arm and 8 of 10 with aPD1 combined with REC-0648918 (upper right panel). When re-challenged, all mice that achieved CR rejected re-implantation.

Next Generation Program - REC-2029 for Hepatocellular carcinoma

Early Discovery	Late Discovery	Preclinical	Phase 1	Phase 2	Phase 3

Summary

Hepatocellular carcinoma affects approximately 60,000 individuals per year in the US and EU5, with nearly 40% of those patients harboring alterations in the WNT pathway, which reduces responsiveness to immunotherapy. There are currently no approved therapies developed to specifically modulate tumor response in Wnt-pathway mutant cancers. Using our Maps of biology, we have identified a clinical stage molecule, REC-2029, with the potential to treat Wnt-mutant HCC. REC-2029 could potentially be used as a single agent or in combination therapy with anti-PD-(L)1 therapies.

Disease Overview

Hepatocellular carcinoma (HCC) is the most common form of liver cancer accounting for 90% of cases. HCC is one of the most intractable solid tumors; current treatments are considered a success with ORRs of ~25%, and the median progression-free survival is both short (6 months) approximately equivalent among all available first-line

therapies. Genetic alterations in WNT-pathway genes *CTNNB1* (~30%) and *AXIN1* (~11%) may confer resistance to ICI in small retrospective studies of HCC. Despite belonging to the same signaling pathway, mutations in these genes are found to be mutually exclusive. Currently, there are no actionable mutations to guide treatment decisions, and PD-L1 status has not been shown to be predictive for advanced cases.

Product Concept

We aim to develop an orally bioavailable small molecule that could be used as a single agent or potentially in combination with anti-PD-(L)1 therapy for the treatment of HCC with *AXIN1* mutations that are resistant to standard of care and/or immunotherapy. We have identified REC-2029 as a potential route to restore the intractability of AXIN1 loss of function.

Preclinical

In October 2020, we identified a relationship between clinical-stage compound REC-2029 and Wnt pathway alterations in our Map data. On the basis of this inference, we advanced REC-2029 directly into two animal models. REC-2029 produces a significant difference in tumor growth volume versus vehicle and cabozantinib in an *AXIN1/TP53* mutant HCC PDX which is resistant to standard of care cabozantinib. REC-2029 also produced single agent and combination efficacy in B16F10-ova syngeneic mouse model, a model harboring mutations *in APC and TP53* & elevated *CTNNB1*.

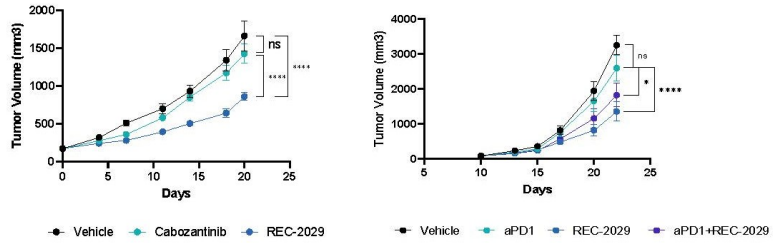


Figure 57. REC-2029 demonstrates significant reduction in tumor growth in multiple animal models. Left) REC-2029 produces a significant difference in tumor volume versus vehicle and cabozantinib in an *AXIN1/TP53* mutant HCC PDX. Cabozantinib was not significant versus vehicle. Right) REC-2029 produced single agent efficacy in B16F10-ova syngeneic mouse model, a model harboring mutations in APC and TP53 & elevated *CTNNB1*, and also rescued the effect of anti-PD1 therapy.

Next Generation Program - REC-14221 and other small molecule Myc inhibitors

Summary

We identified multiple hit series using our inferential-search approach on the Recursion OS that subsequently showed concentration-dependent suppression of transcriptional activity downstream of MYC. Increased expression of MYC transcriptional target genes present across oncology and up to 50% of cancers harbor alterations in *MYC*. Novel small molecules with the potential to suppress MYC-dependent activity could improve the treatment of diverse tumors and especially those harboring mutations in genes directly implicated in MYC activation. There are currently no approved molecules that target MYC specifically. This program is currently in the hit-to-lead phase.

Disease Overview

Gain-of-function alterations in *MYC* have been identified in more than 50% of human cancers, but efforts to pharmacologically inhibit this protein have been hampered by a protein structure lacking in traditional compound binding pockets. In addition, MYC pathway activation is observed in tumors harboring alterations in oncogenes and tumor suppressors of related pathways, such as WNT-Beta-catenin. Small molecules specifically efficacious in the

context of tumors with gain-of-function *MYC* biology could be broadly efficacious across multiple solid tumors and hematological malignancies.

Product Concept

We aim to discover and develop novel, orally bioavailable small molecules that inhibit *MYC* activity for the treatment of diverse cancers characterized by aberrant activation of the MYC pathway. Using inferential-search approaches, we have identified multiple distinct structural and mechanistic classes from our chemical library involved in MYC activity or protein stability and have expanded these hits to generate multiple unique hit series.

Preclinical

In late September 2020, we identified several hit molecules, including REC-136302, REC-162977, REC-142221, REC-163196 and REC-13646, from multiple chemical series using our inferential-search approach to predict molecules with the potential to inhibit the activation of MYC. These predicted hits were validated in a cell-based luciferase MYC reporter assay in late November 2020. In addition, some members of the series are thought to impact MYC degradation based on data from MYC protein turnover assays, as well as additional novel mechanisms. We have early evidence that a number of our compounds cause selective killing of c-MYC amplified and dependent cancer cell lines. We are continuing to expand, characterize and validate our lead series using our digital chemistry tools.

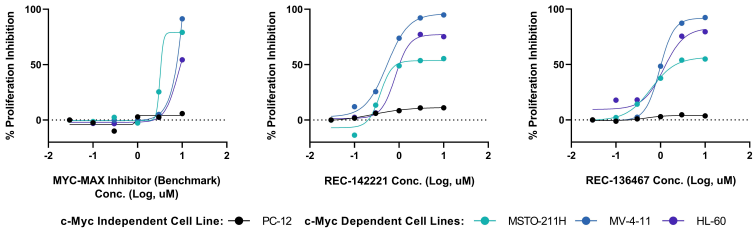


Figure 58. Selective effect of potential lead molecules on c-MYC-amplified and c-MYC-dependent cell line proliferation. CTG (CellTiter-Glo) assays were used to quantify cell proliferation inhibition. REC-136467 and REC-142221 selectively induce cell death (50% reduced cell viability at 1 uM concentration) in two c-MYC amplified/MYC-dependent cell lines while having no significant effect on MYC-independent cell line PC-12.

Next Generation Program - Immune Checkpoint Resistance in KRAS/STK11 mutant NSCLC

Summary

We have identified a novel use for a clinical-stage, orally bioavailable small molecule to restore and improve sensitivity to immune checkpoint inhibitors in tumors harboring mutations in the tumor suppressor gene *STK11* and activating mutations in the oncogene *KRAS*. There are approximately 11,000 cases a year of *KRAS/STK11* mutant metastatic NSCLC in the US and EU5, and these mutations have been shown to predict poor prognosis and resistance to ICI, specifically anti-PD(L)-1 therapies vs. mutations in KRAS alone. There are currently no approved therapies developed to specifically modulate tumor response in *KRAS/STK11* mutant cancers. This program is currently in the dose-optimization phase.

Disease Overview

STK11 is a tumor suppressor gene that is involved in a variety of cellular processes including cell metabolism, apoptosis, cell polarity, and DNA damage response. Dual mutations in KRAS and *STK11* are becoming widely

recognized as a driver of resistance to immune checkpoint blockade, specifically in patients with NSCLC. Up to 30% of all NSCLC cases and approximately 14% of metastatic NSCLC cases harbor mutations in the *STK11* gene, and dual KRAS/*STK11* mutations are associated with reduced density of infiltrating cytotoxic CD8+ T lymphocytes leading to poor prognosis and unfavorable outcomes in patients receiving anti-PD(L)-1 therapy vs. patients with only KRAS mutations. Only 7% of NSCLC patients are estimated to derive benefit from checkpoint inhibitors and there are no FDA approved treatments targeting patients with KRAS/*STK11* mutations in metastatic NSCLC.

Product Concept

We aim to discover and develop a new generation of orally bioavailable, small molecule therapeutics that reverse the biology of *STK11* deficiency and resensitize tumors to combination treatment with anti-PD(L)1 therapy. *STK11* mutations attenuate tumor responses to anti-PD(L)-1. We intend to position these therapeutics in combination with anti-PD-(L)1 and other targeted therapies in both the checkpoint refractory and naive metastatic NSCLC populations.

Preclinical

The novel use of REC-64151 for *STK11* mutant NSCLC was discovered in late July 2020 using our inferential-search approach. Based on inferences made by the Recursion OS, we initiated animal studies in early December 2020 to evaluate the combination of REC-64151 with anti-PD-1 in a built-for-purpose CT26 *STK11* tumor model. The compound demonstrated a statistically-significant reversal of immune checkpoint resistance and was advanced as a preclinical candidate in mid-December 2020. In early 2021, pharmacodynamic data from the CT26 animal studies showed increased infiltration of CD8+ lymphocytes in tumors. In late 2021, we also evaluated a Recursion-generated NCE molecule REC-1156840 with high Phenomap similarity to hit REC-614151 in the CT26 animal model. The combination of anti-PD-1 and REC-1156840 was significant (p=.0021) against vehicle but not anti-PD-1 alone due to partial loss of anti-PD-1 resistance in the study. We are continuing to expand on this hit series and continuing to evaluate the potential to advance REC-64151, which is a known chemical entity with clinical precedent in non-oncology settings.

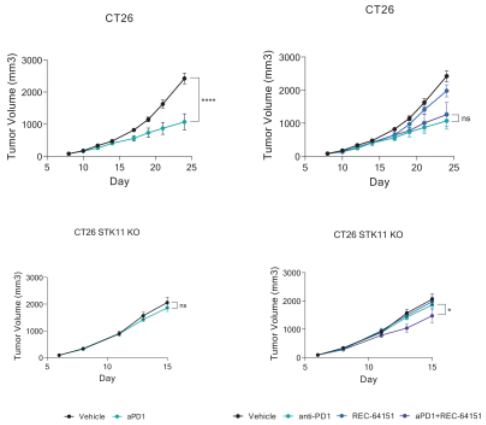


Figure 59. REC-64151 reverses immune checkpoint resistance in STK11-deficient CT26 tumors. CT26 parental and CT26 STK11 KO cells were injected into the subcutaneous flank of mice, allowed to size match, and mice were treated for 15d (CT26 *STK11* KO) or 21d (CT26) with either vehicle (black), anti-PD1 (10 mg/kg/day BIW), REC-0064151 (100 mg/kg/day QD), or anti-PD1 + REC-64151 (at same doses for each compound). Tumor volumes are represented as mean ± SEM.

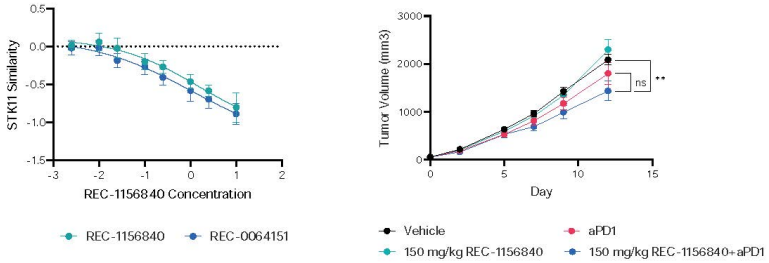


Figure 60. REC-1156840, a Recursion-generated NCE, was also tested in the CT26-*STK11* knockout Model. REC-1156840, a chiral NCE compound, achieved similar performance as REC-64151 as measured by reversal of the platform STK11-KO phenotype, and *in vivo* kinetics and tumor regression in a CT26-*STK11* knockout model. The combination of anti-PD-1+REC-1156840 was significant (p=.0021) against vehicle but not anti-PD-1 alone due to partial loss of anti-PD-1 resistance in the study.

Additional Programs

In addition to the programs highlighted above, we have dozens of additional programs, which we believe will drive future opportunities for us. We believe that the number of potential programs we can generate with our Recursion OS is key to the future of our company because a greater volume of validated programs has a higher likelihood of creating value. The speed at which our OS generates a large number of product candidates is important, since traditional drug development often takes a decade or more. In addition, we believe that our large number of potential programs makes us an attractive partner for larger pharmaceutical companies. The static or declining level of R&D output at many large companies means that they have an ongoing need for new projects to fill their pipelines.

Facilities

Headquarters

In 2018, we moved to our current headquarters which is located in downtown Salt Lake City, Utah. We lease office, research and laboratory space under a lease that expires in May 2028 and have entered into a lease for an additional research and laboratory space that expires in March 2032. Our modern headquarters is a draw for local, national and international talent and houses both traditional and automated laboratories for drug research.

Figure 61. **Our headquarters is centrally located in downtown Salt Lake City, Utah.** Images of our headquarters in Salt Lake City, Utah. We are a proud founding member of BioHive, the branding effort of the life science hub of Utah. Working with state and local government, we are helping to create a burgeoning life science ecosystem around a downtown cluster of existing and soon to move companies centered around our headquarters.

Satellite Offices and Facilities

Toronto and Montreal. We announced our intention to launch our first major expansion beyond our Salt Lake City headquarters in Toronto, which will serve as a multidisciplinary hub across data science, machine learning,

engineering and computational biology. Additionally, we announced a multi-year collaboration with Mila, the Quebec Artificial Intelligence Institute, to accelerate Recursion's machine learning capabilities.

Research Vivarium. We lease a property that serves as a rodent vivarium in Milpitas, California under a lease that expires in May 2028. We use this facility to conduct drug-discovery enabling pharmacokinetic, pharmacodynamic and exploratory safety studies. The facility is equipped with proprietary, digitally-enabled cage technology.

Manufacturing Facilities. We continue to make progress in creating a CMC facility in Salt Lake City. This space is designed to bolster our capabilities in analytical and formulation chemistry as well as small molecule manufacturing for early clinical trials. We also intend to use these facilities to build out of our Closed Loop Automated Synthesis Suite (CLASS).

Corporate Social Responsibility

We believe that to achieve our mission, we must *act like the company we aim to be*, which means we must be a good corporate citizen. *Read more about how we are delivering on that belief in Recursion's first Environmental, Social and Governance Report, released simultaneously with our annual report.*

Commercialization

We may retain significant development and commercial rights to some of our drug candidates. If marketing approval is obtained, we may commercialize our drug candidates on our own, or potentially with a partner, in the United States and other geographies. We currently have no sales, marketing, or commercial product distribution capabilities. Decisions to create this infrastructure and capability will be made following further advancement of our drug candidates and based on our assessment of our ability to build said capabilities and infrastructure with competitive advantage. Clinical data, the size of the addressable patient population, the size of the commercial infrastructure, manufacturing needs and major trends as to how value is accrued in the industry may all influence or alter our commercialization plans.

Manufacturing

We currently utilize contract development and manufacturing organizations to produce drug substance and investigational drug product in support of the assets within our pipeline. To date, we have obtained drug substance and drug product for our drug candidates from third party contract manufacturers. We are in the process of developing our supply chain for each of our drug candidates on a project-by-project basis based on our development needs.

We continue to make progress in creating a CMC site in Salt Lake City. This space is designed to bolster our capabilities in analytical and formulation chemistry as well as small molecule manufacturing for early clinical trials. See also the section titled "Manufacturing Facilities."

Strategic Agreements

In order to achieve our mission, we partner with leading biotechnology companies, pharmaceutical companies, and academic research institutions to identify novel therapeutics and unlock biological insights using our discovery technology. Our partnering efforts take two primary forms: i) Discovery Platform Partnerships and ii) Asset-Based Collaborations.

Discovery Platform Partnerships

We have and in the future may collaborate with third parties to broadly explore diverse disease domains (such as fibrosis, neuroscience, oncology, immunology, and inflammation) in order to identify novel target insights and potential therapeutics that may include small molecules, large molecules, gene therapies, and cell therapies. We may also explore a communal asset-type strategy where we license search results from our Map to partners.

The goal of every partnership is to create therapeutics, yet the approach may take multiple forms:

- *Novel Therapeutics*. Without any presumptive target hypothesis, we can identify differentiated therapeutics by rapidly evaluating large compound libraries within our maps of human cellular biology.

- *Novel Targets*. By profiling diverse biological perturbations (such as genetic factors) on our platform, we may be able to identify novel druggable targets that we can then exploit with partners to generate therapeutic candidates.

Roche & Genentech Collaboration and License Agreement

On December 5, 2021, we entered into a Collaboration and License Agreement with Genentech, Inc. and F. Hoffmann-La Roche Ltd, pursuant to which we will construct, using our imaging technology and proprietary machine-learning algorithms, unique maps of the inferred relationships amongst perturbation phenotypes in a given cellular context and together with Roche and Genentech will create multi-modal models and maps to further expand and refine such inferred relationships, in both cases with the goal to discover and develop therapeutic small molecule programs in a gastrointestinal cancer indication and in key areas of neuroscience.

Upfront Payment. In January 2022, Roche paid us an upfront cash payment of $150.0 million.

Phenomap Creation, Acceptance, and Access. Under the Collaboration Agreement, we are responsible for creating a certain number of Phenomaps in each of the Exclusive Fields. We will also provide Roche with limited access to our pre-existing human umbilical vein endothelial cells (HUVEC) Phenomap. Roche will have specified rights to query or access the Phenomaps to generate novel inferences that may lead to the discovery or development of therapeutic products.

Phenomap-Related Options. Each of the Phenomaps requested by Roche and created by Recursion may be subject to either an initiation fee, acceptance fee or both. Such fees could exceed $250.0 million for sixteen (16) accepted Phenomaps. In addition, for a period of time after Roche's acceptance of certain Phenomaps, Roche will have the option to obtain, subject to payment of an exercise fee, rights to use outside the collaboration the raw images generated in the course of creating those Phenomaps. If Roche exercises its External Use Option for all twelve (12) eligible Phenomaps, Roche's associated exercise fee payments to Recursion could exceed $250.0 million.

Collaboration Programs and Roche Options. Roche and Recursion will collaborate to select certain novel inferences with respect to small molecules or targets generated from the Phenomaps for further validation and optimization as collaboration programs. Roche and Recursion may also combine sequencing datasets from Roche with Recursion's Phenomaps and collaborate to generate new algorithms to produce multi-modal maps from which additional collaboration programs may be initiated. For every collaboration program that successfully identifies potential therapeutic small molecules or validates a target, Roche will have an option to obtain an exclusive license to develop and commercialize such potential therapeutic small molecules or to exploit such target in the applicable Exclusive Field.

Payments if Roche Exercises Option for a Collaboration Program. Under the collaboration, Roche may initiate up to forty (40) small molecule collaboration programs. Each small molecule collaboration program, if optioned and successfully developed and commercialized by Roche, could yield more than $300.0 million in research, development, commercialization and net sales milestones for Recursion, as well as mid- to high-single digit tiered royalties on net sales. Recursion is also eligible for research, development, commercialization and net sales milestones for target collaboration programs optioned by Roche.

Recursion Programs. If Roche does not exercise its options in the Collaboration Agreement for certain collaboration programs, we may, with Roche's prior consent, choose to independently validate, develop and commercialize products in a limited number of such programs, subject to agreed milestones and royalties to Roche. Roche will have rights to obtain an exclusive license to exploit such products by providing notice and paying us an opt-in fee and economics exceeding those that would otherwise be applicable if Roche had exercised its option for such program.

Exclusivity. During an agreed period of time after the Collaboration Agreement's effective date, we are subject to certain exclusivities that limit our ability to conduct certain research and development activities with respect to compounds and targets in the Exclusive Fields, other than pursuant to the collaboration with Roche. However, we may continue pursuing products that we are researching and developing in the Exclusive Fields as of the effective date of the Collaboration Agreement.

Termination. The Collaboration Agreement includes standard termination provisions, including for material breach or insolvency and for Roche's convenience. Certain of these termination rights can be exercised with respect to a particular Exclusive Field or exclusive license, as well as with respect to the entire Collaboration Agreement.

Bayer AG Research Collaboration and Option Agreement

In August 2020, we entered into a Research Collaboration and Option Agreement, or the Bayer Agreement, with Bayer AG, or Bayer. The Bayer Agreement was subsequently amended in December 2021 to incorporate usage of our biological mapping and navigating tools (inferential search). This agreement has a five-year term pursuant to which we and Bayer may initiate more than a dozen projects related to fibrosis across multiple organ systems, including lung, liver, and heart. Under the agreement, we contributed approximately 190,000 compounds from our proprietary library and Bayer contributed approximately 500,000 compounds from its proprietary library and will contribute scientific expertise throughout the collaboration. During the five-year term of the Bayer Agreement, we are prohibited from conducting certain research and development activities in the field of fibrosis outside of the collaboration, either by ourselves or together with third parties.

We received an upfront technology access fee of $30.0 million in September 2020 as part of the Bayer Agreement. Under each research project, we will work with Bayer to identify potential candidates for development. Under the agreement, Bayer has the first option for licenses to potential candidates; each such license could potentially result in option exercise fees and development and commercial milestones paid to us with an aggregate value of up to approximately $100.0 million (for an option on a lead series) or up to approximately $120.0 million (for an option on a development candidate), as well as tiered royalties for each such license, ranging from low- to mid-single-digit percentages of sales, depending on commercial success. Royalty periods for each license are on a country-by-country basis, and the duration of each such period is tied to the duration of patent or regulatory exclusivity in each country (with a minimum term of 10 years each).

If Bayer does not exercise its option with respect to a development candidate or otherwise discontinues a research project prior to completion, within a specified period of time, we may exercise an option to negotiate with Bayer in good faith to obtain an exclusive license under Bayer's interest in any lead series or development candidate developed pursuant to the research project and backup compounds related to thereto, as well as a non-exclusive license under Bayer's background intellectual property necessary for our use of the project results related to such compounds.

Bayer may terminate the collaboration at any time without cause. Either party may terminate the agreement for a material breach by the other party. The term of each lead series or development candidate license agreement continues on a product-by-product and country-by-country basis until the later of (a) the expiration of the last to expire valid claim of the licensed patents covering such product in such country, (b) the expiration of any applicable regulatory exclusivity period for such product in such country and (c) ten (10) years after the first commercial sale of such product in such country. Bayer may terminate each such license agreement at any time without cause. Either party may terminate each such license agreement for the other party's uncured material breach. As of this prospectus, we have not entered into any lead series or development candidate license agreements with Bayer.

Asset-Based Collaborations

In addition to NCEs, the Recursion OS may discover new uses for known chemical entities owned or controlled by third parties. In such circumstances, we may license rights to these assets in order to advance these programs internally. Following are four such enabling licensing agreements underlying our four clinical stage programs.

REC-994: University of Utah Research Foundation Agreements

In February 2016, we entered into an Amended and Restated License Agreement with the University of Utah Research Foundation, or UURF, pursuant to which we obtained an exclusive license under certain patents and a non-exclusive license under certain know-how, in each case controlled by UURF and related to the drug tempol, or REC-994, to make, have made, use, offer to sell, sell, import, and distribute products incorporating REC-994 worldwide for the treatment of cerebral cavernous malformation, or CCM. In partial consideration for the license rights, we issued UURF equity in our company. In addition, we agreed to reimburse UURF for a specified portion of costs associated with the filing, maintenance, and prosecution of the licensed patent rights. The Amended and Restated License Agreement will expire on a country-by-country basis upon the expiration of the last-to-expire patent within the patent rights in the applicable country. UURF may terminate the agreement for an uncured material breach, if we cease commercially diligent efforts to develop or commercialize a licensed product or service, or our bankruptcy or insolvency.

REC-2282: Ohio State Innovation Foundation In-License

In December 2018, we entered into an Exclusive License Agreement with the Ohio State Innovation Foundation, or OSIF, pursuant to which we obtained an exclusive, sublicensable, non-transferable, royalty-bearing license under

certain patents and fully-paid up, royalty-free, nonexclusive license under certain know-how, in each case controlled by OSIF and related to the pan-histone deacetylase inhibitor, OSU-HDAC42, or REC-2282, to develop, make, have made, use, sell, offer for sale, and import products incorporating OSU-HDAC42 worldwide. OSIF also assigned certain assets to us, relating to the pharmaceutical composition known as AR-42. OSIF retains the right to use and allow other academic, non-profit and government institutions to use the licensed intellectual property for research, non-commercial and educational purposes. OSIF shall not practice, have practiced, or transfer such reserved rights for any clinical purpose other than completion of the existing clinical trials at the time of the license agreement without our prior written consent. We are developing REC-2282 for the treatment of NF2 and are evaluating the utility of the compound in additional disease states using our platform.

Pursuant to the agreement, we must use commercially reasonable efforts to commercialize licensed products and are required to meet certain diligence milestones within two years following the execution of the agreement, including the initiation of clinical trials. The license agreement is also limited by and made subject to certain rights and regulations of the government, including the Bayh-Dole Act.

In consideration for the license, we paid OSIF an upfront payment of $2.0 million dollars and are obligated to pay OSIF certain milestones, totaling up to $20.0 million dollars, as well as mid-single digit royalties on net sales of the licensed products. In addition, we owe 25% of any non-royalty sublicensing consideration prior to a Phase II clinical trial or 15% of such sublicensing consideration after initiation of a Phase II clinical trial, provided that milestone payments are creditable against these sublicensing fees. As of the date of this filing, we have not made any milestone or royalty payments to OSIF.

The agreement expires on the expiration of the last valid claim within the licensed patents. We may terminate this agreement on 90 days prior written notice to OSIF. Either party may terminate the agreement on 60 days prior written notice for an uncured, material breach by the other party, or bankruptcy or insolvency of the other party.

REC-3599: Chromaderm License Agreement

In December 2019, we entered into a License Agreement with Chromaderm, Inc., or Chromaderm, pursuant to which we obtained an exclusive, sublicensable, worldwide license under certain know-how and future patents that may arise controlled by Chromaderm to develop, manufacture, and commercialize products containing ruboxistaurin, an inhibitor of protein kinase C, in non-topical formulations for all uses other than the treatment, prevention, and/or diagnosis of skin hyperpigmentation conditions or disorders. Chromaderm obtained an exclusive license from Eli Lilly to certain intellectual property necessary for the development, commercialization, and manufacture of ruboxistaurin and has developed certain additional intellectual property. Chromaderm reserved the right to use the licensed intellectual property to fulfill its obligations under supply and manufacturing agreements with us, and both Chromaderm and Eli Lilly reserved rights to use the licensed intellectual property to fulfill obligations under existing agreements and in the case of Eli Lilly for internal research. We are developing ruboxistaurin, or REC-3599, in various indications, including GM2. We are required to use commercially reasonable efforts to develop and commercialize the licensed products in the territory in accordance with a specified development plan as may be modified by us at any time in our sole discretion. Under the agreement, we are prohibited from developing, manufacturing, or commercializing licensed products for the treatment, prevention, and/or diagnosis of skin hyperpigmentation conditions or disorders.

Under the agreement, we paid Chromaderm an upfront payment of $1.3 million. We are obligated to pay Chromaderm certain development milestones with respect to the licensed products, totaling up to $35.5 million for a first indication, up to $52.5 million if multiple indications are pursued, and certain commercial milestones totaling up to $49 million. Finally, we will owe Chromaderm mid-single-digit to low-double-digit tiered royalties on net sales of REC-3599. As of the date of this filing, we have not made any milestone or royalty payments to Chromaderm.

The agreement will expire, on a licensed product-by-licensed product basis, a country-by-country basis upon the later of (a) the last to expire of the licensed patents applicable to the development, manufacture or commercialization of a licensed product in such country, (b) ten years from the first commercial sale of licensed product in such country, or (c) the expiration of regulatory exclusivity of such licensed product in such country. We may terminate the agreement on 90 days prior written notice to Chromaderm. Either party may terminate the agreement upon 45 days prior written notice (15 days for payment breaches) for an uncured, material breach by the other party.

REC-4881: Takeda License Agreement

In May 2020, we entered into a License Agreement, or the Takeda In-License, with Takeda Pharmaceutical Company Limited, or Takeda, pursuant to which we obtained an exclusive (even as to Takeda and its affiliates), worldwide, sublicensable under certain conditions, transferable, royalty-bearing license to certain Takeda patents, know-how and materials related to develop, manufacture and commercialize Takeda's clinical-stage compound known as TAK-733, a non-ATP-competitive allosteric inhibitor of MEK1 and MEK2, subject to a non-exclusive, royalty-free, irrevocable, fully paid up, license back to Takeda to use the licensed compounds for non-clinical research purposes. We are currently developing the compound REC-4881 for the treatment of FAP, and patients with spontaneous *APC*-mutant tumors. We are also evaluating the utility of the compound in additional disease states using our platform.

We are required to use commercially reasonable efforts to develop and commercialize at least one licensed product in each of (a) the US, (b) at least three of the following European countries: the United Kingdom, France, Germany, Italy, and Spain, and (c) Japan.

Upon execution of the agreement, we paid an upfront fee of $1.5 million to Takeda. Under the Takeda In-License, we are obligated to pay Takeda milestones amounts totaling up to $39.5 million upon achievement of specified development and regulatory milestone events. In addition, we are obligated to pay Takeda low-to-mid single-digit royalties based on net sales of products containing the licensed compounds by us, our affiliates or sublicensees, subject to specified reductions. Our obligation to pay royalties continues on a country-by-country basis until the latest of expiration of the last to expire patent licensed by Takeda that covers the product, expiration of any regulatory exclusivity period for the product and ten years after the first commercial sale of the product, in such country. As of the date of this filing, we have not made any milestone or royalty payments to Takeda.

Each party has the right to terminate the license agreement for the other party's material uncured breach, insolvency or bankruptcy. In addition, we may terminate the agreement without cause any time after May 2023, and Takeda may terminate the agreement if we have not conducted any material activities in support of the development or commercialization of the licensed compounds or any product containing a licensed compound and have not demonstrated that we used commercially reasonable efforts towards the development of such compounds or products for a period of 12 consecutive months and such failure is not due to events beyond our reasonable control. Further, Takeda may terminate the license agreement if we challenge the validity or enforceability of a licensed patent. Upon termination for any reason other than for Takeda's breach of the license agreement, upon Takeda's request we are obligated to negotiate in good faith, for a period of 120 days, terms and conditions of a license to Takeda under certain technology developed by us during the term of the agreement for the purpose of developing, commercializing and otherwise exploiting the licensed compounds and products containing the licensed compounds.

Competition

We are a clinical-stage biotechnology company utilizing advanced technologies across biology, chemistry, automation, and computer science to discover and design therapeutics at unprecedented scale and efficiency. Our efforts to date have resulted in an expansive pipeline of differentiated programs in early discovery and preclinical development and four clinical-stage programs as well as an intellectual property portfolio comprising patents, trademarks, software and trade secrets. We believe that our differentiated approach to technology-enabled drug discovery, a combination of both wet lab and computational approaches embodied by the Recursion OS, provides us with a significant competitive advantage.

We are a hybrid company, comprising the best elements of technology-enabled drug discovery companies, scalable platform companies and traditional biopharma companies. As such, we compete within multiple categories of the pharmaceutical and biotechnology industries where companies are similarly working to integrate rapidly advancing technologies into their drug discovery and development activities and/or are creating scalable scientific platforms with the potential to generate large therapeutic pipelines and where other companies are developing therapies targeting indications we are or may choose to pursue. While we believe we have the competitive advantages referred to above, we face competition from major pharmaceutical and biotechnology companies, academic institutions, governmental agencies, consortiums and public and private research institutions, among others, many of whom have significantly greater resources than us. Notable competitors include:

- *Technology-Enabled Drug Discovery Companies.* Such companies apply sophisticated computational tools to unlock novel insights or accelerate drug discovery and development across different points in the value

chain. Representative examples include Relay Therapeutics, Exscientia, Schrodinger, AbCellera, Insitro, Valo Health and Atomwise.

- *Scalable Platform Companies*. Such companies are applying novel scientific approaches or engineering novel therapeutic modalities with the potential to seed large numbers of therapeutic candidates. These companies may compete directly with our pipeline of predominantly small molecule therapeutics. Representative companies include Moderna, BioNTech, and CureVac.

- *Traditional Biopharma Companies*. Such companies, while primarily engaged in late-stage clinical development and product commercialization, are increasingly making their own investments in the application of ML and advanced computational tools across the drug discovery and development value chain. Such investments may include partnerships with other biotechnology companies (including Recursion) from which we may benefit. Representative companies include Novartis, Janssen (a subsidiary of Johnson & Johnson), Merck, and Pfizer.

- *Large Technology Companies.* Large technology companies constantly seek growth opportunities. Technology-enabled drug discovery may represent a compelling opportunity for these companies, some of which have research groups or subsidiaries focused on drug discovery and others of which have signed large technology partnerships with biopharma companies. Representative companies include Alphabet, Microsoft, and Amazon.

Legal Proceedings

From time to time, we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are not currently a party to any material legal proceedings. Regardless of outcome, any such proceedings or claims could have an adverse impact on us because of defense and settlement costs, diversion of resources and other factors, and there can be no assurances that favorable outcomes will be obtained.

Intellectual Property

Our intellectual property focus is the industrialization of phenomics, a new class of -omics data, and have applied industry knowledge to date to continue to build out and expand a variety of other cutting-edge technologies. Further, we have generated algorithmic, software, and statistical insights in the course of our work. Within the burgeoning field of technology-enabled drug discovery, we seek to protect our innovations, with a combination of patents and trade secrets and for each novel technology or improvement we develop, we consider the appropriate course of intellectual property protection.

Our commercial success depends in part on our ability to obtain and maintain proprietary protection for drug candidates and any of our future drug candidates, novel discoveries, product development technologies, and know how; to operate without infringing, misappropriating or otherwise violating the proprietary rights of others; and to prevent others from infringing, misappropriating or otherwise violating our proprietary rights. Our policy is to seek to protect our proprietary position by, among other methods, filing or in-licensing U.S. and foreign patents and patent applications related to our proprietary technology, inventions, and improvements that are important to the development and implementation of our business. We also rely on trademarks, trade secrets, know-how, continuing technological innovation, and potential in-licensing opportunities to develop and maintain our proprietary position.

We believe in the benefits of open-source science and that open-source data sharing drives value for us and society as a whole. For example, we have published certain key findings and datasets derived from our platform around COVID-19 under terms designed to allow anyone to make use of the data, in the hope that the data would be useful in fighting the global pandemic. We have also released some of the largest open-sourced biological datasets in the world, the RXRX1, and RXRX2 datasets, under terms that allow for broad academic and non-commercial use.

Patents

As of March 2022, we own 49 issued U.S. patents, 15 pending U.S. patent applications and we exclusively license 9 issued U.S. patents, 2 pending U.S. patent applications, 117 issued foreign patents, and 19 pending foreign patent applications. These patents and patent applications fall into 95 different patent families across 79 different jurisdictions worldwide.

- Recursion OS IP: Our Recursion OS is covered by several Recursion-owned patent families, comprising 3 U.S. patents, 4 pending U.S. provisional applications, 9 pending U.S. non-provisional applications, five pending PCT applications, and 2 pending foreign patent applications (in Germany and Taiwan). We also pursue a strategy of seeking patent protection on smaller discrete inventions throughout the breadth of our pipeline, ranging from experiment design, operations within our labs, data collection, and analysis (including deep learning insights); Our patents related to our Recursion Learning Platform System IP generally expire between 2038 and 2041, excluding any patent term adjustment or patent term extension.

- InVivomics: Additionally, through our acquisition of Vium, we obtained a collection of active patent families related to InVivomics, including 39 issued U.S. patents covering cage design, data collection, and data analysis, 19 pending U.S. non-provisional patent applications and 1 pending U.S. design application. Our patents related to our InVivomics generally expire between 2035 and 2040, excluding any patent term adjustment or patent term extension.

- Program IP: A breakdown of our Compound IP portfolio is below:

    - REC-2282: We exclusively license 3 issued U.S. patents, 1 pending U.S. patent application, 38 issued foreign patents (including patents in the UK, Germany, France, Spain, Italy, Canada, and Japan), and 3 pending foreign patent applications related to REC- from OSIF; this patent estate includes composition of matter IP for REC-2282. Our licensed patents related to REC-2282 generally expire between 2027 and 2036, excluding any patent term adjustment or patent term extension.

    - REC-3599: We own a PCT patent application in connection with our REC-3599 product candidate in the treatment of GM2.

    - REC-994: We exclusively license 2 U.S. patents, 2 issued foreign patents (in Russia and Japan), and 9 pending foreign patent applications (including China, Japan, Korea, Mexico, and Canada) in connection with our REC-994 product candidate from UURF; this patent estate is targeted at the use of REC-994 for the treatment of CCM. Our licensed patents related to REC-994 generally expire between 2035 and 2036, excluding any patent term adjustment or patent term extension.

    - REC-4881: We exclusively license 3 U.S. patents, 69 foreign patents (including in the UK, Germany, France, Spain, Italy, China, Japan, Korea, Mexico, and Canada) and 5 pending foreign patent applications in connection with our REC-4881 product candidate from Takeda; this patent estate includes composition of matter IP for REC-4881. Our licensed patents related to REC-4881 generally expire between 2027 and 2032, excluding any patent term adjustment or patent term extension.

The patent positions of companies like ours are generally uncertain and involve complex legal and factual questions. No consistent policy regarding the scope of claims allowable in patents in the field of biotechnology has emerged in the United States and in Europe, among other countries. Changes in the patent laws and rules, either by legislation, judicial decisions, or regulatory interpretation in other countries may diminish our ability to protect our inventions and enforce our intellectual property rights, and more generally could affect the value of our intellectual property. In particular, our ability to stop third parties from making, using, selling, offering to sell, importing, or otherwise commercializing any of our patented inventions, either directly or indirectly, will depend in part on our success in obtaining, defending, and enforcing patent claims that cover our technology, inventions, and improvements. With respect to both licensed and company-owned intellectual property, we cannot be sure that patents will be granted with respect to any of our pending patent applications or with respect to any patent applications filed by us in the future, nor can we be sure that any of our existing patents or any patents that may be granted to us in the future will be commercially useful in protecting our platform and drug candidates and the methods used to manufacture them. Moreover, our issued patents and those that may issue in the future may not guarantee us the right to practice our technology in relation to the commercialization of our platform's drug candidates. The area of patent and other intellectual property rights in biotechnology is an evolving one with many risks and uncertainties, which may prevent us from commercializing our drug candidates and future drug candidates and practicing our proprietary technology.

Our issued patents and those that may issue in the future may be challenged, narrowed, circumvented, or invalidated, which could limit our ability to stop competitors from marketing related platforms or drug candidates or limit the length of the term of patent protection that we may have for our drug candidates, and future drug candidates, and platforms. In addition, the rights granted under any issued patents may not provide us with complete protection or competitive advantages against competitors with similar technology. Furthermore, our competitors may independently develop similar technologies that achieve similar outcomes but with different approaches. For these reasons, we may have competition for our drug candidates. Moreover, the time required for the development, testing, and regulatory review of our candidate products may shorten the length of effective patent protection following commercialization. For this and other risks related to our proprietary technology, inventions, improvements, platforms, and drug candidates, please see the section titled “Risk Factors—Risks Related to Our Intellectual Property.”

Our commercial success will also depend in part on not infringing upon the proprietary rights of third parties. It is uncertain whether the issuance of any third-party patent would require us to alter our development or commercial strategies for our products or processes or to obtain licenses or cease certain activities. Our breach of any license agreements or failure to obtain a license to proprietary rights that we may require to develop or commercialize our future products may have an adverse impact on us. If third parties prepare and file patent applications in the United States that also claim technology to which we have rights, we may have to participate in interference or derivation proceedings in the USPTO to determine priority of invention. For more information, please see “Risk Factors—Risks Related to Our Intellectual Property.”

Some of our pending patent applications in the United States are provisional patent applications. Provisional patent applications are not eligible to become issued patents until, among other things, we file a non-provisional patent application within 12 months of filing of one or more of our related provisional patent applications. If we do not timely file any non-provisional patent applications, we may lose our priority date with respect to our provisional patent applications and any patent protection on the inventions disclosed in our provisional patent applications. While we intend to timely file non-provisional patent applications relating to our provisional patent applications, we cannot predict whether any such patent applications will result in the issuance of patents that provide us with any competitive advantage.

The term of individual patents depends upon the legal term of the patents in the countries in which they are obtained. In most countries in which we file, the patent term is 20 years from the earliest date of filing a nonprovisional patent application related to the patent. However, the actual protection afforded by a patent varies on a product-by-product basis, from country to country, and depends upon many factors, including the type of patent, the scope of its coverage, the availability of regulatory-related extensions, the availability of legal remedies in a particular country, and the validity and enforceability of the patent. A U.S. patent also may be accorded patent term adjustment, or PTA, under certain circumstances to compensate for delays in obtaining the patent from the USPTO. In some instances, such a PTA may result in a U.S. patent term extending beyond 20 years from the earliest date of filing a non-provisional patent application related to the U.S. patent. In addition, in the United States, the term of a U.S. patent that covers an FDA-approved drug may also be eligible for patent term extension, which permits patent term restoration as compensation for the patent term lost during the FDA regulatory review process.

Trademarks

As of January 2021, our trademark portfolio comprises more than 70 registered trademarks or active trademark applications worldwide. Such portfolio includes 20 registered foreign trademarks, 30 pending foreign trademark applications, 11 registered U.S. trademarks, and 9 pending U.S. trademark applications, among which we have issued trademarks in the U.S. for “Recursion” and “Recursion Pharmaceuticals.”

Trade Secrets

In addition to our reliance on patent protection for our inventions, drug candidates and programs, we also rely on trade secrets, know-how, confidentiality agreements, and continuing technological innovation to develop and maintain our competitive position. For example, some elements of manufacturing processes, proprietary assays, analytics techniques and processes, knowledge gained through clinical experience such as approaches to dosing and administration and management of patients, as well as computational-biological algorithms, and related processes and software, are based on unpatented trade secrets and know-how that are not publicly disclosed. Although we take steps to protect our proprietary information and trade secrets, including through contractual

means with our employees, advisors and consultants, these agreements may be breached, and we may not have adequate remedies for any breach. In addition, third parties may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets or disclose our technology. As a result, we may not be able to meaningfully protect our trade secrets. It is our policy to require our employees, consultants, outside scientific collaborators, sponsored researchers, and other advisors to execute confidentiality agreements upon the commencement of employment or consulting relationships with us. These agreements provide that all confidential information concerning our business or financial affairs developed or made known to the individual or entity during the course of the party's relationship with us is to be kept confidential and not disclosed to third parties except in specific circumstances. In the case of employees, the agreements provide that all inventions conceived of by the individual during the course of employment, and which relate to or are reasonably capable or being used in our current or planned business or research and development are our exclusive property. In addition, we take other appropriate precautions, such as physical and technological security measures, to guard against the misappropriation of our proprietary technology by third parties. However, such agreements and policies may be breached, and we may not have adequate remedies for such breaches. For more information regarding the risks related to our intellectual property, see "Risk Factors—Risks Related to Our Intellectual Property."

Government Regulation

Government authorities in the United States at the federal, state and local level and in other countries regulate, among other things, the research, development, testing, manufacture, quality control, approval, labeling, packaging, storage, record-keeping, promotion, advertising, distribution, post-approval monitoring and reporting, marketing, and export and import of drug and biological products. Generally, before a new drug can be marketed, considerable data demonstrating its quality, safety, and efficacy must be obtained, organized into a format specific for each regulatory authority, submitted for review and approved by the regulatory authority.

U.S. Drug Development

In the United States, the FDA regulates drugs under the Food, Drug, and Cosmetic Act, or FDCA. Drugs also are subject to other federal, state, and local statutes and regulations. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local, and foreign statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable United States requirements at any time during the product development process, approval process or post-market may subject an applicant to administrative or judicial sanctions. These sanctions could include, among other actions, the FDA's refusal to approve pending applications, withdrawal of an approval, a clinical hold, untitled or warning letters, product recalls or market withdrawals, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement, and civil or criminal penalties. Any agency or judicial enforcement action could have a material adverse effect on us.

- Our drug candidates are considered small molecule drugs and must be approved by the FDA through the new drug application, or NDA, process before they may be legally marketed in the United States. The process generally involves the following: completion of extensive preclinical studies in accordance with applicable regulations, including studies conducted in accordance with good laboratory practice, or GLP;
- submission to the FDA of an investigational new drug, or IND, application, which must become effective before human clinical trials may begin;
- approval by an independent institutional review board, or IRB, or ethics committee at each clinical trial site before each trial may be initiated;
- performance of adequate and well-controlled human clinical trials in accordance with applicable IND regulations, good clinical practice, or GCP, requirements and other clinical trial-related regulations to establish substantial evidence of the safety and efficacy of the investigational product for each proposed indication;
- submission to the FDA of an NDA;
- a determination by the FDA within 60 days of its receipt of an NDA to accept the filing for review;
- satisfactory completion of an FDA pre-approval inspection of the manufacturing facility or facilities where the drug will be produced to assess compliance with cGMP requirements to assure that the facilities, methods and controls are adequate to preserve the drug's identity, strength, quality and purity;

- potential FDA audit of the preclinical study and/or clinical trial sites that generated the data in support of the NDA filing;
- FDA review and approval of the NDA, including consideration of the views of any FDA advisory committee, prior to any commercial marketing or sale of the drug in the United States; and
- compliance with any post-approval requirements, including the potential requirement to implement a Risk Evaluation and Mitigation Strategy, or REMS, and the potential requirement to conduct post-approval studies.

The data required to support an NDA is generated in two distinct developmental stages: preclinical and clinical. The preclinical and clinical testing and approval process requires substantial time, effort and financial resources, and we cannot be certain that any approvals for any current and future drug candidates will be granted on a timely basis, or at all.

Preclinical Studies and IND

The preclinical developmental stage generally involves laboratory evaluations of drug chemistry, formulation, and stability, as well as studies to evaluate toxicity in animals, which support subsequent clinical testing. The sponsor must submit the results of the preclinical studies, together with manufacturing information, analytical data, any available clinical data or literature and a proposed clinical protocol, to the FDA as part of the IND. An IND is a request for authorization from the FDA to administer an investigational product to humans and must become effective before human clinical trials may begin.
Preclinical studies include laboratory evaluation of product chemistry and formulation, as well as *in vitro* and animal studies to assess the potential for adverse events and in some cases to establish a rationale for therapeutic use. The conduct of preclinical studies is subject to federal regulations and requirements, including GLP regulations for safety/toxicology studies. An IND sponsor must submit the results of the preclinical tests, together with manufacturing information, analytical data, any available clinical data or literature and plans for clinical studies, among other things, to the FDA as part of an IND. Some long-term preclinical testing, such as animal tests of reproductive adverse events and carcinogenicity, may continue after the IND is submitted. An IND automatically becomes effective 30 days after receipt by the FDA, unless before that time the FDA raises concerns or questions related to one or more proposed clinical trials and places the trial on clinical hold. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. As a result, submission of an IND may not result in the FDA allowing clinical trials to commence.

Clinical Trials

The clinical stage of development involves the administration of the investigational product to healthy volunteers or patients under the supervision of qualified investigators, generally physicians not employed by or under the trial sponsor's control, in accordance with GCP requirements, which include the requirement that all research subjects provide their informed consent for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the clinical trial, dosing procedures, subject selection, and exclusion criteria and the parameters to be used to monitor subject safety and assess efficacy. Each protocol, and any subsequent amendments to the protocol, must be submitted to the FDA as part of the IND. Furthermore, each clinical trial must be reviewed and approved by an IRB for each institution at which the clinical trial will be conducted to ensure that the risks to individuals participating in the clinical trials are minimized and are reasonable in relation to anticipated benefits. The IRB must also approve the informed consent form that must be provided to each clinical trial subject or his or her legal representative and must monitor the clinical trial until completed. There also are requirements governing the reporting of ongoing clinical trials and completed clinical trial results to public registries.

A sponsor who wishes to conduct a clinical trial outside of the United States may, but need not, obtain FDA authorization to conduct the clinical trial under an IND. If a foreign clinical trial is not conducted under an IND, the sponsor may submit data from the clinical trial to the FDA in support of an NDA. The FDA will generally accept a well-designed and well-conducted foreign clinical trial not conducted under an IND if the trial was conducted in accordance with the ethical principles contained in the Declaration of Helsinki pursuant to 21 CFR 312.120(c)(4), incorporating the 1989 version of the Declaration, or with the laws and regulations of the foreign regulatory authority where the trial was conducted, such as the European Medicines Agency, or EMA, whichever provides greater protection of the human subjects, and with GCP and GMP requirements, and the FDA is able to validate the data through an onsite inspection, if deemed necessary, and the practice of medicine in the foreign country is consistent with the United States.

Clinical trials in the United States generally are conducted in three sequential phases, known as Phase 1, Phase 2 and Phase 3, and may overlap.

- Phase 1 clinical trials generally involve a small number of healthy volunteers or disease-affected patients who are initially exposed to a single dose and then multiple doses of the drug candidate. The primary purpose of these clinical trials is to assess the metabolism, pharmacologic action, tolerability and safety of the drug.
- Phase 2 clinical trials involve studies in disease-affected patients to determine the dose and dosing schedule required to produce the desired benefits. At the same time, safety and further pharmacokinetic and pharmacodynamic information are collected, possible adverse effects and safety risks are identified, and a preliminary evaluation of efficacy is conducted.
- Phase 3 clinical trials generally involve a large number of patients at multiple sites and are designed to provide the data necessary to demonstrate the effectiveness of the product for its intended use, its safety in use and to establish the overall benefit/risk relationship of the product and provide an adequate basis for product approval. These trials may include comparisons with placebo and/or other comparator treatments. The duration of treatment is often extended to mimic the actual use of a product during marketing.

Post-approval trials, sometimes referred to as Phase 4 clinical trials, are conducted after initial marketing approval. These trials are used to gain additional experience from the treatment of patients in the intended therapeutic indication. In certain instances, the FDA may mandate the performance of Phase 4 clinical trials as a condition of approval of an NDA.

Progress reports detailing the results of the clinical trials, among other information, must be submitted at least annually to the FDA. The sponsor is also responsible for submitting written IND safety reports, including reports of serious and unexpected suspected adverse events, findings from other studies suggesting a significant risk to humans exposed to the drug, findings from animal or *in vitro* testing that suggest a significant risk for human subjects, and any clinically significant increase in the rate of a serious suspected adverse reaction over that listed in the protocol or investigator brochure.

Phase 1, Phase 2, and Phase 3 clinical trials may not be completed successfully within any specified period, if at all. The FDA or the sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects or patients are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's requirements or if the drug has been associated with unexpected serious harm to patients. Additionally, some clinical trials are overseen by an independent group of qualified experts organized by the clinical trial sponsor, known as a data safety monitoring board or committee. This group provides authorization for whether a trial may move forward at designated checkpoints based on access to certain data from the trial.
Concurrent with clinical trials, companies usually complete additional animal safety studies and also must develop additional information about the chemistry and physical characteristics of the drug as well as finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process, as performed by the manufacturing facility, must be capable of consistently producing quality batches of our drug candidates. Additionally, appropriate packaging must be selected and tested, and stability studies must be conducted to demonstrate that our drug candidates do not undergo unacceptable deterioration over their labeled shelf life.

NDA Review Process

Following completion of the clinical trials, data is analyzed to assess whether the investigational product is safe and effective for the proposed indicated use or uses. The results of preclinical studies and clinical trials are then submitted to the FDA as part of an NDA, along with proposed labeling, chemistry, and manufacturing information to ensure product quality and other relevant data. In short, the NDA is a request for approval to market the drug in the United States for one or more specified indications and must contain proof of safety and efficacy for a drug.

The application must include both negative and ambiguous results of preclinical studies and clinical trials, as well as positive findings. Data may come from company-sponsored clinical trials intended to test the safety and efficacy of a product's use or from a number of alternative sources, including studies initiated by investigators. To support marketing approval, the data submitted must be sufficient in quality and quantity to establish the safety and efficacy

of the investigational product to the satisfaction of the FDA. FDA approval of an NDA must be obtained before a drug may be legally marketed in the United States.

Under the Prescription Drug User Fee Act, or PDUFA, as amended, each NDA must be accompanied by a user fee. FDA adjusts the PDUFA user fees on an annual basis. PDUFA also imposes an annual program fee for each marketed human drug. Fee waivers or reductions are available in certain circumstances, including a waiver of the application fee for the first application filed by a small business. Additionally, no user fees are assessed on NDAs for products designated as orphan drugs, unless the product also includes a non-orphan indication.

The FDA reviews all submitted NDAs before it accepts them for filing and may request additional information rather than accepting the NDA for filing. The FDA must make a decision on accepting an NDA for filing within 60 days of receipt. Once the submission is accepted for filing, the FDA begins an in-depth review of the NDA. Under the goals and policies agreed to by the FDA under PDUFA, the FDA has ten months, from the filing date, in which to complete its initial review of a new molecular-entity NDA and respond to the applicant, and six months from the filing date of a new molecular-entity NDA designated for priority review. The FDA does not always meet its PDUFA goal dates for standard and priority NDAs, and the review process is often extended by FDA requests for additional information or clarification.

Before approving an NDA, the FDA will conduct a pre-approval inspection of the manufacturing facilities for the new product to determine whether they comply with cGMP requirements. The FDA will not approve the product unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. The FDA also may audit data from clinical trials to ensure compliance with GCP requirements. Additionally, the FDA may refer applications for novel drug products or drug products which present difficult questions of safety or efficacy to an advisory committee, typically a panel that includes clinicians and other experts, for review, evaluation and a recommendation as to whether the application should be approved and under what conditions, if any. The FDA is not bound by recommendations of an advisory committee, but it considers such recommendations when making decisions on approval. The FDA likely will reanalyze the clinical trial data, which could result in extensive discussions between the FDA and the applicant during the review process. After the FDA evaluates an NDA, it will issue an approval letter or a Complete Response Letter. An approval letter authorizes commercial marketing of the drug with specific prescribing information for specific indications. A Complete Response Letter indicates that the review cycle of the application is complete, and the application will not be approved in its present form. A Complete Response Letter usually describes all of the specific deficiencies in the NDA identified by the FDA. The Complete Response Letter may require additional clinical data, additional pivotal Phase 3 clinical trial(s) and/or other significant and time-consuming requirements related to clinical trials, preclinical studies and/or manufacturing. If a Complete Response Letter is issued, the applicant may either resubmit the NDA, addressing all of the deficiencies identified in the letter, or withdraw the application. Even if such data and information are submitted, the FDA may decide that the NDA does not satisfy the criteria for approval. Data obtained from clinical trials are not always conclusive and the FDA may interpret data differently than we interpret the same data.

Orphan Drugs

Under the Orphan Drug Act, the FDA may grant an orphan designation to a drug or biological product intended to treat a rare disease or condition, which is generally a disease or condition that affects fewer than 200,000 individuals in the United States, or more than 200,000 individuals in the United States and for which there is no reasonable expectation that the cost of developing and making the product available in the United States for this type of disease or condition will be recovered from sales of the product.

Orphan drug designation must be requested before submitting an NDA. After the FDA grants orphan drug designation, the identity of the therapeutic agent and its potential orphan use are disclosed publicly by the FDA. Orphan drug designation does not convey any advantage in or shorten the duration of the regulatory review and approval process.

If a product that has orphan designation subsequently receives the first FDA approval for the disease or condition for which it has such designation, the product is entitled to orphan drug exclusivity, which means that the FDA may not approve any other applications to market the same drug for the same indication for seven years from the date of such approval, except in limited circumstances, such as a showing of clinical superiority to the product with orphan exclusivity by means of greater effectiveness, greater safety, or providing a major contribution to patient care or in instances of drug supply issues. However, competitors may receive approval of either a different product for the same indication or the same product for a different indication but that could be used off-label in the orphan

indication. Orphan drug exclusivity also could block the approval of one of our products for seven years if a competitor obtains approval before we do for the same product, as defined by the FDA, for the same indication we are seeking approval, or if a drug candidate is determined to be contained within the scope of the competitor's product for the same indication. If one of our products designated as an orphan drug receives marketing approval for an indication broader than that which is designated, it may not be entitled to orphan drug exclusivity. Orphan drug status in the European Union has similar, but not identical, requirements and benefits.

Expedited Development and Review Programs

The FDA has a fast track program that is intended to expedite or facilitate the process for reviewing new drugs that meet certain criteria. Specifically, new drugs are eligible for fast track designation if they are intended to treat a serious or life-threatening condition and preclinical or clinical data demonstrate the potential to address unmet medical needs for the condition. Fast track designation applies to both the product and the specific indication for which it is being studied. The sponsor can request the FDA to designate the product for fast track status any time before receiving NDA approval, but ideally no later than the pre-NDA meeting with the FDA.

Any product submitted to the FDA for marketing, including under a fast track program, may be eligible for other types of FDA programs intended to expedite development and review, such as priority review and accelerated approval. Any product is eligible for priority review if it treats a serious or life-threatening condition and, if approved, would provide a significant improvement in safety and effectiveness compared to available therapies.

A product may also be eligible for accelerated approval, if it treats a serious or life-threatening condition and generally provides a meaningful advantage over available therapies. In addition, it must demonstrate an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality, or IMM, which is reasonably likely to predict an effect on IMM or other clinical benefit. As a condition of approval, the FDA may require that a sponsor of a drug receiving accelerated approval perform adequate and well-controlled post-marketing clinical trials. FDA may withdraw drug approval or require changes to the labeled indication of the drug if confirmatory post-market trials fail to verify clinical benefit or do not demonstrate sufficient clinical benefit to justify the risks associated with the drug. If the FDA concludes that a drug shown to be effective can be safely used only if distribution or use is restricted, it may require such post-marketing restrictions as it deems necessary to assure safe use of the product.

Additionally, a drug may be eligible for designation as a breakthrough therapy if the product is intended, alone or in combination with one or more other drugs or biologics, to treat a serious or life-threatening condition and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over currently approved therapies on one or more clinically significant endpoints. The benefits of breakthrough therapy designation include the same benefits as fast track designation, plus intensive guidance from the FDA to ensure an efficient drug development program. Fast track designation, priority review, accelerated approval and breakthrough therapy designations do not change the standards for approval, but may expedite the development or approval process.

Post-approval Requirements

Following approval of a new product, the manufacturer and the approved product are subject to continuing regulation by the FDA, including, among other things, monitoring and record-keeping requirements, requirements to report adverse events and comply with promotion and advertising requirements, which include restrictions on promoting drugs for unapproved uses or patient populations, known as "off-label promotion," and limitations on industry-sponsored scientific and educational activities. Although physicians may prescribe legally available drugs for off-label uses, manufacturers may not market or promote such uses. Prescription drug promotional materials must be submitted to the FDA in conjunction with their first use. Further, if there are any modifications to the drug, including changes in indications, labeling, or manufacturing processes or facilities, the applicant may be required to submit and obtain FDA approval of a new NDA or NDA supplement, which may require the development of additional data or preclinical studies and clinical trials.

The FDA may also place other conditions on approvals including the requirement for REMS, to assure the safe use of the product. A REMS could include medication guides, physician communication plans or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of products. Product approvals may be withdrawn for non-compliance with regulatory standards or if problems occur following initial marketing.

The FDA may withdraw approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical studies to assess new safety risks or imposition of distribution restrictions or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market, or product recalls;
- fines, warning letters, or holds on post-approval clinical studies;
- refusal of the FDA to approve pending applications or supplements to approved applications;
- suspension or revocation of product approvals;
- product seizure or detention;
- refusal to permit the import or export of products; or
- injunctions or the imposition of civil or criminal penalties.

The FDA strictly regulates marketing, labeling, advertising and promotion of products that are placed on the market. Drugs may be promoted only for the approved indications and in accordance with the provisions of the approved label. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability.

FDA Regulation of Companion Diagnostics

A therapeutic product may rely upon an *in vitro* companion diagnostic for use in selecting the patients that will be more likely to respond to that therapy. If an *in vitro* diagnostic is essential to the safe and effective use of the therapeutic product and if the manufacturer wishes to market or distribute such diagnostic for use as a companion diagnostic, then the FDA will require separate approval or clearance of the diagnostic as a companion diagnostic to the therapeutic product. According to FDA guidance, an unapproved or uncleared companion diagnostic device used to make treatment decisions in clinical trials of a drug generally will be considered an investigational medical device unless it is employed for an intended use for which the device is already approved or cleared. If used to make critical treatment decisions, such as patient selection, the diagnostic device generally will be considered a significant risk device under the FDA's Investigational Device Exemption, or IDE, regulations. The sponsor of the diagnostic device will be required to comply with the IDE regulations for clinical studies involving the investigational diagnostic device. According to the guidance, if a diagnostic device and a drug are to be studied together to support their respective approvals, both products can be studied in the same clinical trial, if the trial meets both the requirements of the IDE regulations and the IND regulations. The guidance provides that depending on the details of the clinical trial protocol, the investigational product(s), and subjects involved, a sponsor may seek to submit an IDE alone (e.g., if the drug has already been approved by FDA and is used consistent with its approved labeling), or both an IND and an IDE.

Pursuing FDA approval/clearance of an *in vitro* companion diagnostic would require either a pre-market notification, also called 510(k) clearance, or a pre-market approval, or PMA, or a de novo classification for that diagnostic. The review of companion diagnostics involves coordination of review with the FDA's Center for Devices and Radiological Health.

510(k) clearance process

To obtain 510(k) clearance, a pre-market notification is submitted to the FDA demonstrating that the proposed device is substantially equivalent to a previously cleared 510(k) device or a device that was in commercial distribution before May 28, 1976 for which the FDA has not yet required the submission of a PMA application. The FDA's 510(k) clearance process may take three to 12 months from the date the application is submitted and filed with the FDA, but may take longer if FDA requests additional information, among other reasons. In some cases, the FDA may require clinical data to support substantial equivalence. In reviewing a pre-market notification submission, the FDA may request additional information, which may significantly prolong the review process. Notwithstanding compliance with all these requirements, clearance is never assured.

After a device receives 510(k) clearance, any subsequent modification of the device that could significantly affect its safety or effectiveness, or that would constitute a major change in its intended use, will require a new 510(k) clearance or require a PMA. In addition, the FDA may make substantial changes to industry requirements, including which devices are eligible for 510(k) clearance, which may significantly affect the process.

De novo classification process

If a new medical device does not qualify for the 510(k) pre-market notification process because no predicate device to which it is substantially equivalent can be identified, the device is automatically classified into Class III. The Food and Drug Administration Modernization Act of 1997 established a different route to market for low to moderate risk medical devices that are automatically placed into Class III due to the absence of a predicate device, called the "Request for Evaluation of Automatic Class III Designation," or the de novo classification process. This process allows a manufacturer whose novel device is automatically classified into Class III to request down-classification of its medical device into Class I or Class II on the basis that the device presents a low or moderate risk, rather than requiring the submission and approval of a PMA. If the manufacturer seeks reclassification into Class II, the manufacturer must include a draft proposal for special controls that are necessary to provide a reasonable assurance of the safety and effectiveness of the medical device. The FDA may reject the reclassification petition if it identifies a legally marketed predicate device that would be appropriate for a 510(k) or determines that the device is not low to moderate risk and requires PMA or that general controls would be inadequate to control the risks and special controls cannot be developed.

Obtaining FDA marketing authorization, de novo down-classification, or approval for medical devices is expensive and uncertain, may take several years, and generally requires significant scientific and clinical data.

PMA process

The PMA process, including the gathering of clinical and nonclinical data and the submission to and review by the FDA, can take several years or longer. The applicant must prepare and provide the FDA with reasonable assurance of the device's safety and effectiveness, including information about the device and its components regarding, among other things, device design, manufacturing, and labeling. PMA applications are subject to an application fee. In addition, PMAs for medical devices must generally include the results from extensive preclinical and adequate and well-controlled clinical trials to establish the safety and effectiveness of the device for each indication for which FDA approval is sought. In particular, for a diagnostic, the applicant must demonstrate that the diagnostic produces reproducible results. As part of the PMA review, the FDA will typically inspect the manufacturer's facilities for compliance with the Quality System Regulation, or QSR, which imposes extensive testing, control, documentation, and other quality assurance and GMP requirements.

Other U.S. Regulatory Matters

- Our current and future arrangements with healthcare providers, third-party payors, customers, and others may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations, which may constrain the business or financial arrangements and relationships through which we research, as well as, sell, market, and distribute any products for which we obtain marketing approval. The applicable federal, state and foreign healthcare laws and regulations that may affect our ability to operate include, but are not limited to: the federal Anti-Kickback Statute, which makes it illegal for any person, including a prescription drug or medical device manufacturer (or a party acting on its behalf), to knowingly and willfully solicit, receive, offer or pay any remuneration that is intended to induce or reward referrals, including the purchase, recommendation, order or prescription of a particular drug, for which payment may be made under a federal healthcare program, such as Medicare or Medicaid. Moreover, the ACA (as defined below) provides that the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act;
- The federal false claims, including the civil False Claims Act that can be enforced by private citizens through civil whistleblower or qui tam actions, and civil monetary penalties prohibit individuals or entities from, among other things, knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government, and/or impose exclusions from federal health care programs and/or penalties for parties who engage in such prohibited conduct;

- The Federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, prohibits, among other things, executing or attempting to execute a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, and their implementing regulations also impose obligations on covered entities such as health insurance plans, healthcare clearinghouses, and certain health care providers and their respective business associates, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information;
- The federal Physician Payments Sunshine Act requires applicable manufacturers of covered drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program, with specific exceptions, to annually report to Centers for Medicare & Medicaid Services, or CMS, information regarding certain payments and other transfers of value to physicians and teaching hospitals as well as information regarding ownership and investment interests held by physicians and their immediate family members; and
- Analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws which may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers, state laws that require biotechnology companies to comply with the biotechnology industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government; state and local laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures and require the registration of their sales representatives, state laws that require biotechnology companies to report information on the pricing of certain drug products, and state and foreign laws that govern the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Pricing and rebate programs must also comply with the Medicaid rebate requirements of the U.S. Omnibus Budget Reconciliation Act of 1990 and more recent requirements in the ACA (as defined below). If products are made available to authorized users of the Federal Supply Schedule of the General Services Administration, additional laws and requirements apply. Manufacturing, sales, promotion, and other activities also are potentially subject to federal and state consumer protection and unfair competition laws. In addition, the distribution of pharmaceutical and/or medical device products is subject to additional requirements and regulations, including extensive record-keeping, licensing, storage, and security requirements intended to prevent the unauthorized sale of pharmaceutical and/or medical device products. Products must meet applicable child-resistant packaging requirements under the U.S. Poison Prevention Packaging Act as well as other applicable consumer safety requirements.
The failure to comply with any of these laws or regulatory requirements subjects firms to possible legal or regulatory action. Depending on the circumstances, failure to meet applicable regulatory requirements can result in significant civil, criminal and administrative penalties, including damages, fines, disgorgement, imprisonment, exclusion from participation in government funded healthcare programs, such as Medicare and Medicaid, integrity oversight and reporting obligations, contractual damages, reputational harm, diminished profits and future earnings, injunctions, requests for recall, seizure of products, total or partial suspension of production, denial or withdrawal of product approvals or refusal to allow a firm to enter into supply contracts, including government contracts.

U.S. Patent-term Restoration and Marketing Exclusivity

Depending upon the timing, duration, and specifics of FDA approval of any future drug candidates, some of our U.S. patents may be eligible for limited patent term extension under the Hatch-Waxman Act. The Hatch-Waxman Act permits restoration of the patent term of up to five years as compensation for patent term lost during product development and FDA regulatory review process. Patent-term restoration, however, cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date. The patent-term restoration period is generally one-half the time between the effective date of an IND or the issue date of the patent, whichever is later, and the submission date of an NDA plus the time between the submission date of an NDA or the issue date of the patent, whichever is later, and the approval of that application, except that the review period is reduced by any time during which the applicant failed to exercise due diligence. Only one patent applicable to an approved drug, a method for using it, or a method of manufacturing it, is eligible for the extension and the application for the extension must be submitted prior to the expiration of the patent. The USPTO, in consultation with the FDA, reviews and approves the application for any patent term extension or restoration. In the future, if and when our products receive FDA approval, we may apply for restoration of patent term for our currently owned or licensed patents covering

products eligible for patent term extension to add patent life beyond its current expiration date, depending on the expected length of the clinical trials and other factors involved in the filing of the relevant NDA. Similar provisions are available in Europe and certain other jurisdictions to extend the term of a patent that covers an approved drug. We may seek patent term extension for any of our issued or licensed patents in any jurisdiction where these are available; however, there is no guarantee that the applicable authorities, including the FDA in the United States, will agree with our assessment of whether such extensions should be granted, and if granted, the length of such extensions.

Market exclusivity provisions under the FDCA also can delay the submission or the approval of certain applications. The FDCA provides a five-year period of non-patent marketing exclusivity within the United States to the first applicant to gain approval of an NDA for an NCE. A drug is an NCE if the FDA has not previously approved any other new drug containing the same active moiety, which is the molecule or ion responsible for the action of the drug substance. During the exclusivity period, the FDA may not accept for review an abbreviated new drug application, or ANDA, or a 505(b)(2) NDA submitted by another company for a generic version of such drug where the applicant does not own or have a legal right of reference to all the data required for approval. However, an application may be submitted after four years if it contains a certification of patent invalidity or non-infringement. The FDCA also provides three years of marketing exclusivity for an NDA, 505(b)(2) NDA or supplement to an existing NDA if new clinical investigations, other than bioavailability studies, that were conducted or sponsored by the applicant are deemed by the FDA to be essential to the approval of the application, for example, new indications, dosages or strengths of an existing drug. This three-year exclusivity covers only the conditions of use associated with the new clinical investigations and does not prohibit the FDA from approving ANDAs for drugs containing the original active agent. Five-year and three-year exclusivity will not delay the submission or approval of a full NDA. However, an applicant submitting a full NDA would be required to conduct or obtain a right of reference to all of the preclinical studies and adequate and well-controlled clinical trials necessary to demonstrate safety and effectiveness or generate such data themselves.

European Union Drug Development

Similar to the United States, the various phases of preclinical and clinical research in the European Union are subject to significant regulatory controls. Although the EU Clinical Trials Directive 2001/20/EC has sought to harmonize the EU clinical trials regulatory framework, setting out common rules for the control and authorization of clinical trials in the EU, the EU Member States have transposed and applied the provisions of the Directive differently. This has led to significant variations in the member state regimes. Under the current regime, before a clinical trial can be initiated, it must be approved in each of the EU countries where the trial is to be conducted by two distinct bodies: the National Competent Authority, NCA, and one or more Ethics Committees, or ECs. Under the current regime all suspected unexpected serious adverse reactions to the investigated drug that occur during the clinical trial have to be reported to the NCA and ECs of the Member State where they occurred.

The EU clinical trials legislation currently is undergoing a transition process mainly aimed at harmonizing and streamlining clinical-trial authorization, simplifying adverse-event reporting procedures, improving the supervision of clinical trials, and increasing their transparency. Recently enacted Clinical Trials Regulation EU No 536/2014 ensures that the rules for conducting clinical trials in the EU will be identical. In the meantime, Clinical Trials Directive 2001/20/EC continues to govern all clinical trials performed in the EU.

European Union Drug Review and Approval

In the European Economic Area, or EEA, which is composed of the 28 Member States of the European Union and three European Free Trade Association States (Norway, Iceland, and Liechtenstein), medicinal products can only be commercialized after obtaining a Marketing Authorization, or MA. There are two types of marketing authorizations.

- The Community MA is issued by the European Commission through the Centralized Procedure, based on the opinion of the Committee for Medicinal Products for Human Use, or CHMP, of the EMA, and is valid throughout the entire territory of the EEA. The Centralized Procedure is mandatory for certain types of products, such as biotechnology medicinal products, orphan medicinal products, advanced-therapy medicines such as gene-therapy, somatic cell-therapy or tissue-engineered medicines and medicinal products containing a new active substance indicated for the treatment of HIV, AIDS, cancer, neurodegenerative disorders, diabetes, auto-immune and other immune dysfunctions and viral diseases. The Centralized Procedure is optional for products containing a new active substance not yet authorized in the EEA, or for products that constitute a significant therapeutic, scientific, or technical innovation or which are in the interest of public health in the EU.

- National MAs, which are issued by the competent authorities of the Member States of the EEA and only cover their respective territory, are available for products not falling within the mandatory scope of the Centralized Procedure. Where a product has already been authorized for marketing in a Member State of the EEA, this National MA can be recognized in another Member States through the Mutual Recognition Procedure. If the product has not received a National MA in any Member State at the time of application, it can be approved simultaneously in various Member States through the Decentralized Procedure. Under the Decentralized Procedure an identical dossier is submitted to the competent authorities of each of the Member States in which the MA is sought, one of which is selected by the applicant as the Reference Member State, or RMS. The competent authority of the RMS prepares a draft assessment report, a draft summary of the product characteristics, or SOPC, and a draft of the labeling and package leaflet, which are sent to the other Member States (referred to as the Member States Concerned) for their approval. If the Member States Concerned raise no objections, based on a potential serious risk to public health, to the assessment, SOPC, labeling or packaging proposed by the RMS, the product is subsequently granted a national MA in all the Member States (i.e., in the RMS and the Member States Concerned).

Under the above described procedures, before granting the MA, EMA or the competent authorities of the Member States of the EEA make an assessment of the risk-benefit balance of the product on the basis of scientific criteria concerning its quality, safety, and efficacy. Similar to the U.S. patent term-restoration, Supplementary Protection Certificates, or SPCs, serve as an extension to a patent right in Europe for up to five years. SPCs apply to specific pharmaceutical products to offset the loss of patent protection due to the lengthy testing and clinical trials these products require prior to obtaining regulatory marketing approval.

Coverage and Reimbursement

Sales of our products will depend, in part, on the extent to which our products will be covered by third-party payors, such as government health programs, commercial insurance and managed healthcare organizations. There is significant uncertainty related to third-party payor coverage and reimbursement of newly approved products. In the United States, for example, principal decisions about reimbursement for new products are typically made by CMS. CMS decides whether and to what extent a new product will be covered and reimbursed under Medicare, and private third-party payors often follow CMS's decisions regarding coverage and reimbursement to a substantial degree. However, no uniform policy of coverage and reimbursement for drug products exists. Accordingly, decisions regarding the extent of coverage and amount of reimbursement to be provided for any of our products will be made on a payor-by-payor basis.

Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. Further, such payors are increasingly challenging the price, examining the medical necessity, and reviewing the cost effectiveness of medical drug candidates. There may be especially significant delays in obtaining coverage and reimbursement for newly approved drugs. Third-party payors may limit coverage to specific drug candidates on an approved list, known as a formulary, which might not include all FDA-approved drugs for a particular indication. We may need to conduct expensive pharmaco-economic studies to demonstrate the medical necessity and cost effectiveness of our products. As a result, the coverage determination process is often a time-consuming and costly process that will require us to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage and adequate reimbursement will be obtained.

In addition, companion diagnostic tests require coverage and reimbursement separate and apart from the coverage and reimbursement for their companion pharmaceutical or biological products. Similar challenges to obtaining coverage and reimbursement, applicable to pharmaceutical or biological products, will apply to companion diagnostics.

In addition, in most foreign countries, the proposed pricing for a drug must be approved before it may be lawfully marketed. The requirements governing drug pricing and reimbursement vary widely from country to country. For example, the European Union provides options for its member states to restrict the range of medicinal products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. A member state may approve a specific price for the medicinal product or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the medicinal product on the market. There can be no assurance that any country that has price controls or reimbursement limitations for pharmaceutical products will allow favorable reimbursement and pricing arrangements for any of our products. Historically, products launched in the European Union do not follow the price structures of the United States and generally prices tend to be significantly lower.

Healthcare Reform

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, or MMA, established the Medicare Part D program to provide a voluntary prescription drug benefit to Medicare beneficiaries. Under Part D, Medicare beneficiaries may enroll in prescription drug plans offered by private entities that provide coverage of outpatient prescription drugs. Unlike Medicare Part A and B, Part D coverage is not standardized. While all Medicare drug plans must give at least a standard level of coverage set by Medicare, Part D prescription drug plan sponsors are not required to pay for all covered Part D drugs, and each drug plan can develop its own drug formulary that identifies which drugs it will cover and at what tier or level. However, Part D prescription drug formularies must include drugs within each therapeutic category and class of covered Part D drugs, though not necessarily all the drugs in each category or class. Any formulary used by a Part D prescription drug plan must be developed and reviewed by a pharmacy and therapeutic committee. Government payment for some of the costs of prescription drugs may increase demand for products for which we receive marketing approval. However, any negotiated prices for our products covered by a Part D prescription drug plan likely will be lower than the prices we might otherwise obtain. Moreover, while the MMA applies only to drug benefits for Medicare beneficiaries, private third-party payors often follow Medicare coverage policy and payment limitations in setting their own payment rates.

The United States government, state legislatures and foreign governments have shown significant interest in implementing cost containment programs to limit the growth of government-paid healthcare costs, including price-controls, restrictions on reimbursement and requirements for substitution of generic products for branded prescription drugs. For example, the Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act of 2010, or collectively, the ACA, was passed which substantially changed the way healthcare is financed by both the government and private insurers, and significantly impacts the U.S. pharmaceutical industry. The ACA contains provisions that may reduce the profitability of drug products through increased rebates for drugs reimbursed by Medicaid programs, extension of Medicaid rebates to Medicaid managed care plans, mandatory discounts for certain Medicare Part D beneficiaries and annual fees based on pharmaceutical companies' share of sales to federal health care programs. The Medicaid Drug Rebate Program requires pharmaceutical manufacturers to enter into and have in effect a national rebate agreement with the U.S. Department of Health and Human Services, or HHS, Secretary as a condition for states to receive federal matching funds for the manufacturer's outpatient drugs furnished to Medicaid patients. The ACA made several changes to the Medicaid Drug Rebate Program, including increasing pharmaceutical manufacturers' rebate liability by raising the minimum basic Medicaid rebate on most branded prescription drugs from 15.1% of average manufacturer price, or AMP, to 23.1% of AMP and adding a new rebate calculation for "line extensions" (i.e., new formulations, such as extended release formulations) of solid oral dosage forms of branded products, as well as potentially impacting their rebate liability by modifying the statutory definition of AMP. The ACA also expanded the universe of Medicaid utilization subject to drug rebates by requiring pharmaceutical manufacturers to pay rebates on Medicaid managed care utilization and by enlarging the population potentially eligible for Medicaid drug benefits. Additionally, for a drug product to receive federal reimbursement under the Medicaid or Medicare Part B programs or to be sold directly to U.S. government agencies, the manufacturer must extend discounts to entities eligible to participate in the 340B drug pricing program. The required 340B discount on a given product is calculated based on the AMP and Medicaid rebate amounts reported by the manufacturer.

Some of the provisions of the ACA have yet to be implemented, and there have been judicial and Congressional challenges to certain aspects of the ACA, as well as recent efforts by the Trump administration to repeal or replace certain aspects of the ACA. Since January 2017, President Trump has signed two Executive Orders and other directives designed to delay the implementation of certain provisions of the ACA or otherwise circumvent some of the requirements for health insurance mandated by the ACA. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, two bills affecting the implementation of certain taxes under the ACA have passed. On December 22, 2017, President Trump signed into law new federal tax legislation commonly referred to as the Tax Cuts and Jobs Act, or the Tax Act, which includes a provision repealing, effective January 1, 2019, the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." On January 22, 2018, President Trump signed a continuing resolution on appropriations for fiscal year 2018 that delayed the implementation of certain ACA-mandated fees, including the so-called "Cadillac" tax on certain high cost employer-sponsored insurance plans, the annual fee imposed on certain health insurance providers based on market share, and the medical device excise tax on non-exempt medical devices. The Bipartisan Budget Act of 2018, or the BBA, among other things, amended the ACA, effective January 1, 2019, to close the coverage gap in most Medicare Part D drug plans. In December 2018, CMS published a new final rule permitting further collections and payments to and from certain ACA-qualified health plans and health insurance issuers under the ACA risk adjustment program in response to the

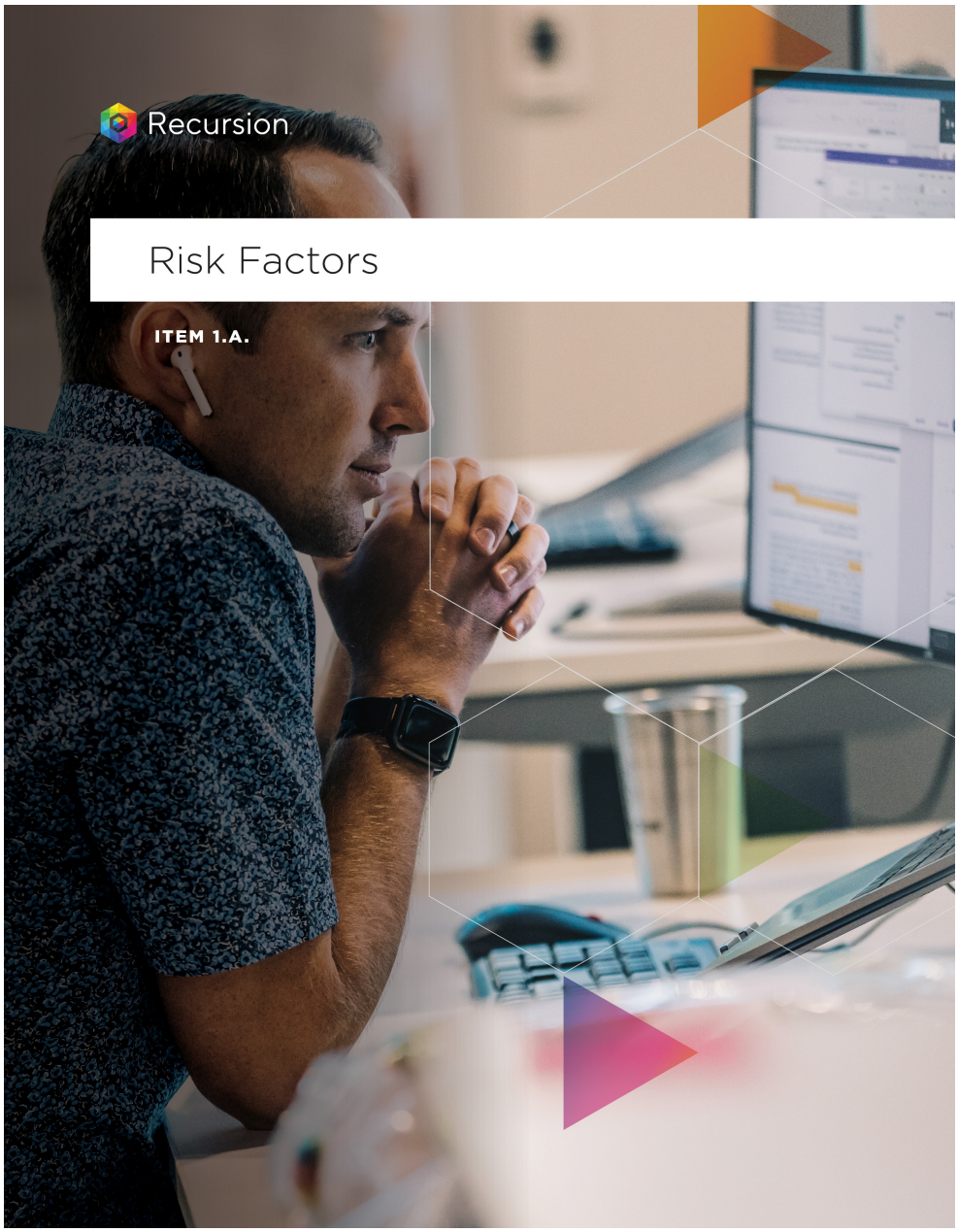
outcome of federal district court litigation regarding the method CMS uses to determine this risk adjustment. On December 14, 2018, a Texas U.S. District Court Judge ruled that the ACA is unconstitutional in its entirety because the "individual mandate" was repealed by Congress as part of the Tax Act. While the Texas U.S. District Court Judge, as well as the Trump administration and CMS, have stated that the ruling will have no immediate effect pending appeal of the decision, it is unclear how this decision, subsequent appeals and other efforts to repeal and replace the ACA will impact the ACA.

Other legislative changes have been proposed and adopted in the United States since the ACA was enacted. These changes included aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, effective April 1, 2013, which, due to subsequent legislative amendments, will stay in effect through 2029 unless additional congressional action is taken. In January 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, which, among other things, reduced Medicare payments to several providers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These new laws may result in additional reductions in Medicare and other healthcare funding, which could have a material adverse effect on customers for our drugs, if approved, and accordingly, our financial operations.

Additionally, there has been heightened governmental scrutiny recently over the manner in which drug manufacturers set prices for their marketed products, which has resulted in several Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs and reform government program reimbursement methodologies for drug products. For example, at the federal level, the Trump administration's budget proposals for fiscal years 2019 and 2020 contain further drug price control measures that could be enacted during the budget process or in other future legislation, including, for example, measures to permit Medicare Part D plans to negotiate the price of certain drugs under Medicare Part B, to allow some states to negotiate drug prices under Medicaid, and to eliminate cost sharing for generic drugs for low-income patients. Additionally, the Trump administration's budget proposals for fiscal years 2019 and 2020 contain further drug price control measures that could be enacted during the budget process or in other future legislation, including, for example, measures to permit Medicare Part D plans to negotiate the price of certain drugs under Medicare Part B, to allow some states to negotiate drug prices under Medicaid, and to eliminate cost sharing for generic drugs for low-income patients. Additionally, the Trump Administration released a "Blueprint" to lower drug prices and reduce out of pocket costs of drugs that contains additional proposals to increase manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products and reduce the out of pocket costs of drug products paid by consumers. Although a number of these and other measures may require additional authorization to become effective, Congress and the Trump administration have each indicated that it will continue to seek new legislative and/or administrative measures to control drug costs. At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

Corporate Information

Our principal executive office is located at 41 S Rio Grande Street, Salt Lake City, UT 84101. Our telephone number is (385) 269-0203. Our website is www.recursion.com. Information contained in, or that can be accessed through, our website is not a part of, and is not incorporated into, this report.


Recursion
Risk Factors
ITEM 1.A.

Item 1A. Risk Factors.

You should carefully consider the risks and uncertainties described below, together with all of the other information contained in this Annual Report on Form 10-K and our other public filings with the SEC, before making investment decisions regarding our common stock. The risks described below are not the only risks we face. The occurrence of any of the following risks, or of additional risks and uncertainties not presently known to us or that we currently believe to be immaterial, could cause our business, prospects, operating results, and financial condition to be materially and adversely affected.

RISKS RELATED TO OUR LIMITED OPERATING HISTORY, FINANCIAL POSITION, AND NEED FOR ADDITIONAL CAPITAL

We are a clinical-stage biotechnology company with a limited operating history and no products approved by regulators for commercial sale, which may make it difficult to evaluate our current and future business prospects.

Since our inception in November 2013, we have focused substantially all of our efforts and financial resources on building our drug discovery platform and developing our initial drug candidates. All of our drug candidates are still in the discovery, preclinical development, or clinical stages. Before we can commercialize our drug candidates, they require, among other steps, clinical success; development of internal or external manufacturing capacity and marketing expertise; and regulatory approval by the U.S. Food and Drug Administration (FDA) and other applicable jurisdictions. We have no products approved for commercial sale and we can provide no assurance that we will obtain regulatory approvals to market and sell any drug products in the future. We therefore have never generated any revenue from drug product sales, and we do not expect to generate any revenue from drug product sales in the foreseeable future. Until we successfully develop and commercialize drug candidates, which may never occur, we expect to finance our operations through a combination of equity offerings, debt financings, and strategic collaborations or similar arrangements. Biopharmaceutical product development is a highly speculative undertaking and involves a substantial degree of risk. For these and other reasons discussed elsewhere in this Risk Factors section, it may be difficult to evaluate our current business and our future prospects.

We have incurred significant operating losses since our inception and anticipate that we will incur continued losses for the foreseeable future.

We have incurred net losses in each year since our inception. We had an accumulated deficit of $399.2 million as of December 31, 2021. Substantially all of our operating losses have resulted from costs incurred in connection with research and development efforts, including clinical studies, and from general and administrative costs associated with our operations. We expect our operating expenses to significantly increase as we continue to invest in research and development efforts and the commencement and continuation of clinical trials of our existing and future drug candidates. We also continue to incur additional costs associated with operating as a public company. As a result, we expect to continue to incur substantial and increasing operating losses for the foreseeable future. Our prior losses, combined with expected future losses, have had, and will continue to have, an adverse effect on our stockholders' deficit and working capital. Because of the numerous risks and uncertainties associated with developing pharmaceutical products and new technologies, we are unable to predict the extent of any future losses or when we will become profitable, if at all. Even if we do become profitable, we may not be able to sustain or increase our profitability on a quarterly or annual basis.

We will need to raise substantial additional funding. If we are unable to raise capital when needed, we would be forced to delay, reduce, or eliminate at least some of our product development programs, business development plans, strategic investments, and potential commercialization efforts, and to possibly cease operations.

Our mission, to decode biology and deliver new drugs to the patients who need them, is broad, expensive to achieve, and will require substantial additional capital in the future. We have programs throughout the stages of development including clinical, preclinical, late discovery and early discovery. We expect our expenses to increase in connection with our ongoing activities as we continue the research and development of, initiate clinical trials of, and potentially seek marketing approval for, our current drug candidates, and as we add to our pipeline what we believe will be an accelerating number of additional programs. Preclinical and clinical testing is expensive and can take many years, so we will need supplemental funding to complete these undertakings. If our drug candidates are

eventually approved by regulators, we will require significant additional funding in order to launch and commercialize our products.

Our future capital requirements will depend on, and could increase significantly as a result of, many factors, including:

- the number of drug candidates that we pursue and their development requirements;
- the scope, progress, results, and costs of our current and future preclinical and clinical trials;
- the costs, timing, and outcome of regulatory review of our drug candidates;
- if we obtain marketing approval for any current or future drug candidates, expenses related to product sales, marketing, manufacturing, and distribution;
- our ability to establish and maintain collaborations, licensing, and other strategic arrangements on favorable terms, and the success of such collaborations, licensing, and strategic arrangements;
- the impact of any business interruptions to our operations or to the operations of our manufacturers, suppliers, or other vendors, including the timing and enrollment of participants in our planned clinical trials, resulting from the COVID-19 pandemic, global supply chain issues or other force majeure events;
- the extent to which we acquire or invest in businesses, products, and technologies;
- the costs of preparing, filing, and prosecuting patent and other applications covering our intellectual property; maintaining, protecting, and enforcing our intellectual property rights; and defending intellectual property-related claims of third parties;
- our headcount growth and associated costs as we expand our business operations and our research and development activities, including into new geographies;
- the increase in salaries and wages and the extension of benefits required to retain, attract and motivate qualified personnel;
- the increases in costs of components necessary for our business;
- inflation;
- the costs of any commitments to become carbon neutral by 2030 and other environmental, social and governance goals;
- the costs of operating as a public company.

We historically have financed our operations primarily through private placements of our convertible preferred stock and through the net proceeds from our initial public offering completed on April 20, 2021. We expect that our existing cash position and short-term investments as of the date of this Annual Report on Form 10-K will be sufficient to fund our operating expenses and capital expenditures for at least the next 12 months. However, identifying potential drug candidates and conducting preclinical development testing and clinical trials is a time-consuming, expensive, and uncertain process that takes years to complete, and we may never generate the necessary data or results required to obtain marketing approval and achieve product sales. In addition, our drug candidates, even if approved, may not achieve commercial success. We do not anticipate that our commercial revenues, if any, will be derived from sales of products for at least several years. Accordingly, we will need to continue to rely on additional financing to achieve our business objectives, and we may need to raise substantial additional funds sooner than expected.

Until such time, if ever, as we can generate substantial revenues, we expect to finance our cash needs potentially through a combination of private and public equity offerings and debt financings, as well as strategic collaborations, partnerships, and licensing arrangements. We do not have any committed external source of funds other than amounts payable by Takeda Pharmaceutical Company Limited (Takeda), by Bayer AG (Bayer) under and by Genentech, Inc. and F. Hoffmann-La Roche Ltd (together, Roche Genentech) collaboration agreements. Disruptions in the financial markets in general, due to the COVID-19 pandemic, U.S. debt ceiling and budget deficit concerns,

and other geo-political issues, may make equity and debt financing more difficult to obtain. We cannot be certain that future financing will be available in sufficient amounts or on terms acceptable to us, if at all. If we are unable to raise additional funds through equity or debt financings, or strategic collaborations or similar arrangements, on a timely basis and satisfactory terms, we may be required to significantly curtail, delay, or discontinue one or more of our research and development programs or the future commercialization of any drug candidate, or we may be unable to expand our operations or otherwise capitalize on our business opportunities as desired. Any of these circumstances could materially and adversely affect our business and results of operations and may cause us to cease operations.

Raising additional capital may cause dilution to our stockholders, restrict our operations, require us to relinquish rights to our technologies or drug candidates, and divert management's attention from our core business.

The terms of any financing we obtain may adversely affect the holdings or rights of our stockholders, and the issuance of additional securities, whether equity or debt, or the possibility of such issuance, may cause the market price of our shares to decline. To the extent that we raise additional capital through the sale of Class A common stock or securities convertible or exchangeable into Class A common stock, our stockholders' ownership interests will be diluted. Moreover, the terms of those securities may include liquidation or other preferences that materially and adversely affect our stockholders' rights as a common stockholder. Debt financing, if available, would result in increased fixed payment obligations. In addition, we may be required to agree to certain restrictive covenants, which could adversely impact our ability to make capital expenditures, declare dividends, or otherwise conduct our business. We also may need to raise funds through additional strategic collaborations, partnerships, or licensing arrangements with third parties at an earlier stage than would be desirable. Such arrangements could require us to relinquish rights to some of our technologies or drug candidates, future revenue streams, or research programs, or otherwise agree to terms unfavorable to us. Fundraising efforts have the potential to divert our management's attention from our core business or create competing priorities, which may adversely affect our ability to develop and commercialize our drug candidates and technologies.

We are engaged in strategic collaborations and we intend to seek to establish additional collaborations, including for the clinical development or commercialization of our drug candidates. If we are unable to establish collaborations on commercially reasonable terms or at all, or if current and future collaborations are not successful, we may have to alter our development and commercialization plans.

Our product development programs and the potential commercialization of our drug candidates will require substantial additional cash to fund expenses. To date our operating revenue has primarily been generated through funded research and development agreements with Roche Genentech, Takeda, and Bayer. For example, in December 2021, we entered into a Collaboration and License Agreement with Roche Genentech (the Roche Genentech Agreement) for discovery of small molecule drug candidates with the potential to treat key areas of neuroscience and an oncology indication, and we received a non-refundable upfront payment of $150.0 million in January 2022. We intend to seek additional strategic collaborations, partnerships, and licensing arrangements with pharmaceutical and biotechnology companies. In the near term, the value of our company will depend in part on the number and quality of the collaborations and similar arrangements that we create. Whether we reach a definitive agreement for a collaboration will depend, among other things, on our assessment of the collaborator's resources and expertise, the terms and conditions of the proposed collaboration, and the potential collaborator's evaluation of a number of factors. Those factors may include, among others, (i) our technologies and capabilities; (ii) our intellectual property position with respect to the subject drug candidate; (iii) the design or results of clinical trials; (iv) the likelihood of approval by the FDA and similar regulatory authorities outside the U.S.; (v) the potential market for the subject drug candidate; (vi) potential competing products; and (vii) industry and market conditions generally. In addition, the significant number of business combinations among large pharmaceutical companies has resulted in a reduced number of potential future collaborators.

Collaborations and similar arrangements are complex and time-consuming to negotiate and document. We may have to relinquish valuable rights to our product candidates, intellectual property, or future revenue streams, or grant licenses on terms that are not favorable to us or in instances where it would have been more advantageous for us to retain sole development and commercialization rights. We may be restricted under collaboration agreements from entering into future agreements on certain terms with other potential collaborators. In addition, management of our relationships with collaborators will require (i) significant time and effort from our management team; (ii)

coordination of our marketing and research and development programs with the marketing and research and development priorities of our collaborators; and (iii) effective allocation of our resources to multiple projects.

Collaborations and similar arrangements may never result in the successful development or commercialization of drug candidates or the generation of sales revenue. The success of these arrangements will depend heavily on the efforts and activities of our collaborators. Collaborators generally have significant discretion in determining the efforts and resources that they will apply to these collaborations, and they may not pursue or prioritize the development and commercialization of partnered drug candidates in a manner that is in our best interests. Product revenues arising from collaborations are likely to be lower than if we directly marketed and sold products. Disagreements with collaborators regarding clinical development or commercialization matters can lead to delays in the development process or commercialization of the applicable drug candidate and, in some cases, the termination of the collaboration arrangement. These disagreements can be difficult to resolve if neither of the parties has final decision-making authority. Collaborations with pharmaceutical or biotechnology companies or other third parties often are terminated or allowed to expire by the other party. Any such termination or expiration would adversely affect us financially and could harm our business reputation. If we were to become involved in arbitration or litigation with any of our collaborators, it would consume time and divert management resources away from operations, damage our reputation, and impact our ability to enter into future collaboration agreements, and may further result in substantial payments from us to our collaborators to settle any disputes.

We may not be able to establish additional strategic collaborations and similar arrangements on a timely basis, on acceptable terms, or at all, and to maintain and successfully conclude them. Collaborative relationships with third parties could cause us to expend significant resources and incur substantial business risk with no assurance of financial return. If we are unable to establish or maintain strategic collaborations and similar arrangements on terms favorable to us and realize the intended benefits, our research and development efforts and potential to generate revenue may be limited and our business and operating results could be materially and adversely impacted.

We have no products approved for commercial sale and have not generated any revenue from product sales. We or our current and future collaborators may never successfully develop and commercialize our drug candidates, which would negatively affect our results of operation and our ability to continue our business operations.

Our ability to become profitable depends upon our ability to generate substantial revenue in an amount necessary to offset our expenses. As of December 31, 2021, we have not generated any revenue from our drug candidates or technologies, other than limited grant revenues, as well as payments under collaboration agreements, including the Roche Genentech Agreement. We expect to continue to derive most of our revenue in the near future from collaborations. We do not expect to generate significant revenue unless and until we progress our drug candidates through clinical trials and obtain marketing approval of, and begin to sell, one or more of our drug candidates, or we otherwise receive substantial licensing or other payments under our collaborations. Even if we obtain market approval for our drug candidates, one or more of them may not achieve commercial success.

Commercialization of our drug candidates depends on a number of factors, including but not limited to our ability to:

- successfully complete preclinical studies;
- obtain approval of Investigational New Drug (IND) applications by the FDA and similar regulatory approvals outside the U.S., allowing us to commence clinical trials;
- successfully enroll subjects in, and complete, clinical trials;
- receive regulatory approvals from applicable regulatory authorities;
- establish commercial manufacturing capabilities or make arrangements with third-party manufacturers for clinical supply and commercial manufacturing;
- obtain patent and trade secret protection or regulatory exclusivity for our drug candidates, and maintain, protect, defend, and enforce such intellectual property rights;
- launch commercial sales of our drug products, whether alone or in collaboration with other parties;

- obtain and maintain acceptance of our drug products by patients, the medical community, and third-party payors, and effectively compete with other therapies;
- obtain and maintain coverage of and adequate reimbursement for our drug products, if and when approved, by medical insurance providers; and
- demonstrate a continued acceptable safety profile of drug products following marketing approval.

If we do not achieve one or more of these factors in a timely manner or at all, we could experience significant delays or an inability to successfully commercialize our drug candidates, which would materially harm our business.

Our current or future collaborators would similarly need to be effective in the above activities as they pertain to the collaborators in order to successfully develop drug candidates. We and they may never succeed in developing and commercializing drug candidates. And even if we do, we may never generate revenues that are significant enough to achieve profitability; or even if our collaborators do, we may not receive option fees, milestone payments, or royalties from them that are significant enough for us to achieve profitability. Even if we achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would eventually depress our value and could impair our ability to raise capital, expand our business, maintain our research and development efforts, develop a pipeline of drug candidates, enter into collaborations, or even continue our operations.

Our quarterly and annual operating results may fluctuate significantly due to a variety of factors and could fall below our expectations or the expectations of investors or securities analysts, which may cause our stock price to fluctuate or decline.

The amount of our future losses, and when we might achieve profitability, is uncertain, and our quarterly and annual operating results may fluctuate significantly for various reasons, including the following:

- the timing of, and our levels of investment in, research and development activities relating to our drug candidates;
- the timing of, and status of staffing and enrollment for, clinical trials;
- the results of clinical trials for our drug candidates, including whether there are any unexpected health or safety concerns with our drug candidates and whether we receive marketing approval for them;
- commercialization of competing drug candidates or any other change in the competitive landscape of our industry, including consolidation among our competitors or partners;
- the timing and cost of manufacturing our drug candidates;
- additions and departures of key personnel;
- the level of demand for our drug candidates should they receive approval, which may vary significantly;
- changes in the regulatory environment or market or general economic conditions;
- the increase in salaries and wages and the extension of benefits required to retain, attract and motivate qualified personnel;
- the increases in costs of components necessary for our business; and
- inflation.

The occurrence of one or more of these or other factors could result in large fluctuations and unpredictability in our quarterly and annual operating results. As a result, comparing our operating results on a period-to-period basis may not be meaningful. This variability and unpredictability could also result in our failing to meet any forecasts we provide to the market, or the expectations of industry or financial analysts or investors, for any period. If one or more of these events occur, the price of our Class A common stock could decline substantially.

If we engage in future acquisitions or strategic partnerships, this may increase our capital requirements, dilute our stockholders' equity, cause us to incur debt or assume contingent liabilities, and subject us to other risks.

We may engage in acquisitions and strategic partnerships in the future, including by licensing or acquiring complementary products, intellectual property rights, technologies, or businesses. Any acquisition or strategic partnership may entail numerous risks, including:

- increased operating expenses and cash requirements;
- the assumption of indebtedness or contingent liabilities;
- the issuance of our equity securities, which would result in dilution to our stockholders' equity;
- difficulties in assimilating operations, intellectual property, products, and drug candidates of an acquired company, and with integrating new personnel;
- the diversion of our management's attention from our existing product programs and initiatives, even if we are unable to complete such proposed transaction;
- our ability to retain key employees and maintain key business relationships;
- uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing products or drug candidates and ability to obtain regulatory approvals; and
- our inability to generate revenue from acquired intellectual property, technology, and/or products sufficient to meet our objectives or even to offset the associated transaction and maintenance costs.

In addition, if we undertake such a transaction, we may assume or incur debt obligations, incur a large one-time expense, or acquire intangible assets, which could result in significant future amortization expense and adversely impact our results of operations.

Costs of components necessary for our business increasing more rapidly could reduce profitability.
The costs of components necessary for our business have risen significantly in recent years and will likely continue to increase given stringency of demands. Competition and fixed price contracts may limit our ability to maintain existing operating margins. Costs increasing more rapidly than market prices may increase our net loss and may have a material adverse impact on our business and results of operations.

RISKS RELATED TO THE DISCOVERY AND DEVELOPMENT OF DRUG CANDIDATES

Our approach to drug discovery is unique and may not lead to successful drug products for various reasons, including but not limited to challenges identifying mechanisms of action for our candidates.

We image cells and use cell morphology to understand how a diseased cell responds to drugs and if or when it appears normal. If studying the shape, structure, form, and size of cells does not prove to be an accurate way to better understand diseases or does not lead to the biological insights or viable drug candidates we anticipate, our drug discovery platform may not be useful or may not lead to successful drug products, or we may have to move to a new business model, any of which could have an adverse effect on our reputation and results of operations. If the mechanism of action of a drug candidate is unknown, it may be more difficult to choose the best lead to optimize from an efficacy standpoint and to avoid potential off-target side effects that could affect safety. Such uncertainty could make it more difficult to form partnerships with larger pharmaceutical companies, as the expenses involved in late-phase clinical trials increase the level of risk related to potential efficacy and/or safety concerns and may pose challenges to IND and/or New Drug Application (NDA) approval by the FDA or other regulatory agencies.

Our drug candidates are in preclinical or clinical development, which are lengthy and expensive processes with uncertain outcomes and the potential for substantial delays.

Our current drug candidates are in preclinical or clinical development. Before we can bring any drug candidate to market, we must, among other things, complete preclinical studies, have the candidate manufactured to appropriate

specifications, conduct extensive clinical trials to demonstrate safety and efficacy in humans, and obtain marketing approval from the FDA and other appropriate regulatory authorities, which we have not yet demonstrated our ability to do. Clinical testing is expensive, difficult to design and implement, can take many years to complete, and is uncertain as to outcome. A failure of a clinical trial can occur at any stage of testing. The outcome of preclinical development testing and early clinical trials may not be predictive of the success of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. We may accelerate development from cell models in our drug discovery platform directly to patients without validating results through animal studies or validate results in animal studies at the same time as we conduct Phase 1 clinical trials. This approach could pose additional risks to our success if the effect of certain of our drug candidates on diseases has not been tested in animals prior to testing in humans.

We have several clinical-stage drug candidates focused on rare, monogenic diseases, and we anticipate filing IND applications with the FDA or other regulators for Phase 1 or Phase 2 studies, as applicable, for the drug candidates. We may not be able to file such INDs, or INDs for any other drug candidates, and begin such studies, on the timelines we expect, if at all, and any such delays could impact any additional product development timelines. Moreover, we cannot be sure that submission of an IND will result in the FDA or other regulators allowing further clinical trials to begin or that, once begun, issues will not arise that require us to suspend or terminate clinical trials. Commencing each of these clinical trials is subject to finalizing the trial design based on discussions with the FDA and other regulatory authorities. These regulatory authorities could change their guidance at any time, which may require us to complete additional or longer clinical trials, or they may impose stricter approval conditions than we currently expect. Successful completion of our clinical trials is a prerequisite to submitting an NDA to the FDA, as well as a Marketing Authorization Application (MAA) to the European Medicines Agency (EMA) and the Medicines and Healthcare Products Regulatory Agency (MHRA) for each drug candidate and, consequently, to the ultimate approval and commercial marketing of each drug candidate. We do not know whether any of our future clinical trials will begin on time or be completed on schedule, if at all.

We may experience delays in completing our preclinical studies and initiating or completing clinical trials, or numerous unforeseen events during, or as a result of, any clinical trials, that could require us to incur additional costs or delay or prevent our ability to receive marketing approval or to commercialize our drug candidates, including those related to one or more of the following:

- regulators, Institutional Review Boards (IRBs), or ethics committees may not authorize us or our investigators to commence a clinical trial or to conduct a clinical trial at a prospective trial site;
- we may have difficulty reaching, or fail to reach, agreement on acceptable terms with prospective trial sites and prospective Contract Research Organizations (CROs), the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- the number of participants required for clinical trials of our drug candidates may be larger than we anticipate, enrollment in these clinical trials may be slower than we anticipate, or participants may drop out of clinical trials or fail to return for post-treatment follow-up at a higher rate than we anticipate;
- our third-party contractors may fail to comply with regulatory requirements, fail to meet their contractual obligations to us in a timely manner or at all, deviate from the clinical trial protocol, or drop out of a trial, which may require that we add new clinical trial sites or investigators;
- the supply or quality of our drug candidates or the other materials necessary to conduct clinical trials of our drug candidates may be insufficient, delayed, or inadequate;
- the occurrence of delays in the manufacturing of our drug candidates;
- reports may arise from preclinical or clinical testing of other therapies that raise safety, efficacy, or other concerns about our drug candidates; and
- clinical trials may produce inconclusive or negative results about our drug candidates, including that candidates have undesirable side effects or other unexpected characteristics, in which event, we may decide – or our investigators or regulators, IRBs, or ethics committees may require us — to suspend the trials in order to conduct additional studies or to terminate the trials.

From time to time as we move through the stages of development, we may publish interim top-line or preliminary data from our clinical trials. Interim data from clinical trials are subject to the risk that one or more of the clinical outcomes may materially change as enrollment of participants continues and more data become available. Preliminary or top-line data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, interim and preliminary data should be viewed with caution until the final data are available. Adverse differences between preliminary or interim data and final data could significantly harm our business prospects.

Our product development costs will increase if we experience delays in testing or regulatory approvals. We do not know whether any of our future clinical trials will begin as planned, or whether any of our current or future clinical trials will need to be restructured or will be completed on schedule, if at all. If we decide or are required to suspend or terminate a clinical trial, we may elect to abandon product development for that program. Significant preclinical study or clinical trial delays, including those caused by the COVID-19 pandemic, also could shorten any periods during which we may have the exclusive right to commercialize our drug candidates or could allow our competitors to bring products to market before we do and impair our ability to successfully commercialize our drug candidates. Any delays in or unfavorable outcomes from our preclinical or clinical development programs may significantly harm our business, operating results, and prospects.

If we experience delays or difficulties in the enrollment of patients in clinical trials, our receipt of necessary regulatory approvals could be delayed or prevented.

We may not be able to initiate, continue, and complete clinical trials for current or future drug candidates if we are unable to locate and timely enroll a sufficient number of eligible participants in these trials as required by the FDA or similar regulatory authorities outside the United States. The process of finding potential participants may prove costly and our ability to enroll eligible participants may be limited or may result in slower enrollment than we anticipate due to a number of factors, including:

- the severity of the disease under investigation;
- the eligibility criteria for the clinical trial in question, including that participants have specific characteristics or diseases;
- the availability of an appropriate genomic screening test;
- the perceived risks and benefits of the drug candidate under study;
- difficulties in identifying, recruiting, and enrolling a sufficient number of participants to complete our clinical studies;
- our ability to recruit clinical trial investigators with the appropriate competencies and experience;
- the referral practices of physicians;
- whether competitors are conducting clinical trials for drug candidates that treat the same indications as ours, and the availability and efficacy of competing therapies;
- our ability to monitor participants adequately during and after the trial and to maintain participant informed consent and privacy;
- the proximity and availability of clinical trial sites for prospective participants;
- pandemics such as the COVID-19 pandemic, natural disasters, global political instability, warfare, or other external events that may limit the availability of participants, principal investigators, study staff, or clinical sites; and
- the risk that enrolled participants will not complete a clinical trial.

If individuals are unwilling to participate in or complete our studies for any reason, or we experience other difficulties with enrollment or participation, the timeline for recruiting participants, conducting studies, and obtaining regulatory approval of potential products may be delayed.

Our planned clinical trials, or those of our current and potential future collaborators, may not be successful or may reveal significant adverse events not seen in our preclinical or nonclinical studies, which may result in a safety profile that could inhibit regulatory approval or market acceptance of any of our drug candidates.

Before obtaining regulatory approvals for the commercial sale of any products, we must demonstrate through preclinical studies and clinical trials that our drug candidates are both safe and effective for use in each target indication. Failure can occur at any time during the clinical trial process. The results of preclinical studies and early clinical trials of our drug candidates may not be predictive of the results of later-stage clinical trials, and initial success in clinical trials may not be indicative of results obtained when such trials are completed. There is typically an extremely high rate of attrition from the failure of drug candidates proceeding through clinical trials. Drug candidates in later stages of clinical trials also may fail to show the desired safety and efficacy profile despite having progressed through nonclinical studies and initial clinical trials. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to lack of efficacy or unacceptable safety issues, notwithstanding promising results in earlier trials. Most drug candidates that commence clinical trials are never approved as products, and there can be no assurance that any of our current or future clinical trials will ultimately be successful or support further clinical development of any of our drug candidates.

As is the case with many treatments for rare diseases and other conditions, there have been, and it is likely that in the future there may be, side effects associated with the use of our drug candidates. Moreover, if we develop drug candidates in combination with one or more disease therapies, it may be more difficult to accurately predict side effects.

If significant adverse events or other side effects are observed in any of our current or future drug candidates, we may have difficulty recruiting participants in our clinical trials, they may drop out of our trials, or we may be required to abandon the trials or our development efforts of one or more drug candidates altogether. We, the FDA or other applicable regulatory authorities, or an IRB may suspend or terminate clinical trials of a drug candidate at any time for various reasons, including a belief that subjects in such trials are being exposed to unacceptable health risks or adverse side effects. Some potential therapeutics developed in the biotechnology industry that initially showed therapeutic promise in early-stage trials were later found to cause side effects that prevented their further development. Even if the side effects do not preclude the product from obtaining or maintaining marketing approval, undesirable side effects may inhibit market acceptance of the approved product due to its tolerability versus other therapies. Any of these developments could materially harm our business, operating results, and prospects.

We conduct clinical trials for our drug candidates outside the United States, and the FDA and similar foreign regulatory authorities may not accept data from such trials.

We have started to conduct additional clinical trials outside the United States in the Netherlands, and may in the future choose to conduct additional clinical trials outside the United States in locations that may include Australia, Europe, Asia, or other jurisdictions. FDA acceptance of trial data from clinical trials conducted outside the United States may be subject to certain conditions. In cases where data from clinical trials conducted outside the United States are intended to serve as the sole basis for marketing approval in the United States, the FDA will generally not approve the application on the basis of foreign data alone unless (i) the data are applicable to the United States population and United States medical practice; (ii) the trials are performed by clinical investigators of recognized competence; and (iii) the data may be considered valid without the need for an on-site inspection by the FDA or, if the FDA considers such an inspection to be necessary, the FDA is able to validate the data through an on-site inspection or other appropriate means. Additionally, the FDA's clinical trial requirements, including a sufficiently large size of trial populations and statistical powering, must be met. Many foreign regulatory bodies have similar approval requirements. In addition, such foreign trials would be subject to the applicable local laws of the foreign jurisdictions where the trials are conducted. There can be no assurance that the FDA or any similar foreign regulatory authority will accept data from trials conducted outside of the United States or the applicable jurisdiction. If the FDA or any similar foreign regulatory authority does not accept such data, it would result in the need for

additional trials, which would be costly and time-consuming and delay aspects of our business plan, and which may result in our drug candidates not receiving approval or clearance for commercialization in the applicable jurisdiction.

Following the United Kingdom's departure from the EU (referred to as Brexit) on January 31, 2020, and the end of the "transition period" on December 31, 2020, the EU and the United Kingdom entered into a trade and cooperation agreement that governs certain aspects of their future relationship, including the assurance of tariff-free trade for certain goods and services. As the regulatory framework for pharmaceutical products in the United Kingdom is derived from EU directives and regulations, Brexit will materially impact the future regulatory regime that applies to products and the approval of drug candidates in the United Kingdom. Longer term, the United Kingdom is likely to develop its own legislation that diverges from that in the EU.

It is difficult to establish with precision the incidence and prevalence for target patient populations of our drug candidates. If the market opportunities for our drug candidates are smaller than we estimate, or if any approval that we obtain is based on a narrower definition of the patient population, our revenue and ability to achieve profitability will be adversely affected, possibly materially.

Even if approved for commercial sale, the total addressable market for our drug candidates will ultimately depend upon, among other things, (i) the diagnosis criteria included in the final label and whether our drug candidates are approved for these indications; (ii) acceptance by the medical community; and (iii) patient access, product pricing, and reimbursement by third-party payors. The number of patients targeted by our drug candidates may turn out to be lower than expected, patients may not be amenable to treatment with our products, or new patients may become increasingly difficult to identify or gain access to, all of which would adversely affect our results of operations and our business. Due to our limited resources and access to capital or for other reasons, we must prioritize development of certain drug candidates, which may prove to be the wrong choice and may adversely affect our business.

Although we intend to explore other therapeutic opportunities in addition to the drug candidates that we are currently developing, we may fail to identify viable new drug candidates for clinical development for a number of reasons.

Research programs to pursue the development of our existing and planned drug candidates for additional indications, and to identify new drug candidates and disease targets, require substantial technical, financial, and human resources whether or not they are ultimately successful. For example, under the Roche Genentech Agreement, we are collaborating with Roche Genentech to develop various projects related to the discovery of small molecule drug candidates with the potential to treat "key areas" of neuroscience and an oncology indication. There can be no assurance that we will find potential targets using this approach, that any such targets will be tractable, or that clinical validations will be successful. Our research programs may initially show promise in identifying potential indications and/or drug candidates, yet fail to yield results for clinical development for a number of reasons, including:

- the research methodology used may not be successful in identifying potential indications and/or drug candidates, including as a result of the limited patient sample represented in our databases and the validity of extrapolating based on insights from a particular cellular context that may not apply to other, more relevant cellular contexts;
- potential drug candidates may, after further study, be shown to have harmful side effects or other characteristics that indicate they are unlikely to be effective products; or
- it may take greater human and financial resources than we can allocate to identify additional therapeutic opportunities for our drug candidates or to develop suitable potential drug candidates through internal research programs, thereby limiting our ability to develop, diversify, and expand our product portfolio.

Because we have limited financial and human resources, we will have to prioritize and focus on certain research programs, drug candidates, and target indications while forgoing others. As a result, we may forgo or delay pursuit of opportunities with other drug candidates or for other indications that later prove to have greater commercial potential or a greater likelihood of success. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities.

Accordingly, there can be no assurance that we will ever be able to identify additional therapeutic opportunities for our drug candidates or to develop suitable potential drug candidates through internal research programs, which could materially adversely affect our future growth and prospects.

If we are unable to obtain or there are delays in obtaining required regulatory approvals for our drug candidates in the U.S. or other jurisdictions, or if approval is subject to limitations, we will be unable to commercialize, or will be delayed or limited in commercializing, the drug candidates in such jurisdiction and our ability to generate revenue may be materially impaired.

Our drug candidates and the activities associated with their development and commercialization — including their design, testing, manufacture, safety, efficacy, recordkeeping, labeling, storage, approval, advertising, promotion, sale, distribution, import, and export — are subject to comprehensive regulation by the FDA and other regulatory agencies in the United States and by comparable authorities in other countries. Before we can commercialize any of our drug candidates, we must obtain marketing approval. As of December 31, 2021, all of our drug candidates are in development and we have not received approval to market any of our drug candidates from regulatory authorities in any jurisdiction. It is possible that our current and future drug candidates will never obtain regulatory approval.

We have only limited experience in filing and supporting applications to regulatory authorities and expect to rely on CROs and/or regulatory consultants to assist us in this process. Securing regulatory approval requires the submission of extensive preclinical and clinical data and supporting information to the various regulatory authorities for each therapeutic indication to establish the drug candidate's safety and efficacy. It also requires the submission of information about the product manufacturing process to, and inspection of manufacturing facilities by, the relevant regulatory authority. Given our novel approach to drug discovery that uses our platform to generate data, regulatory authorities may not approve any of our drug candidates derived from our platform or they may elect to inspect our platform.

The process of obtaining regulatory approvals, both in the United States and abroad, is expensive and often takes many years. If the FDA or a comparable foreign regulatory authority requires that we perform additional preclinical or clinical trials, approval, if obtained at all, may be delayed. The FDA and comparable authorities in other countries have substantial discretion in the approval process and may refuse to accept any application, or they may decide that our data are insufficient for approval and require additional preclinical, clinical, or other studies. Our drug candidates could be delayed in receiving, or fail to receive, regulatory approval for many reasons, including the following:

- the FDA or comparable foreign regulatory authorities may disagree with the design or implementation of our clinical trials;
- we may not be able to enroll a sufficient number of patients in our clinical studies;
- we may be unable to demonstrate to the satisfaction of the FDA or comparable foreign regulatory authorities that a drug candidate is safe and effective for its proposed indication or that a related companion diagnostic is suitable to identify appropriate patient populations;
- a drug candidate may be only moderately effective or may have undesirable or unintended side effects, toxicities, or other characteristics;
- the results of clinical trials may not meet the level of statistical significance required by the FDA or comparable foreign regulatory authorities for approval;
- we may be unable to demonstrate that a drug candidate's clinical and other benefits outweigh its safety risks;
- the FDA or comparable foreign regulatory authorities may disagree with our interpretation of data from preclinical studies or clinical trials;

- the data collected from clinical trials of our drug candidates may not be sufficient or of sufficient quality to support the submission of an NDA or other submission or to obtain regulatory approval in the United States or elsewhere;
- the FDA or comparable foreign regulatory authorities may find deficiencies with, or fail to approve, our manufacturing processes or facilities, or those of third-party manufacturers with which we contract, for clinical and commercial supplies; and
- the approval policies or regulations of the FDA or comparable foreign regulatory authorities may significantly change such that our clinical or manufacturing data are insufficient for approval.

Even if we obtain approval, regulatory authorities may approve any of our drug candidates for fewer or more limited indications than we request, thereby narrowing the commercial potential of the drug candidate. In addition, regulatory authorities may grant approval contingent on the performance of costly post-marketing clinical trials or may approve a drug candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that drug candidate.

If are unable to obtain or experience delays in obtaining approval of our current and future drug candidates in the U.S. or other jurisdictions, or if approval is subject to limitations, the commercial prospects for the drug candidates may be harmed, and our reputation and ability to generate revenues may be materially impaired.

We may never realize a return on our investment of resources and cash in our drug discovery collaborations.

We conduct drug discovery activities for or with collaborators who are also engaged in drug discovery and development, which include pre-commercial biotechnology companies and large pharmaceutical companies. Under these collaborations, we typically provide the benefit of our drug discovery platform and platform experts who identify molecules that have activity against one or more specified targets, among other resources. In consideration, we have received, and expect to receive in the future, (i) equity investments; (ii) upfront fees; and/or (iii) the right to receive option fees, cash milestone payments upon the achievement of specified development, regulatory, or commercial sales milestones for the drug discovery targets, and potential royalties. Our ability to receive fees and payments and realize returns from our drug discovery collaborations in a timely manner, or at all, is subject to a number of risks, including but not limited to the following:

- our collaborators may incur unanticipated costs or experience delays in completing, or may be unable to complete, the development and commercialization of any drug candidates;
- collaborators have significant discretion in determining the amount and timing of efforts and resources that they will apply to our collaborations and may not perform their obligations as expected;
- collaborators may decide not to pursue development or commercialization of drug candidates for various reasons, including results of clinical trials or other studies, changes in the collaborator's strategic focus or available funding, their desire to develop products that compete directly or indirectly with our drug candidates, or external factors (such as an acquisition or industry slowdown) that divert resources or create competing priorities;
- existing collaborators and potential future collaborators may begin to perceive us to be a competitor more generally, particularly as we advance our internal drug discovery programs, and therefore may be unwilling to continue existing collaborations, or enter into new collaborations, with us;
- a collaborator may fail to comply with applicable regulatory requirements regarding the development, manufacture, distribution, or marketing of a drug candidate or product;
- disagreements with collaborators, including disagreements over intellectual property or proprietary rights, contract interpretation, or the preferred course of development, might cause delays or terminations of the research, development, or commercialization of drug candidates, or might result in litigation or arbitration;

- collaborators may not properly obtain, maintain, enforce, defend, or protect our intellectual property or proprietary rights, or they may use our proprietary information in such a way as to potentially lead to disputes or legal proceedings that could jeopardize or invalidate our or their intellectual property or proprietary rights;
- collaborators may infringe, misappropriate, or otherwise violate the intellectual property or proprietary rights of third parties, which may expose us to litigation and potential liability; and
- drug discovery collaborations may be terminated prior to our receipt of any significant value.

In addition, we may be over-reliant on our partners to provide information for molecules that we in-license, or such molecules may not be well-protected because the composition of matter patents that once protected them have expired. Moreover, we may have difficulty obtaining the quality and quantity of active pharmaceutical ingredients (API) for use in drug candidates, or we may be unable to ensure the stability of the molecule, all of which is needed to conduct clinical trials or bring a drug candidate to market. For those molecules that we are attempting to repurpose for other indications, our partners may not have sufficient data, may have poor quality data, or may not be able to help us interpret data, any of which could cause our collaboration to fail.

If any drug discovery collaborations that we enter into do not result in the successful development and commercialization of drug products that result in option fees, milestone payments, royalties, or other payments to us, we may not receive an adequate return on the resources we have invested in such collaborations, which would have an adverse effect on our business and results of operations. Further, we may not have access to, or may be restricted from disclosing, certain information regarding our collaborators' drug candidates being developed or commercialized and, consequently, may have limited ability to inform our stockholders about the status of, and likelihood of achieving, milestone payments or royalties under such collaborations.

We face substantial competition, which may result in others discovering, developing, or commercializing products before, or more successfully than, we do.

The development and commercialization of new products in the biopharmaceutical and related industries is highly competitive. There are other companies focusing on technology-enabled drug discovery to identify and develop new chemical entities that have not previously been investigated in clinical trials (NCEs) and/or known chemical entities that have been previously investigated (KCEs). Some of these competitive companies are employing scientific approaches that are the same as or similar to our approach, and others are using entirely different approaches. These companies include large pharmaceutical companies, specialty pharmaceutical companies, and biotechnology companies of various sizes worldwide. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large, established companies. Potential competitors also include academic institutions, government agencies, and other public and private research organizations. Many of the companies that we compete against, or which we may compete against in the future, have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals, and marketing approved products than we do. They may also compete with us in recruiting and retaining qualified scientific and management personnel, in establishing clinical trial sites and patient recruitment for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

Within the field of tech-enabled drug discovery, we believe that our approach utilizing a combination of wet-lab biology to generate our proprietary dataset, and the *in silico* tools in our closed-loop system, sets us apart and affords us a competitive advantage in initiating and advancing drug development programs. We further believe that the principal competitive factors to our business include (i) the accuracy of our computations and predictions; (ii) the ability to integrate experimental and computational capabilities; (iii) the ability to successfully transition research programs into clinical development; (iv) the ability to raise capital; and (v) the scalability of our platform, pipeline, and business.

Any drug candidates that we successfully develop and commercialize will compete with currently-approved therapies, and new therapies that may become available in the future, from segments of the pharmaceutical, biotechnology, and other related industries. The key competitive factors affecting the success of all of our drug candidates, if approved, are likely to be (i) their efficacy, safety, convenience, and price; (ii) the level of non-generic and generic competition; and (iii) the availability and amount of reimbursement from government

healthcare programs, commercial insurance plans, and other third-party payors. Our commercial opportunity could be reduced or eliminated if competing products are more effective, have fewer or less severe side effects, are more convenient, or are less expensive than products that we or our collaborators may develop, or if competitors obtain FDA or other regulatory approval more rapidly than us and are able to establish a strong market position before we or our collaborators are able to enter the market.

If our proprietary tools and technology and other competitive advantages do not remain in place and evolve appropriately as barriers to entry in the future, or if we and our collaboration partners are not otherwise able to effectively compete against existing and potential competitors, our business and results of operations may be materially and adversely affected.

Because we have multiple programs and drug candidates in our development pipeline and are pursuing a variety of target indications and treatment modalities, we may expend our limited resources to pursue a particular drug candidate and fail to capitalize on development opportunities or drug candidates that may be more profitable or for which there is a greater likelihood of success.

We currently focus on the development of drug candidates regardless of the treatment modality or the particular target indication. Because we have limited financial and personnel resources, we may forgo or delay pursuit of opportunities with potential target indications or drug candidates that later prove to have greater commercial potential than our current and planned development programs and drug candidates. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on current and future research and development programs and other future drug candidates for specific indications may not yield any commercially viable future drug candidates.

We and our collaborators may not achieve projected discovery and development milestones and other anticipated key events in the time frames that we or they announce, which could have an adverse impact on our business and could cause our stock price to decline.

From time to time we have made, and in the future are likely to make, public statements regarding the expected timing of certain milestones and key events, such as the commencement and completion of preclinical and clinical studies in our internal drug discovery programs as well as developments and milestones under our collaborations. Our collaborators, such as Roche Genentech, have also made public statements regarding expectations for the development of programs under collaborations with us and may in the future make additional statements about their goals and expectations for collaborations with us. The actual timing of these events can vary dramatically due to a number of factors, such as (i) delays or failures in our or our current and future collaborators' drug discovery and development programs; (ii) the amount of time, effort, and resources committed by us and our current and future collaborators; and (iii) the numerous uncertainties inherent in the development of drugs. As a result, there can be no assurance that our or our current and future collaborators' programs will advance or be completed in the time frames we or they announce or expect. If we or any collaborators fail to achieve one or more of these milestones or other key events as planned, our business and reputation could be materially adversely affected.

RISKS RELATED TO OUR PLATFORM AND DATA

We have invested, and expect to continue to invest, in research and development efforts to further enhance our drug discovery platform, which is central to our mission. If the return on these investments is lower or develops more slowly than we expect, our business and operating results may suffer.

Our drug discovery platform is central to our mission to decode biology by integrating technological innovations across biology, chemistry, automation, data science, and engineering. The platform includes the Recursion Operating System, which combines an advanced infrastructure layer to generate proprietary biological and chemical datasets, and the Recursion Map, a suite of custom software, algorithms, and machine learning tools. Our platform depends upon the continuous, effective, and reliable operation of our software, hardware, databases, and related tools and functions, as well as the integrity of our data. Our ability to develop drug candidates and increase revenue depends in large part on our ability to enhance and improve our platform. The success of any enhancement depends on several factors, including (i) innovation in hardware solutions; (ii) increased computational storage and processing capacity; (iii) development of more advanced algorithms; and (iv) generation of additional biological and chemical data, such as that necessary to our ability to identify important and emerging use cases and quickly develop new and effective innovations to address those use cases.

We have invested, and expect to continue to invest, in research and development efforts that further enhance our platform. These investments may involve significant time, risks, and uncertainties, including the risks that any new software or hardware enhancement may not be introduced in a timely or cost-effective manner; may not keep pace with technological developments; or may not achieve the functionality necessary to generate significant revenues.

Our proprietary software tools, hardware, and data sets are inherently complex. We have from time to time found defects, vulnerabilities, or other errors in our software and hardware that produce the data sets we use to discover new drug candidates, and new errors with our software and hardware may be detected in the future. The risk of errors is particularly significant when new software or hardware is first introduced or when new versions or enhancements of existing software or hardware are implemented. Errors may also result from the interface of our proprietary software and hardware tools with our data or with third-party systems and data.

If we are unable to successfully enhance our drug discovery platform, or if there are any defects or disruptions in our platform that are not timely resolved, our ability to develop new innovations and ultimately gain market acceptance of our products and discoveries could be materially and adversely impacted, and our reputation, business, and operating results could be materially harmed.

Our information technology systems and infrastructure may fail or experience security breaches that could adversely impact our business and operations and subject us to liability.

We have experienced significant growth in the complexity of our data and the software tools that our hardware infrastructure supports. We rely significantly upon information technology systems and infrastructure owned and maintained by us or by third party providers to generate, collect, store, and transmit confidential information and data (including but not limited to intellectual property, proprietary business information, and personal information) and to operate our business. We also outsource elements of our operations to, and obtain products and services from, third parties and engage in collaborations for drug discovery with third parties, each of which has or could have access to our confidential information.

We deploy and operate an array of technical and procedural controls to reduce the risks to our information technology systems and infrastructure and to maintain the confidentiality and integrity of our data, and we expect to continue to incur significant costs on detection and prevention efforts. Despite these measures, our information technology and other internal infrastructure systems face the risk of failures, security breaches, or other harm from various causes or sources, and third parties with whom we share confidential information may also experience similar events that materially impact us. These causes or sources include:

- service interruptions;
- system malfunctions;
- computer viruses;
- natural disasters;
- global political instability;
- warfare;
- telecommunication and electrical failures;
- inadvertent or intentional actions by our employees or third-party providers; and
- cyber-attacks by malicious third parties, including the deployment of malware, ransomware, denial-of-service attacks, social engineering, and other means to affect service reliability and threaten the confidentiality, integrity, and availability of information.

With respect to cyber-attacks, the techniques used by cyber criminals change frequently, may not be recognized until launched, and can originate from a wide variety of sources, including outside groups and individuals with a range of motives (including industrial espionage) and expertise, such as organized crime affiliates, terrorist organizations, or hostile foreign governments or agencies. The costs to us to investigate and mitigate cybersecurity incidents in particular could be significant. We may not be able to anticipate all types of security threats and

implement preventive measures effective against all such threats. In addition, in response to the COVID-19 pandemic, an increased amount of work is occurring remotely, including through the use of mobile devices. This could increase our cybersecurity risk, create data accessibility concerns, and make us more susceptible to communication disruptions.

We have experienced, and may continue to experience, cyber-attacks, security breaches, and other system failures, although to our knowledge we have not experienced any material interruption or incident as of December 31, 2021. The loss, corruption, unavailability of, or damage to our data would interfere with and undermine the insights we draw from our platform or impair the integrity of our clinical trial data leading to regulatory delays or the inability to get our drug candidates approved. If we do not accurately predict and identify our infrastructure requirements and failures and timely enhance our infrastructure, or if our remediation efforts are not successful, it could result in a material disruption of our business operations and development programs, including the loss or unauthorized disclosure of our trade secrets, individuals' personal information, or other proprietary or sensitive data. A security breach that leads to unauthorized disclosure of our intellectual property or other proprietary information could also affect our intellectual property rights and enable competitors to compete with us more effectively. Likewise, as we rely on third parties for the manufacture of our drug candidates and to conduct clinical trials, similar events relating to their systems and operations could also have a material adverse effect on our business and lead to regulatory agency actions.

Moreover, any security breach or other event that leads to loss, unauthorized access to, or disclosure of personal information, including personal information regarding clinical trial subjects, contractors, directors, or employees, could harm our reputation, compel us to comply with federal and/or state notification laws and foreign law equivalents, subject us to mandatory corrective action, and otherwise subject us to liability under laws and regulations that protect the privacy and security of personal information. For more information see "Risk Factors— We are subject to U.S. and foreign laws regarding privacy and data security that could entail substantial compliance costs, while the failure to comply could subject us to significant liability" set forth below.

To the extent that failures, disruptions, security breaches, cyber-attacks, or other harmful events result in a loss of or damage to our information technology systems or infrastructure – or the inappropriate acquisition or disclosure of confidential, proprietary, or personal information – we could be exposed to a risk of loss, enforcement measures, regulatory agency actions, penalties, fines, indemnification claims, litigation, potential civil or criminal liability, collaborators' loss of confidence, damage to our reputation, and other consequences, which could materially adversely affect our business and results of operations. While we maintain insurance coverage for certain expenses and liabilities related to failures or breaches of our information technology systems, it may not be adequate to cover all losses associated with such events. In addition, such insurance may not be available to us in the future on satisfactory terms or at all. Furthermore, if the information technology systems of third parties with whom we do business become subject to disruptions or security breaches, we may have insufficient recourse against them.

Interruptions in the availability of server systems or communications with internet or cloud-based services, or failure to maintain the security, confidentiality, accessibility, or integrity of data stored on such systems, could harm our business.

We rely on third-party data centers and telecommunications solutions, including cloud infrastructure services such as Google Cloud and Amazon Web Services, to host substantial portions of our technology platforms and to support our business operations. We have no control over these cloud-based service or other third-party providers, although we attempt to reduce risk by minimizing reliance on any single third party or its operations. We have experienced, and expect we may in the future again experience, system interruptions, outages, or delays due to a variety of factors, including infrastructure changes, human or software errors, website hosting disruptions, and capacity constraints. A prolonged service disruption affecting our cloud-based solutions could damage our reputation or otherwise materially harm our business.

Further, if the security measures of our third-party data center or cloud infrastructure providers are breached by cyber-attacks or other means and unauthorized access to our information technology systems or data occurs, it could result in interruptions to our operations and the loss of proprietary or confidential information, which could damage our reputation, cause us to incur substantial costs, divert our resources from other tasks, and subject us to significant legal and financial exposure and liabilities, any one of which could materially adversely affect our business, results of operations, and prospects. Such third-party providers may also be subject to natural disasters, global political instability, warfare, power losses, telecommunications failures, or other disruptive events that could negatively affect our business and require us to incur significant costs to secure alternate cloud-based

solutions. In addition, any changes in our providers' service levels or features that we utilize or a termination of our agreements could also adversely affect our business.

Our solutions utilize third-party open source software (OSS), which presents risks that could adversely affect our business and subject us to possible litigation.

Our solutions include software that is licensed from third parties under open source licenses, and we expect to continue to incorporate such OSS in our solutions in the future. We cannot ensure that we have effectively monitored our use of OSS, validated the quality or source of such software, or are in compliance with the terms of the applicable open source licenses or our policies and procedures. Use of OSS may entail greater risks than use of third-party commercial software as open source licensors generally do not provide support, updates, or warranties or other contractual protections regarding infringement claims or the quality of the code. OSS may also be more susceptible to security vulnerabilities. Third-party OSS providers could experience service outages, data loss, privacy breaches, cyber-attacks, and other events relating to the applications and services they provide, which could diminish the utility of these services and harm our business. We also could be subject to lawsuits by third parties claiming that what we believe to be licensed OSS infringes such parties' intellectual property rights, which could be costly for us to defend and require us to devote additional research and development resources to change our solutions.

RISKS RELATED TO OUR OPERATIONS/COMMERCIALIZATION

The COVID-19 pandemic may materially and adversely affect our business and operating results and could disrupt the development of our drug candidates.

The COVID-19 pandemic, and the related adverse public health developments, have disrupted the normal operations of businesses across industries, including the biotechnology and pharmaceutical industries. National, state, and local governments in regions affected by the COVID-19 pandemic have implemented, or may implement or reinstitute, measures such as quarantines, shelter-in-place policies, travel restrictions, and other public safety protocols. The health effects of the pandemic, along with these initiatives, have adversely affected workforces, organizations, government entities, healthcare communities, regional and national economies, and financial markets, leading to economic slowdowns and increased market volatility from time to time.

We continue to monitor applicable government recommendations and have made some modifications to our normal operations. For example, we have instituted a hybrid remote work policy for certain personnel. Although we believe that these and the other safety measures we have taken have not substantially impacted our productivity or business activities, it is not certain that this will continue to be the case. Moreover, the risk of cyber-attacks or other privacy or data security incidents may be heightened as a result of the increased number of personnel working remotely, which may be less secure and lead to the release of confidential or proprietary information that could adversely affect our business. And notwithstanding governmental precautionary measures or those implemented by us, the COVID-19 pandemic or other similar outbreak could affect the health and availability of our workforce, as well as that of the third parties from whom we obtain goods and services.
In addition, the global spread of COVID-19 — including any variants that are more contagious, have more severe effects, or are resistant to treatments or vaccinations — could adversely impact our preclinical or clinical trial operations in the U.S. and other countries, including our ability to recruit and retain trial participants as well as principal investigators and site staff. As may be the case with other biopharmaceutical companies, we could experience protocol deviations, difficulties in enrolling participants, and delays in activating new trial sites and in initiating and concluding preclinical and clinical studies. Also, the COVID-19 pandemic could make it more difficult or costly to source products needed for the trials, or to engage with CROs and regulators regarding our drug candidates. Any negative impact COVID-19 has on enrollment in or the execution of our drug trials, or our interactions with CROs or regulators, could cause costly delays, adversely affect our ability to obtain regulatory approval for and to commercialize our drug candidates, increase our operating expenses, and have a material adverse effect on our business and operating results.

The ultimate direct and indirect impacts of COVID-19 on our operations, including our research and development activities and preclinical and clinical trials, or the operations of our third-party partners, will depend on future developments that are highly uncertain and difficult to predict. If these impacts are more severe than we anticipate or our countermeasures are insufficient, it could disrupt our ability to develop, obtain regulatory approvals for, and commercialize drug candidates, and have a material adverse effect on our business and results of operation. Further, uncertainty around these and related issues could lead to adverse effects on the economies of the U.S.

and other countries, which could impact our ability to raise the capital needed to develop and commercialize our drug candidates.

Even if any drug candidates we develop receive marketing approval, they may fail to achieve the degree of market acceptance by physicians, patients, healthcare payors, and others in the medical community necessary for commercial success.

The commercial success of our drug candidates that receive marketing approval will depend upon their degree of market acceptance by physicians, patients, third-party payors, and others in the medical community. The degree of market acceptance will depend on a number of factors, including:

- their efficacy and safety as demonstrated in pivotal clinical trials and published in peer-reviewed journals;
- their potential and perceived advantages compared to alternative treatments, including any similar generic treatments;
- the prevalence and severity of any side effects or adverse events;
- our ability to offer these products for sale at competitive prices;
- our ability to offer appropriate patient access programs, such as co-pay assistance;
- their convenience and ease of dosing and administration compared to alternative treatments;
- the clinical indications for which the drug candidate is approved by the FDA or comparable regulatory agencies;
- product labeling or product insert requirements of the FDA or other comparable foreign regulatory authorities, including any limitations, contraindications, or warnings;
- restrictions on how the product is distributed;
- the timing of market introduction of competitive products;
- publicity concerning these products or competing products and treatments;
- the strength of marketing and distribution support; and
- favorable third-party coverage and sufficient reimbursement.

Sales of medical products also depend on the willingness of physicians to prescribe the treatment, which is likely to be based on a determination by these physicians that the products are safe, therapeutically-effective, and cost-effective. In addition, the inclusion or exclusion of products from treatment guidelines established by various physician groups, as well as the viewpoints of influential physicians, can affect the willingness of other physicians to prescribe the treatment. We cannot predict whether physicians, physicians' organizations, hospitals, other healthcare providers, government agencies, or private insurers will determine that any product we may develop is safe, therapeutically effective and cost-effective as compared with competing treatments. If any drug candidates we develop do not achieve an adequate level of acceptance, we may not generate significant product revenue, and we may not become profitable.

If we are unable to establish sales and marketing capabilities or enter into agreements with third parties to sell and market any drug candidates we may develop, we may not be successful in commercializing those drug candidates, if and when they are approved.

We do not have a sales or marketing infrastructure and have little experience in the sale, marketing, or distribution of pharmaceutical products. To achieve commercial success for any approved product for which we retain sales and marketing responsibilities, we must either develop a sales and marketing organization, develop sales and marketing software solutions, or outsource these functions to third parties. In the future, we may choose to build a focused sales, marketing, and commercial support infrastructure to market and sell our drug candidates, if and when they are approved. We may also elect to enter into collaborations or strategic partnerships with third parties to engage in commercialization activities with respect to selected drug candidates, indications, or geographic territories, including territories outside the United States, although there is no guarantee we will be able to enter into these arrangements.

There are risks involved with both establishing our own commercial capabilities and entering into arrangements with third parties to perform these services. For example, recruiting and training a sales force or reimbursement specialists is expensive and time-consuming and could delay any product launch. If the commercial launch of a drug candidate for which we recruit a sales force and establish marketing and other commercialization capabilities is delayed or does not occur for any reason, we would have prematurely or unnecessarily incurred these commercialization expenses. This may be costly, and our investment would be lost if we cannot retain or reposition commercialization personnel. Factors that may inhibit our efforts to commercialize any approved product on our own include:

- the inability to recruit and retain adequate numbers of effective sales, marketing, reimbursement, customer service, medical affairs, and other support personnel;
- the inability of sales personnel or software tools to obtain access to physicians or persuade adequate numbers of physicians to prescribe any future approved products;
- the inability of reimbursement professionals to negotiate arrangements for formulary access, reimbursement, and other acceptance by payors;
- the inability to price products at a sufficient price point to enable an adequate and attractive level of profitability;
- restricted or closed distribution channels that make it difficult to distribute our products to segments of the patient population;
- the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with creating an independent commercialization organization.

If we enter into arrangements with third parties to perform sales, marketing, commercial support, and distribution services, they may also experience many of the above challenges. In addition, our product revenue or the profitability of product revenue may be lower than if we were to market and sell any products we may develop internally. We may not be successful in entering into such arrangements, or we may be unable to do so on terms that are favorable to us or them. We also may have little control over such third parties, and any of them may fail to devote the necessary resources and attention to sell and market our products effectively, or they may expose us to legal and regulatory risk by not adhering to regulatory requirements and restrictions governing the sale and promotion of prescription drug products, including those restricting off-label promotion. If we do not establish commercialization capabilities successfully, either on our own or in collaboration with third parties, we will not be successful in commercializing any future approved drug candidates.

We are subject to regulatory and operational risks associated with the physical and digital infrastructure at both our internal facilities and those of our external service providers.

Our facilities in Salt Lake City, Utah have not been reviewed or pre-approved by any regulatory agency, such as the FDA. An inspection by the FDA could disrupt our ability to generate data and develop drug candidates. Our laboratory facilities are designed to incorporate a significant level of automation of equipment, with integration of several digital systems to improve efficiency of research operations. We have attempted to achieve a high level of digitization for a research operation relative to industry standards. While this is meant to improve operational efficiency, this may pose additional risk of equipment malfunction and even overall system failure or shutdown due to internal or external factors including, but not limited to, design issues, system compatibility, or potential cybersecurity breaches. This may lead to delay in potential drug candidate identification or a shutdown of our facility. Any disruption in our data generation capabilities could cause delays in advancing new drug candidates into our pipeline, advancing existing programs, or enhancing the capabilities of our platform, including expanding our data, the occurrence of which could have a material adverse effect on our business, financial condition, results of operations, and prospects.

In the future, we may manufacture drug substances or products at our facilities for preclinical and clinical use, and we may face risks arising from our limited prior manufacturing capability and experience.

We do not currently have the infrastructure or capability internally to manufacture drug substances or products for preclinical, clinical, or commercial use. If, in the future, we decide to produce drug substances or products for preclinical and clinical use, the costs of developing suitable facilities and infrastructure and implementing appropriate manufacturing processes may be greater than expected. We may also have difficulty implementing the full operational state of the facility, causing delays to preclinical or clinical supply or the need to rely on third-party service providers, resulting in unplanned expenses.
As we expand our development and commercial capacity, we may establish manufacturing capabilities inside the Salt Lake City area or in other locations or geographies, which may lead to regulatory delays or prove costly. If we fail to select the correct location, complete construction in an efficient manner, recruit the appropriate personnel, and generally manage our growth effectively, the development and production of our investigational medicines could be delayed or curtailed.

Recursion, or the third parties upon whom we depend, may be adversely affected by natural disasters, and our business continuity plans and insurance coverage may not be adequate.
Our current operations are located in Salt Lake City, Utah; Milpitas, California; and Montreal, Canada. A natural disaster or other serious unplanned event, such as flood, fire, explosion, earthquake, extreme weather condition, pandemic (including COVID-19), power shortage, telecommunications failure, global political instability, warfare, or man-made incident, could result in us being unable to fully utilize our facilities, delays in the development of our drug candidates, interruption of our business operations, or unexpected increased costs, which may have a material and adverse effect on our business. Our collaboration partners, as well as suppliers to us or our collaboration partners, are similarly subject to some or all of these events. If a natural disaster, power outage, or other event occurs that (i) prevents us from using all or a significant portion of our headquarters or our datacenters; (ii) damages critical infrastructure or our robots, such as our research facilities or the manufacturing facilities of our third-party contract manufacturers; or (iii) otherwise significantly disrupts operations, it may be difficult, or in certain cases impossible, for us to continue our business for a substantial period of time.

Furthermore, the disaster recovery and business continuity plans we have in place may prove inadequate in the event of a serious disaster or similar event. We may incur substantial expenses, business interruptions, and harm to our research and development programs as a result of the limited nature of our disaster recovery and business continuity plans. As part of our risk management policy, we maintain insurance coverage at levels that we believe are appropriate for our business to the extent it is available on commercially reasonable terms. However, in the event of an accident or incident at these facilities, the amounts of insurance may not be sufficient to cover all of our damages and losses.

In addition, our facilities in Salt Lake City, Utah are located in a busy downtown area. Although we believe we have taken the necessary steps to ensure our operations are safe to the surrounding area, there could be a risk to the public if we were to conduct hazardous material research, including use of flammable chemicals and materials, at our facilities. If the surrounding community perceives our facility as unsafe, it could have a material and adverse effect on our reputation and operations.

If we fail to comply with environmental, health and safety, or other laws and regulations, we could become subject to fines, penalties, or personal injury or property damages.

We are subject to numerous environmental, health and safety, and other laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment, and disposal of hazardous materials and wastes. Our operations involve the use of hazardous and flammable materials, including chemicals and biological and radioactive materials. Our operations also produce hazardous waste products. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for significant damages for harm to persons or property, as well as civil or criminal fines and penalties. Although we maintain workers' compensation insurance to cover costs and expenses arising from injuries to our employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities.

Our insurance policies are expensive and protect us only from some business risks, which leaves us exposed to significant uninsured liabilities.

We do not carry insurance for all categories of risk that our business may encounter and insurance coverage is becoming increasingly expensive. We do not know if we will be able to maintain existing insurance with adequate levels of coverage in the future, and any liability insurance coverage we acquire in the future may not be sufficient to reimburse us for any expenses or losses we may suffer. If we obtain marketing approval for any drug candidates that we or our collaborators may develop, we intend to acquire insurance coverage to include the sale of commercial products, but we may be unable to obtain such insurance on commercially reasonable terms or in adequate amounts. The coverage or coverage limits currently maintained under our insurance policies may not be adequate. If our losses exceed our insurance coverage, our financial condition would be adversely affected. Clinical trials or regulatory approvals for any of our drug candidates could be suspended, which could adversely affect our results of operations and business, including by preventing or limiting the development and commercialization of any drug candidates that we or our collaborators may identify. Additionally, operating as a public company will make it more expensive for us to obtain directors and officers liability insurance. If we do not have adequate levels of directors and officers liability insurance, it may be more difficult for us to attract and retain qualified individuals to serve on our board of directors.

Our ability to utilize our net operating loss carryforwards and certain other tax attributes may be limited.

We have substantial federal net operating loss (NOL) carryforwards. To the extent that we continue to generate taxable losses as expected, unused losses will carry forward to offset future taxable income, if any, until such unused losses expire, except under certain circumstances. Under Section 382 of the Internal Revenue Code of 1986, as amended, if a corporation undergoes an “ownership change,” its ability to use pre-change NOL carryforwards and certain other pre-change tax attributes (such as research tax credits) to offset its post-change income could be subject to an annual limitation. An “ownership change” is generally defined as a greater than 50% change by value in the ownership of the corporation’s equity by over a three-year period. Such annual limitation could result in the expiration of a portion of our NOL carryforwards before utilization. If not utilized, the carryforwards will begin to expire in the future. We may have experienced ownership changes within the meaning of Section 382 in the past and we may experience some ownership changes in the future as a result of subsequent shifts in our stock ownership, such as a result of our initial public offering, follow-on offerings, or subsequent shifts in our stock ownership (some of which shifts are outside our control. We have not conducted a study to assess whether an ownership change has occurred due to the significant complexity and cost associated with such a study. Future legislative or regulatory changes could also negatively impact our ability to utilize our NOL carryforwards or other tax attributes. Similar provisions of state tax law may also suspend or otherwise limit the ability to use NOLs and accumulated state tax attributes. As a result, if we attain profitability, we may be unable to use all or a material portion of our NOL carryforwards and other tax attributes for federal and state tax purposes, which could result in increased tax liability and adversely affect our future cash flows.

If our estimates or judgments relating to our critical accounting policies prove to be incorrect, or financial reporting standards or interpretations change, our results of operations could be adversely affected.

The preparation of financial statements in conformity with generally accepted accounting principles in the United States (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience, known trends and events, and various other factors that we believe to be reasonable under the circumstances, as provided in “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Use of Estimates.” The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our consolidated financial statements include stock-based compensation and valuation of our equity investments in early-stage biotechnology companies. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions.
Additionally, we regularly monitor our compliance with applicable financial reporting standards and review new pronouncements and drafts thereof that are relevant to us. As a result of new standards, changes to existing standards, or changes in their interpretation, we might be required to change our accounting policies, alter our operational policies, and implement new or enhanced systems so that they reflect new or amended financial reporting standards, or we may be required to restate our published financial statements, which may have an adverse effect on our financial position and reputation.

Product liability lawsuits could cause us to incur substantial liabilities and could limit commercialization of any drug candidates that we may develop.

We face an inherent risk of product liability exposure related to the testing of drug candidates in human clinical trials, and we will face an even greater risk if we commercially sell any medicines that we may develop. If we cannot successfully defend ourselves against claims that our drug candidates or medicines caused injuries, we could incur substantial damages or settlement liability. Regardless of merit or eventual outcome, liability claims may also result in:

- decreased demand for any drug candidates or therapeutics that we may develop;
- injury to our reputation and significant negative media attention;
- withdrawal of clinical trial participants;
- significant costs to defend the litigation;
- substantial monetary awards to trial participants or patients;
- loss of revenue; and
- the inability to commercialize our drug candidates.

Although we maintain product liability insurance, including coverage for clinical trials that we sponsor, it may not be adequate to cover all liabilities that we may incur. We anticipate that we will need to increase our insurance coverage as we commence additional clinical trials and if we successfully commercialize any drug candidates. The market for insurance coverage can be challenging, and the costs of insurance coverage will increase as our clinical programs increase in size. We may not be able to maintain insurance coverage at a reasonable cost and with adequate limits to satisfy any and all liability that may arise.

RISKS RELATED TO OUR RELIANCE ON THIRD PARTIES

Third parties that perform some of our research and preclinical testing or conduct our clinical trials may not perform satisfactorily or their agreements may be terminated.

We currently rely, and expect to continue to rely, on third parties to conduct some aspects of research and preclinical testing and clinical trials. The third parties include clinical research organizations, clinical data management organizations, medical institutions, and principal investigators. Any of these third parties may fail to fulfill their contractual obligations, including by not meeting deadlines for the completion of research, testing, or trials, or we or they may terminate their engagements with us. If any of our relationships with these third parties terminate, we may not be able to enter into arrangements with alternative third parties on commercially reasonable terms, or at all. If we need to enter into alternative arrangements, it could delay product development activities.
Our reliance on third parties for research and development activities reduces our control over these activities, but does not relieve us of our responsibilities. For example, we remain responsible for ensuring that each of our respective clinical trials is conducted in accordance with the general investigational plan and protocols for the trial, as well as applicable legal, regulatory, and scientific standards. We also are required to register ongoing clinical trials and post the results of completed clinical trials on a government-sponsored database within certain timeframes. In addition, the FDA and comparable foreign regulatory authorities require compliance with good clinical practices (GCP) guidelines for conducting, recording, and reporting the results of clinical trials to assure that data and reported results are credible, reproducible, and accurate, and that the rights, integrity, and confidentiality of trial participants are protected. Regulatory authorities enforce GCP compliance through periodic inspections of trial sponsors, principal investigators, and trial sites.

If we or any of the third parties fail to comply with applicable GCP regulations, some or all of the clinical data generated in our clinical trials may be deemed unreliable, and the FDA or comparable foreign regulatory authorities may require us to perform additional nonclinical or clinical trials or to enroll additional patients before approving our marketing applications. In addition, if we or the third parties fail to comply with our stated protocols or applicable laws and regulations during the conduct of clinical trials, we could be subject to warning letters or enforcement

actions by the FDA and comparable foreign regulatory authorities, which could result in civil penalties or criminal prosecution, as well as adverse publicity that harms our business.

We also will not be able to obtain, or may be delayed in obtaining, marketing approvals for any drug candidates we may develop if these third parties do not successfully carry out their contractual duties, meet expected deadlines, or conduct clinical trials in accordance with our stated protocols or regulatory requirements. As a result, we may be delayed or unable to successfully commercialize our medicines.
Third parties that manufacture our drug candidates for preclinical development, clinical testing, and future commercialization may not provide sufficient quantities of our drug candidates or products at an acceptable cost, which could delay, impair, or prevent our development or commercialization efforts.

We do not currently own or operate any manufacturing facilities and have no manufacturing personnel, although we are in the process of securing a facility to establish production capabilities for preclinical animal studies and early human clinical trials. We rely, and expect to continue to rely, on third parties for drug supplies for our clinical trials, the manufacture of many of our drug candidates for preclinical development and clinical testing, as well as the commercial manufacture of our products if any of our drug candidates receive marketing approval. We may be unable to establish necessary agreements with third-party manufacturers or to do so on acceptable terms. This reliance on third parties increases the risk that we will not have sufficient quantities of our drug candidates or products, or have sufficient quantities at an acceptable cost or quality, which could delay, impair, or prevent our development or commercialization efforts.

In addition, the facilities used by our contract manufacturers to manufacture our drug candidates must be inspected by the FDA pursuant to pre-approval inspections that will be conducted after we submit our marketing applications to the FDA. We do not expect to control the manufacturing process of, and will be completely dependent on, our contract manufacturers for compliance with current good manufacturing practice guidelines (cGMP) in connection with the manufacture of our drug candidates in the near to intermediate term, or possibly the long term. If our contract manufacturers cannot maintain adequate quality control and qualified personnel to successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or others, they will not be able to pass regulatory inspections and/or maintain regulatory compliance for their manufacturing facilities.

If the FDA or a comparable foreign regulatory authority finds deficiencies with, does not approve, or withdraws approval of these facilities for the manufacture of our drug candidates, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain regulatory approval for, or market our drug candidates, if approved. There are a limited number of manufacturers that operate under cGMP regulations and that might be capable of manufacturing for us. Our drug candidates and any other products that we may develop may compete with the drug candidates and approved products of other companies for access to manufacturing facilities or capacity, which may further restrict our ability to secure manufacturing sites.
Further, our failure, or the failure of our third-party manufacturers, to comply with applicable regulations could result in sanctions being imposed on us, including clinical holds, fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of drug candidates or products that may be approved, operating restrictions, and criminal prosecutions, any of which could significantly and adversely affect our business and supplies of our drug candidates.

Even if we are able to establish agreements with third-party manufacturers, reliance on third-party manufacturers entails additional risks, including:

- reliance on the third party for regulatory compliance and quality assurance;
- the possible breach of the manufacturing agreement by the third party;
- the possible misappropriation of our proprietary information, including our trade secrets and know-how; and
- the possible termination or nonrenewal of the agreement by the third party at a time that is costly or inconvenient for us.

Any performance failure on the part of our existing or future manufacturers could delay clinical development or marketing approval. If it is necessary to replace any such manufacturer, we may incur added costs and delays in identifying and qualifying any a replacement. In addition, any performance failure on the part of our distributors

could delay clinical development or marketing approval of any drug candidates we may develop or seek to commercialize, producing additional losses and depriving us of product revenue.

Our current and anticipated future dependence upon others for the manufacture and distribution of our drug candidates or products may adversely affect our future profit margins and our ability to commercialize any products that receive marketing approval on a timely and competitive basis.

If we are unable to adequately source clinical and commercial supplies, equipment, and active pharmaceutical ingredients (API) from third party vendors as our drug development pipeline matures, it could significantly harm our business.

We procure raw materials, components, parts, consumables, reagents, and equipment used in the development and operation of our platform and the development of our drug candidates from third party vendors. We also rely on third party vendors to perform quality testing. Particular risks to our platform include reliance on third-party equipment and instrument suppliers and consumable and reagent suppliers. As we increase development of drug products and commence clinical testing and commercialization, we will require expanded capacity across our supply chain. We face risks regarding our sourcing of products and quality-testing services, including:

- the inability of suppliers and service providers to grow their capacity to meet demand, whether from us or other drug manufacturers, particularly if the field of technology-enabled drug discovery continues to expand;
- termination or non-renewal of supply and service agreements with third parties in a manner or at a time that is costly or damaging to us;
- disruptions to the operations of these suppliers and service providers caused by conditions unrelated to our business or operations, including the bankruptcy of the supplier or service provider or force majeure events, such as the COVID-19 pandemic, global political instability, natural disasters, supply chain issues, or warfare; and
- inspections of third-party facilities by regulatory authorities that could have a negative outcome and result in delays in, or termination of, their ability to meet our requirements.

Moreover, certain of our specialized equipment, as well as the API used in our drug candidates, are obtained from single-source suppliers. Our ability to successfully develop our drug candidates, and to ultimately supply our commercial products in quantities sufficient to meet the market demand, depends in part on our ability to obtain equipment and the API for these products in accordance with regulatory requirements and in sufficient quantities for clinical testing and commercialization. We do not currently have arrangements in place for a redundant or second-source supply of any such equipment or ingredients in the event any of our current suppliers fails or is unable to meet our requirements. While our single-source suppliers have generally met our demand for their products on a timely basis in the past, we are not certain that they will be able to meet our future demand, whether due to any of the above factors, the nature of our agreements with those suppliers, our limited experience with those suppliers, our relative importance as a customer, or any other reason. For all of our drug candidates, we intend to identify and qualify additional vendors and manufacturers, as available, to provide such equipment and API prior to our submission of an NDA to the FDA and/or an MAA to the EMA, which may require additional regulatory inspection or approval and result in further delay.

Any interruption or delay in the supply of components, materials, specialized equipment, API, and quality-testing sources at acceptable prices and in a timely manner could impede, delay, limit, or prevent our development efforts, which could harm our business, results of operations, and prospects.

RISKS RELATED TO OUR INTELLECTUAL PROPERTY

Our success significantly depends on our ability to obtain patents of adequate scope covering our proprietary technology and products. Obtaining and maintaining patent assets is inherently challenging, and our pending and future patent applications may not issue with the scope we need, if at all.

We protect our products, product candidates, and platform technologies, in both the U.S, and internationally, with patents and patent applications owned by or licensed to us, and we plan to file additional patent applications in the future. Our commercial success will depend in significant part on our ability to obtain, maintain, protect, and enforce our patents and other intellectual property rights in the U.S. and other countries for our drug candidates and our core technologies important to the development and implementation of our business, including our phenomics platform, preclinical and clinical assets, and related know-how.

Patent prosecution is a complex, expensive, and lengthy process, with no guarantee that a patent will issue in a timely fashion or at all, or with sufficiently broad claims to protect our drug candidates and core technologies. Further, the laws and regulations for obtaining and maintaining patents are subject to change by legislative or judicial action in the relevant jurisdictions. The patent positions of pharmaceutical, biotechnology, and other life sciences companies in particular can be highly uncertain and involve complex legal and factual questions for which important legal principles remain unresolved. No consistent policy regarding the breadth of claims allowed in biotechnology patents has emerged to date in the U.S., and tests used for determining the patentability of patent claims in all technologies are in flux. The pharmaceutical, biotechnology, and other life sciences patent situation outside the U.S. can be even more uncertain. The U.S. Patent and Trademark Office (USPTO) and patent offices in other jurisdictions have often required that patent applications concerning pharmaceutical and/or biotechnology-related inventions be limited or narrowed substantially to cover only the specific innovations exemplified in the patent application, thereby limiting the scope of protection against competitive challenges.

The issuance of a patent is not conclusive as to its inventorship, scope, validity, or enforceability, and our owned and licensed patents may be challenged in the patent offices and courts in the United States and abroad. Third parties may invent, publish, or file patents of their own in ways which overlap or conflict with our patent rights. Moreover, even if unchallenged, our owned patent portfolio and any patent portfolio we license may not provide us with any meaningful protection or prevent competitors from designing around our patent claims to circumvent our owned or licensed patents by developing similar or alternative technologies or products in a non-infringing manner. For example, a third party may develop a competitive product that provides benefits similar to one or more of our drug candidates, but that has a different composition that falls outside the scope of our patent protection. In addition, patents have a limited lifespan. In the United States, the natural expiration of a patent is generally 20 years after its first effective, non-provisional filing date, and patents protecting drug candidates might expire before or shortly after the candidates are commercialized given the amount of time required for development, testing, and regulatory review. The various governmental patent agencies also require compliance with extensive rules and fee obligations. Failure to do so can, under certain circumstances, result in the abandonment of a patent application or the termination of patent rights. Non-compliance events that could result in abandonment or lapse of a patent or patent application include a failure to respond to official actions within prescribed time limits, non-payment of fees, and failure to properly legalize and submit formal documents.

We have patent applications pending before the USPTO and other patent offices, and we plan to file new applications in the future. Patent offices may require us to significantly narrow our claims based upon prior art discovered by the USPTO or through third-party submissions. Moreover, we do not always have the right to control the preparation, filing, prosecution, and maintenance of licensed patents and applications under arrangements with collaborators or licensors. We may become involved in procedural challenges, including inter parties review, which could result in the narrowing or elimination of our patent rights or those of our licensors. This could limit our ability to stop others from freely using or commercializing similar or identical technology and products, or limit the duration of the patent protection covering our technology and drug candidates. Such challenges may also result in our inability to manufacture or commercialize our drug candidates without infringing third-party patent rights. Further, inadvertent or intentional public disclosures of our inventions prior to the filing of a patent application have precluded us, and in the future may preclude us, from obtaining patent protection in certain jurisdictions. We also could fail to identify patentable aspects of our technology and research and development output in time to obtain patent protection.

We also currently own a number of U.S. provisional patent applications. These provisional applications are not eligible to become issued patents until, among other things, we file a non-provisional patent application within 12 months of filing one or more of our related provisional patent applications. If we do not timely file any non-provisional patent applications, we may lose our priority dates with respect to our provisional patent applications and any patent protection on the inventions disclosed in such applications.

We presently do not own or in-license any issued patents with respect to certain of our programs, including our product candidate for the treatment of GM2 gangliosidosis (REC-3599); lead molecules for the treatment of C. difficile colitis (REC-163964, REC-164014, and REC-164067); lead molecules for the treatment of neuroinflammation (REC-648455, REC-648597, and REC-648677); lead molecules for the treatment of Batten disease (REC-648190, REC-259618, and REC-648647); lead molecules for the treatment of CMT2A (REC-64810, REC-648458, REC-1262, and REC-150357); lead molecules for the treatment of STK11-mutant immune checkpoint resistance in non-small cell lung cancer (REC-64151); and MYC inhibitory molecules for the treatment of solid and hematological malignancies.

We cannot provide any assurances that any of our or our licensors' pending or future patent applications will issue, or that any pending or future patent applications that mature into issued patents will include claims with a scope sufficient to protect our drug candidates from competition. If we fail to obtain and maintain adequate intellectual property protection covering any technology, invention, or improvement that is important to our business, or if the scope of the patent protection obtained is not sufficiently broad, we may not be able to prevent third parties from launching generic versions of our products, from using our proprietary technologies, or from marketing products that are very similar or identical to ours. If the breadth or strength of protection provided by our patents and patent applications are threatened, it could also dissuade companies from collaborating with us to license, develop, or commercialize current or future drug candidates. This could have a material, adverse effect on our ability to successfully commercialize our technology and products, and on our business and results of operations.

Our current proprietary position for certain drug candidates depends upon our owned or in-licensed patent filings covering components of such drug candidates, manufacturing-related methods, formulations, and/or methods of use, which may not adequately prevent a competitor or other third party from using the same drug candidate for the same or a different use.

Composition of matter patent protection is generally considered to be desirable for drug products because it provides protection without regard to any particular method of use or manufacturing, or formulation. For some of the molecules that we in-license from our collaboration partners, we cannot rely on composition of matter patent protection as the term on those patents has expired or is close to expiring.

Method of use patents protect the use of a product for the specified method and formulation patents cover formulations to deliver therapeutics. While we file applications covering method of use for our programs at appropriate times in the development process, we cannot be certain that claims in any future patents issuing from these applications will cover all commercially-relevant applications of molecules in competing uses. These types of patents do not prevent a competitor or other third party from developing, marketing, or commercializing a similar or identical product for an indication that is outside the scope of the patented method, or from developing a different formulation that is outside the scope of the patented formulation. Moreover, with respect to method of use patents, even if competitors or other third parties do not actively promote their product for our targeted indications or uses for which we may obtain patents, physicians may recommend that patients use these products off-label, or patients may do so themselves. Although off-label use may infringe or contribute to the infringement of method of use patents, the practice is common and this type of infringement is difficult to prevent or enforce. Additionally, some commercially-relevant jurisdictions do not allow for patents covering a new method of use of an otherwise-known molecule. Consequently, we may not be able to prevent third parties from practicing our inventions in the United States or abroad, which may have a material adverse effect on our business.

If we do not obtain patent term extension and data exclusivity for any drug candidates we may develop, our business may be materially harmed.

Depending upon the timing, duration, and specifics of any FDA marketing approval of any drug candidates we may develop, one or more of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Action of 1984, referred to as the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent extension term of up to five years as compensation for patent term lost during the FDA regulatory review process. A patent term extension cannot extend the remaining term of a patent beyond 14 years from the date of product approval. Only one patent may be extended and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended. However, we may not be granted an extension because of, for example, failing to exercise due diligence during the testing phase or regulatory review process, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents, or otherwise failing to satisfy applicable requirements. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request. If we are unable to obtain patent term extension or the term of any such extension is less than we request, our competitors may obtain approval of competing products following our patent expiration, and our business, financial condition, results of operations and prospects could be materially harmed.

We may need to license certain intellectual property from third parties, and such licenses may not be available or may not be available on commercially reasonable terms.

A third party may hold intellectual property that are important or necessary to the development of our products. It may be necessary for us to use the patented or proprietary technology of third parties to commercialize our products, in which case we would be required to obtain a license from these third parties on commercially reasonable terms, or our business could be harmed, possibly materially. For example, when we explore repurposing molecules owned by our collaboration partners or other third parties, we in-license the rights to use those molecules for our use. If we are not able to obtain a license, or to obtain one on commercially reasonable terms and with sufficient breadth to cover the intended use of third-party intellectual property, our business could be materially harmed.

Intellectual property rights do not necessarily address all potential threats.

The degree of future protection afforded by our intellectual property rights, and particularly those arising from patents, is uncertain because these rights have limitations and may not adequately protect our business or permit us to maintain our competitive advantage. Examples where our intellectual property rights may not further our competitive advantage include the following:

- others may be able to duplicate or utilize similar technology in a manner that infringes our patents but is undetectable or done in a jurisdiction where we have not secured, or cannot secure or enforce, patent rights;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our owned or licensed intellectual property rights;
- our competitors or other third parties might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- we may not develop additional proprietary technologies that are patentable; and
- we may choose not to file a patent in order to maintain certain trade secrets or know-how, and a third party may subsequently file a patent covering such intellectual property.

Should any of these events occur, they could have a material, adverse effect on our business and results of operations.

If we are unable to protect the confidentiality of our trade secrets and know-how, our business and competitive position may be harmed.

In addition to the protection afforded by patents, we rely on trade secret protection and contractual arrangements to protect proprietary know-how, information, and technology that is not covered by our patents. With respect to curating our data and our library of small molecules generally, we consider trade secrets and know-how to be our primary intellectual property. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with our collaborators, scientific advisors, employees, and consultants. Our agreements with our employees and consultants also require them to acknowledge ownership by us of inventions they may conceive as a result of their work for us and to perfect such ownership by assignment. However, we may not be able to prevent the unauthorized disclosure or use of our trade secrets or other confidential information through these agreements or other preventative measures. In addition, third parties, including our competitors, could independently develop and lawfully use the same or substantially equivalent trade secrets and know-how.

Unpatented proprietary rights, including trade secrets and know-how, can be difficult to protect and may lose their value if their secrecy is lost or they are independently developed by a third party. Any loss of trade secret protection or other unpatented proprietary rights could harm our business, results of operations, and financial condition.

We may be subject to claims that we or our employees have wrongfully used or disclosed alleged trade secrets of third parties or are in breach of their non-competition or non-solicitation agreements with third parties.

We take efforts intended to ensure that our employees and consultants do not use the intellectual property, proprietary information, know-how, or trade secrets of others in their work for us, or breach any applicable non-competition or non-solicitation agreement. However, we may in the future be subject to claims that we or these

individuals have, inadvertently or otherwise, used or disclosed the alleged trade secrets or other proprietary information of a third party, including a former employer or competitor, or that we caused an employee or contractor to breach the terms of their non-competition or non-solicitation agreement with a third party. In addition, while it is our policy to require our employees and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in obtaining such agreements or an assignment of rights to us.

Litigation may be necessary to defend against or enforce these claims, which may be costly, a distraction to management, and of uncertain outcome. If we are found liable for disclosure or misuse of a third party's proprietary information, or are unable to secure rights to intellectual property developed by an employee or contractor, in addition to requiring us to pay damages, a court could prohibit us from using technologies or features that may be essential to our drug candidates that incorporate or are derived from such proprietary information, in addition to awarding damages. Moreover, any such litigation could also adversely affect our ability to hire or retain employees or contractors. If we are unable to establish our rights to valuable intellectual property or retain key personnel, it may prevent us from successfully commercializing our drug candidates and have an adverse effect on our business, financial condition, and results of operation.

Litigation to defend against third party claims that we are infringing their intellectual property rights, or to enforce our intellectual property rights, presents numerous risks.

The biotechnology and pharmaceutical industries are characterized by extensive and frequent litigation regarding patents and other intellectual property rights. Intellectual property litigation or other legal proceedings, with or without merit, is generally expensive and time consuming, potentially distracting to technical and management personnel, and subject to uncertain outcomes. We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources and more mature and developed intellectual property portfolios.

Our commercial success depends upon our ability, and that of our collaborators, to develop, manufacture, market, and sell our drug candidates, and to use our proprietary technologies, without infringing, misappropriating, or otherwise violating the intellectual property or proprietary rights of third parties. Given the vast and continually increasing number of patents in our field of technology, we cannot be certain that we do not infringe existing patents or that we will not infringe patents granted in the future. We may in the future become party to, or threatened with, litigation or adversarial proceedings initiated by our competitors or other third parties alleging that our products or technologies are covered by their patents.

Many companies have obtained patents or filed patent applications in areas important to our business, including artificial intelligence and deep learning, technology-aided drug discovery, CRISPR, high-throughput screening, and combinations of any or all of these fields. For example, we sublicense CRISPR-Cas9 gene editing technology from a licensed vendor, which provides critical tools upon which portions of our drug discovery process relies. CRISPR-Cas9 gene editing is a field that is highly active for patent filings and there are ongoing disputes between third parties, which we are not party to, regarding the ownership of and licensing rights related to the technology. The extensive patent filings related to CRISPR and Cas make it difficult for us to assess the full extent of relevant patents and pending applications that may cover this technology, and there may be third-party patents, or pending patent applications with claims that may issue in the future, covering our use of CRISPR-Cas9.

If we or our collaborators are found to infringe a third party's patent or other intellectual property rights, it could result in significant damages and costs. In addition, we could be required to obtain a license from such third party to continue developing and marketing our drug candidates and technology, which may not be available on commercially reasonable terms or at all, or to cease developing and commercializing the infringing technology or drug candidates. If we are prevented from commercializing our drug candidates or forced to cease some of our business operations, it could materially harm our reputation and have a significant adverse impact on our business and results of operations.

Alternatively, we may initiate litigation, or file counterclaims, to protect or enforce our patents and other intellectual property rights if we believe competitors or other third parties have infringed, misappropriated, or otherwise violated our rights. Our ability to enforce our intellectual property rights is subject to litigation risks, including that the opposing party may seek counterclaims against us, as well as uncertainty as to the protection and enforceability of those rights in some countries. If we seek to enforce our intellectual property

rights, we may be subject to findings that our patents should be interpreted narrowly and do not cover the technology at issue, or that they are invalid or unenforceable. If we are unable to enforce and protect our intellectual property rights, or if they are circumvented, invalidated, or rendered obsolete by the rapid pace of technological change, it could have an adverse impact on our competitive position, business, and financial position.

Competing products may also be sold in other countries in which our patent coverage might not exist or be as strong. The legal systems of some countries do not favor the enforcement of patents and other intellectual property rights, while other jurisdictions may have limited enforcement rights for patent holders. This could make it difficult for us to stop the infringement of our patents, if obtained, or the misappropriation of our other intellectual property rights. Consequently, we and our licensors may have limited remedies in those foreign countries if patents are infringed, or we or our licensors may be compelled to grant a license to a third party, which could materially diminish the value of those patents and could limit our potential revenue opportunities. In addition, competitors may use our technologies to develop their own products that compete with ours in jurisdictions where we have not obtained patent protection or where we have patent protection but limited enforcement rights. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate to obtain a significant commercial advantage from the intellectual property that we own or license.

If we fail to comply with our obligations in the agreements under which we collaborate with or license intellectual property rights from third parties, or otherwise experience disruptions to our business relationships with our collaborators or licensors, we could lose rights that are important to our business.

We license certain intellectual property that is important to our business and in the future we may enter into additional agreements that provide us with licenses to valuable intellectual property or technology. Our current license agreements impose, and we expect our future license agreements will impose, various development, diligence, commercialization, and other obligations on us in order to maintain the licenses. In spite of our efforts, a licensor might conclude that we have materially breached our obligations under a license agreement and seek to terminate the agreement, thereby removing or limiting our ability to develop and commercialize products and technology covered by the agreement. If these in-licenses are terminated, or if the underlying patent rights licensed thereunder fail to provide the intended exclusivity, competitors or other third parties would have the freedom to seek regulatory approval of, and to market, products identical to ours and we may be required to cease our development and commercialization of certain of our drug candidates. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects.

Moreover, disputes may arise regarding intellectual property subject to a licensing agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- the extent to which our technology and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;
- the sublicensing of patent and other rights under our collaborative development relationships;
- our diligence obligations under the license agreement and what activities satisfy those diligence obligations;
- the inventorship and ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our partners; and
- the priority of invention of patented technology.

The agreements under which we license intellectual property or technology from third parties may be complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or it could increase what we believe to be our financial or other obligations under the relevant agreement, either of which could have a material adverse effect on our business, financial condition, results of operations, and prospects. Moreover, if disputes over intellectual property that we have licensed prevent or impair our ability to maintain our licensing arrangements on commercially acceptable terms, we may be unable to successfully develop and commercialize the affected drug candidates, which could have a material adverse effect on our business, financial conditions, results of operations, and prospects.

These and similar issues may arise with respect to our collaboration agreements, such as the Bayer Agreement and the Roche Genentech agreements. Our collaboration with Bayer and Roche Genentech are two of our key collaborations, and there can be no assurance that these collaborations will continue past their current terms, on favorable terms or at all, or that at any time while the collaborations are in effect the parties will operate under the agreements without disputes.

Some of our intellectual property has been, and in the future may be, discovered through government-funded programs and thus may be subject to federal regulations such as "march-in" rights, certain reporting requirements, and a preference for U.S.-based companies, and compliance with such regulations may limit our exclusive rights and our ability to contract with non-U.S. manufacturers.

Our intellectual property rights may be subject to a reservation of rights by one or more third parties. For example, certain intellectual property rights that we have licensed, or may in the future license, have been generated through the use of U.S. government funding. As a result, the U.S. government may have certain rights to intellectual property embodied in our current or future processes and related products and services. These U.S. government rights include a non-exclusive, non-transferable, irrevocable worldwide license to use inventions for any governmental purpose. In addition, the U.S. government has the right, under certain limited circumstances, to require the licensor to grant exclusive, partially exclusive, or non-exclusive licenses to any of these inventions to a third party if it determines that (1) adequate steps have not been taken to commercialize the invention and achieve practical application of the government-funded technology, (2) government action is necessary to meet public health or safety needs, (3) government action is necessary to meet requirements for public use under federal regulations or (4) we fail to meet requirements of federal regulations (also referred to as "march-in rights").

The U.S. government also has the right to take title to these inventions if we or our licensors fail to disclose the invention to the government or fail to file an application to register the intellectual property within specified time limits. These rights may permit the government to disclose our confidential information to third parties. In addition, our rights in such inventions may be subject to requirements to manufacture products embodying such inventions in the United States. Intellectual property generated under a government-funded program is also subject to certain reporting requirements, compliance with which may require us to expend substantial resources.
Any exercise by the government of such rights could have a material adverse effect on our competitive position, business, results of operations and financial condition.

If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

Our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented, declared generic, or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among potential collaborators or customers in our markets of interest. At times, competitors may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. Our efforts to enforce or protect our proprietary rights related to our intellectual property may be ineffective and could result in substantial costs and diversion of resources and could adversely affect our business, financial condition, results of operations and prospects.

RISKS RELATED TO GOVERNMENT REGULATION

Even if we receive FDA or other regulatory approval for any of our drug candidates, we will be subject to ongoing regulatory obligations and other conditions that may result in significant additional expense, as well as the potential recall or market withdrawal of an approved product if unanticipated safety issues are discovered.

Even if the FDA or a comparable foreign regulatory authority approves any of our drug candidates, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion, and recordkeeping for the product will be subject to extensive and ongoing regulatory requirements.

These requirements also include submission of safety and other post-marketing information and reports, establishment registration and listing, as well as continued compliance with cGMPs and GCPs for any clinical trials that we conduct post-approval. Any regulatory approvals that we receive for our drug candidates may also be subject to limitations on the approved indicated uses for which the product may be marketed or to the conditions of approval, or they may contain requirements for potentially costly post-marketing studies and surveillance to monitor the safety and efficacy of the product.

Any failure to comply with regulatory requirements, or any discovery of previously unknown problems with a product — including adverse events of unanticipated severity or frequency — or with our third-party manufacturers or manufacturing processes, may result in, among other things:

- restrictions on the marketing or manufacturing of the product, withdrawal of the product from the market, or voluntary or mandatory product recalls;
- clinical trial holds;
- fines, warning letters or other regulatory enforcement action;
- refusal by the FDA to approve pending applications or supplements to approved applications filed by us;
- product seizure or detention, or refusal to permit the import or export of products; and
- injunctions or the imposition of civil or criminal penalties.

The occurrence of any of the foregoing actions could materially and adversely affect our reputation, business, results of operation, and prospects.

We may seek orphan drug designation for certain of our drug candidates, and we may be unsuccessful or unable to maintain the benefits associated with such a designation, including the potential for market exclusivity.

As part of our business strategy, we may seek orphan drug designation for certain of our drug candidates. Regulatory authorities in some jurisdictions, including the United States and Europe, may designate drugs for relatively small patient populations as orphan drugs. The FDA may designate a drug as an orphan drug if it is intended to treat a rare disease or condition. In the United States, orphan drug designation entitles a party to financial incentives such as opportunities for grant funding towards clinical trial costs, tax advantages and user-fee waivers. We have received orphan drug designation from the FDA for at one of our drug candidates, but we may be unsuccessful with respect to other drug candidates.

Similarly in Europe, the European Commission, upon the recommendation of the EMA's Committee for Orphan Medicinal Products, grants orphan drug designation for drugs intended for the diagnosis, prevention, or treatment of a life-threatening, seriously debilitating or serious and chronic condition and when, without incentives, it is unlikely that sales of the drug in Europe would be sufficient to justify the necessary investment in developing the drug. In Europe, orphan drug designation entitles a party to financial incentives such as reduction of fees or fee waivers.
Generally, if a drug with an orphan drug designation subsequently receives the first marketing approval for the indication for which it has such designation, the drug is entitled to a period of marketing exclusivity, which precludes the FDA or the EMA from approving another marketing application for the same drug and indication for that time period, except in limited circumstances. The applicable period is seven years in the United States and ten years in Europe. The European exclusivity period can be reduced to six years if a drug no longer meets the criteria for orphan drug designation or if the drug is sufficiently profitable so that market exclusivity is no longer justified.
Even if we obtain orphan drug exclusivity for a drug, that exclusivity may not effectively protect the drug from competition because different drugs can be approved for the same condition. Even after an orphan drug is approved, the FDA can subsequently approve a different drug for the same condition if the FDA concludes that the later drug is clinically superior in that it is shown to be safer, more effective, or makes a major contribution to patient care. In addition, a designated orphan drug may not receive orphan drug exclusivity if it is approved for a use that is broader than the indication for which it received orphan designation. Moreover, orphan drug exclusive marketing rights in the United States may be lost if the FDA later determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantity of the drug to meet the needs of patients with the rare disease or condition or if another drug with the same active part of the molecule is determined to be safer, more effective, or represents a major contribution to patient care. Orphan drug designation neither shortens the development time or regulatory review time of a drug, nor gives the drug any advantage in the regulatory review or

approval process. While we may seek orphan drug designation for our drug candidates, we may never receive such designations. Even if we do receive such designations, there is no guarantee that we will enjoy the benefits of those designations.

Obtaining and maintaining regulatory approval of our drug candidates in one jurisdiction does not mean that we will be successful in obtaining regulatory approval of our drug candidates in other jurisdictions.

We may submit marketing applications in countries other than the United States. Regulatory authorities in jurisdictions outside of the United States have requirements for approval of drug candidates with which we must comply prior to marketing in those jurisdictions. For example, our trials to date have consisted of small patient populations and some international regulatory filings may require larger patient populations or additional nonclinical studies or clinical trials.

Obtaining foreign regulatory approvals and compliance with foreign regulatory requirements could result in significant delays, difficulties, and costs for us and could delay or prevent the introduction of our products in certain countries. If we fail to comply with the regulatory requirements in international markets and/or fail to receive applicable marketing approvals, our target market will be reduced and our ability to realize the full market potential of our drug candidates will be harmed.

Obtaining and maintaining regulatory approval of our drug candidates in one jurisdiction does not guarantee that we will be able to obtain or maintain regulatory approval in any other jurisdiction, although a failure or delay in obtaining regulatory approval in one jurisdiction may have a negative effect on the regulatory approval process in others. For example, even if the FDA grants marketing approval of a drug candidate, comparable regulatory authorities in foreign jurisdictions must also approve the manufacturing, marketing, and promotion of the drug candidate in those countries. Approval procedures vary among jurisdictions and can involve requirements and administrative review periods different from, and greater than, those in the United States. These may include additional nonclinical studies and clinical trials since clinical trials conducted in one jurisdiction may not be accepted by regulatory authorities in other jurisdictions. In short, the foreign regulatory approval process involves all of the risks associated with FDA approval. In many jurisdictions outside the United States, a drug candidate must be approved for reimbursement before it can be approved for sale in that jurisdiction. In some cases, the price that we may intend to charge for our products will also be subject to approval.

As we expand our operations outside the United States, we will be exposed to various risks related to the global regulatory environment.

We have expanded our operations into Canada and use service providers in many regions outside the U.S. and expect our non-U.S. activities to increase in the future. If we continue expanding our operations outside of the United States, we must dedicate additional resources to comply with U.S. laws governing activities in other countries, as well as numerous laws and regulations in each jurisdiction in which we plan to operate, such as the U.S. Foreign Corrupt Practices Act (FCPA) and U.S. and foreign anti-money laundering, export control, sanctions, and other trade laws and regulations (collectively, Trade Laws). Compliance with the FCPA is expensive and difficult, particularly in countries in which corruption is a recognized problem. In addition, the FCPA presents particular challenges in the pharmaceutical industry, because, in many countries, hospitals are operated by the government, and doctors and other hospital employees are considered foreign officials. Certain payments to hospitals in connection with clinical trials and other work have been deemed to be improper payments to government officials and have led to FCPA enforcement actions.

Violations of Trade Laws can result in substantial consequences. We have direct or indirect interactions with officials and employees of governmental agencies or government-affiliated hospitals, universities or other organizations. We plan to engage third parties for clinical trials and/or to obtain necessary permits, licenses, patent registrations, and other regulatory approvals and we can be held liable for the corrupt or other illegal activities of our personnel, agents, or partners, even if we do not explicitly authorize or have prior knowledge of such activities.

Changing, inconsistent, or conflicting laws, rules and regulations governing international business practices, and ambiguities in their interpretation and application, create uncertainty and challenges. The failure to comply with any such laws or regulations may result in substantial civil and criminal penalties and suspension or debarment from government contracting. The SEC also may suspend or bar issuers from trading securities on U.S. exchanges for violations of the FCPA's accounting provisions.

We may seek priority review designation for one or more of our other drug candidates, but we might not receive such designation, and even if we do, such designation may not lead to a faster regulatory review or approval process.

If the FDA determines that a drug candidate offers a treatment for a serious condition and, if approved, the product would provide a significant improvement in safety or effectiveness, the FDA may designate the drug candidate for priority review. We may request priority review for our drug candidates from time to time. The FDA has broad discretion with respect to whether or not to grant priority review status to a drug candidate, so even if we believe a particular drug candidate is eligible for such designation or status, the FDA may decide not to grant it. Moreover, a priority review designation does not necessarily result in an expedited regulatory review or approval process or necessarily confer any advantage with respect to approval compared to conventional FDA procedures. Receiving priority review from the FDA does not guarantee approval within the six-month review cycle or at all.

Breakthrough therapy designation and fast track designation by the FDA, even if granted for any of our drug candidates, may not lead to a faster development, regulatory review, or approval process, and each designation does not increase the likelihood that any of our drug candidates will receive marketing approval in the United States.

We may seek a breakthrough therapy designation for some of our drug candidates. A breakthrough therapy is defined as a drug that is intended, alone or in combination with one or more other drugs, to treat a serious or life-threatening disease or condition, and preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. For drugs that have been designated as breakthrough therapies, interaction and communication between the FDA and the sponsor of the trial can help to identify the most efficient path for clinical development while minimizing the number of patients placed in ineffective control regimens. Drugs designated as breakthrough therapies by the FDA may also be eligible for priority review and accelerated approval. Designation as a breakthrough therapy is within the discretion of the FDA. Accordingly, even if we believe one of our drug candidates meets the criteria for designation as a breakthrough therapy, the FDA may disagree and instead determine not to make such designation. In any event, the receipt of a breakthrough therapy designation for a drug candidate may not result in a faster development process, review or approval compared to therapies considered for approval under conventional FDA procedures and does not assure ultimate approval by the FDA. In addition, even if one or more of our drug candidates qualify as breakthrough therapies, the FDA may later decide that such drug candidates no longer meet the conditions for qualification or decide that the time period for FDA review or approval will not be shortened.

We may seek fast track designation for some of our drug candidates from time to time. If a drug is intended for the treatment of a serious or life-threatening condition and the drug demonstrates the potential to address unmet medical needs for this condition, the drug sponsor may apply for fast track designation. The FDA has broad discretion whether or not to grant this designation, so even if we believe a particular drug candidate is eligible for this designation, we cannot assure you that the FDA would decide to grant it. Even if we do receive fast track designation, we may not experience a faster development process, review or approval compared to conventional FDA procedures. The FDA may withdraw fast track designation if it believes that the designation is no longer supported by data from our clinical development program. Fast track designation alone does not guarantee qualification for the FDA's priority review procedures.

The FDA, EMA, and other regulatory authorities may implement additional regulations or restrictions on the development and commercialization of our drug candidates.

The FDA, EMA, and regulatory authorities in other countries have each expressed interest in further regulating small molecule pharmaceuticals. Agencies at both the federal and state level in the United States, as well as U.S. Congressional committees and other governments or governing agencies, have also expressed interest in further regulating the small molecule pharmaceutical industry. Such action may delay or prevent commercialization of some or all of our drug candidates. Adverse developments in clinical trials of products conducted by others may cause the FDA or other oversight bodies to change the requirements for approval of any of our drug candidates. These regulatory review agencies and committees, and any new requirements or guidelines they promulgate, may lengthen the regulatory review process, require us to perform additional studies or trials, increase our development costs, lead to changes in regulatory positions and interpretations, delay or prevent approval and commercialization of our drug candidates, or lead to significant post-approval limitations or restrictions. As we advance our drug candidates, we will be required to consult with these regulatory agencies and comply with applicable requirements and guidelines. If we fail to do so, we may be required to delay or discontinue development of such drug candidates. These additional processes may result in a review and approval process that is longer than we otherwise would have expected. Delays as a result of an increased or lengthier regulatory approval process, or further restrictions on the development of our drug candidates, can be costly and could negatively impact our ability to complete clinical trials and commercialize our current and future drug candidates in a timely manner, if at all.

Healthcare legislative reform measures in the U.S. and abroad, such as changes in healthcare spending and policy, may have a material adverse effect on our business and results of operations.

We operate in a highly regulated industry, and new laws and regulations, or new interpretations of laws and regulations by regulatory bodies or the courts, related to healthcare availability and the method of delivery of, or payment for, healthcare products and services could negatively impact our business. The U.S. and many foreign jurisdictions have enacted or proposed legislative and regulatory changes affecting the healthcare system that could prevent or delay marketing approval of our current or future drug candidates; restrict or regulate post-approval activities; and/or affect our ability to profitably sell a product for which we obtain marketing approval. For any of our drug candidates that receive marketing approval, such changes could require, for example, (i) changes to our manufacturing arrangements; (ii) additions or modifications to product labeling; (iii) the recall or discontinuation of our products; and (iv) additional record-keeping requirements.

There have been, and likely will continue to be, legislative and regulatory proposals at the U.S. federal and state levels and abroad directed at increasing the availability of healthcare and containing or lowering healthcare costs. For example, the Affordable Care Act (ACA) substantially changed the way healthcare is financed by both governmental and private insurers in the U.S., and significantly impacted the pharmaceutical industry. The ACA, among other things, (i) subjected biological products to potential competition by lower-cost biosimilars; (ii) addressed a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted, or injected; (iii) increased the minimum Medicaid rebates owed by manufacturers under the Medicaid Drug Rebate Program and extended the rebate program to individuals enrolled in Medicaid managed care organizations; (iv) established annual fees and taxes on manufacturers of certain branded prescription drugs; and (v) created a new Medicare Part D coverage gap discount program, in which manufacturers must agree to offer specified point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period as a condition for the manufacturer's outpatient drugs to be covered under Medicare Part D. Since the ACA was enacted, there have been changes to certain aspects of the law by Congress, Executive Order and court decisions.

There also have been several U.S. Congressional inquiries and proposed federal and state legislation designed to, among other things, (i) bring more transparency to drug pricing, including that of specialty drugs; (ii) reduce the cost of prescription drugs under Medicare, which may result in a similar reduction in payments from private payors; (iii) review the relationship between pricing and manufacturer patient programs; and (iv) reform government program reimbursement methodologies for drugs. The continuing efforts of the government, insurance companies, managed care organizations, and other payors of healthcare services to contain or reduce costs of healthcare and/or impose price controls may adversely affect:

- the demand for our current or future drug candidates, if we obtain regulatory approval;
- our ability to set a price that we believe is fair for our products;
- our ability to obtain coverage and reimbursement approval for a product;
- our ability to generate revenue and achieve or maintain profitability;
- the level of taxes that we are required to pay; and
- the availability of capital.

Any such legislative or other reform measures and changes in healthcare spending and policy could result in increased costs to us, reduced demand for our current or future drug candidates, and additional pricing pressures, which could have a material adverse effect on our business, results of operations, and prospects.

Our relationships with healthcare providers, other customers, and third-party payors will be subject to applicable anti-kickback, fraud and abuse, and other healthcare laws and regulations, which could expose us to criminal sanctions, civil penalties, exclusion from government healthcare programs, contractual damages, reputational harm, and diminished profits and future earnings.

Although we do not currently have any products on the market, once we begin commercializing our drug candidates, we will be subject to additional healthcare statutory and regulatory requirements and enforcement by the federal government and the states and foreign governments in which we conduct our business. Healthcare providers, physicians, and third-party payors play a primary role in the recommendation and prescription of any drug candidates for which we obtain marketing approval. Our future arrangements with third-party payors and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we market, sell, and distribute our drug candidates for which we obtain marketing approval. Restrictions under applicable federal and state healthcare laws and regulations include, but are not limited to, the Anti-Kickback Statute, the False Claims Act, the Health Insurance Portability and Accountability Act (HIPAA), and the Health Information Technology for Economic and Clinical Health Act of 2009 (HITECH Act).

Efforts to ensure that our future business arrangements with third parties comply with applicable healthcare laws and regulations could involve substantial costs and may require us to undertake or implement additional policies or measures. We may face claims and proceedings by private parties, and claims, investigations and other proceedings by governmental authorities, relating to allegations that our business practices do not comply with statutes, regulations or case law involving applicable fraud and abuse, privacy or data protection, or other healthcare laws and regulations, and it is possible that courts or governmental authorities may conclude that we have not complied with them, or that we may find it necessary or appropriate to settle any such claims or other proceedings. In connection with any such claims, proceedings, or settlements, we may be subject to significant civil, criminal, and administrative penalties, damages, fines, other damages, imprisonment, exclusion from government funded healthcare programs, such as Medicare and Medicaid, and the curtailment or restructuring of our operations. If any of the physicians or other providers or entities with whom we expect to do business is found not to be in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs.

We are subject to U.S. and foreign laws regarding privacy, data protection, and data security that could entail substantial compliance costs, while the failure to comply could subject us to significant liability.

Privacy, data protection, and data security have become significant issues in the U.S., Europe, and other jurisdictions where we conduct or may in the future conduct our operations. The regulatory framework for the collection, use, safeguarding, sharing, and transfer of health and other personal information is rapidly evolving worldwide and is likely to remain in flux for the foreseeable future. The scope and interpretation of the laws that are or may be applicable to us are often uncertain, subject to differing interpretations, and may be inconsistent among different jurisdictions.

In the U.S., HIPAA, as amended by the HITECH Act, imposes on covered entities certain requirements relating to the privacy, security, and transmission of individually identifiable health information. The legislation also increased

the civil and criminal penalties that may be assessed for violations and gave state attorneys general the authority to file civil actions in federal courts to enforce the HIPAA rules. In addition, for clinical trials conducted in the U.S., any personal information that is collected is further regulated by the Federal Policy for the Protection of Human Subjects. Privacy laws are also being enacted or considered at the state level.. While there is currently an exception for protected health information subject to HIPAA and clinical trial regulations, the state privacy laws may impact our business activities, and there continues to be uncertainty about how these laws will be interpreted and enforced. Other states have passed general privacy legislation that also may impact our business activities, in the future and additional states are evaluating similar legislation.

In the event we enroll subjects in clinical trials in the European Union (EU) or other jurisdictions, or otherwise acquire or process personal data of individuals in those jurisdictions, we may be subject to additional restrictions relating to the collection, use, storage, transfer, and other processing of this data. Clinical trial activities in the European Economic Area (EEA), for example, are governed by the EU General Data Protection Regulation (GDPR).

We may need to take additional steps, such as new contractual negotiations or modifications to our policies or practices relating to cross-border transfers of personal data, to comply with these restrictions. More generally, laws and regulations governing privacy and data protection exist in many other countries around the world, and these laws (which are evolving and expanding) create complicated and potentially inconsistent obligations that may impact our business.

The increasing number, complexity, and potential inconsistency of current and future laws and regulations relating to privacy, data protection, and data security in the U.S. and other countries make our compliance obligations more difficult and costly. This is particularly true with respect to healthcare data or other personal information acquired as a result of our research activities and clinical trials. If we fail to comply with applicable laws and regulations or experience a breach of security that results in unauthorized disclosure of personal information – or if a third party with whom we share personal information or who processes such information for us fails to comply with applicable requirements or experiences a leak – it could lead to government investigations and enforcement actions, as well as civil claims and litigation against us. We could incur substantial costs to defend against any such claims or proceedings and may also be held liable for significant fines, penalties, and monetary judgments. Any of the foregoing could have a material adverse effect on our business, results of operations, and reputation.

Our employees, independent contractors, consultants, and vendors may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements and insider trading laws, which could cause significant liability for us and harm our reputation.

We are exposed to the risk of fraud or other misconduct by our employees, independent contractors, CROs, consultants, and vendors. Misconduct by these parties could include intentional, reckless, or negligent conduct that causes us to fail to comply with, among other things, FDA regulations or similar regulations of comparable foreign regulatory authorities, drug manufacturing standards, and healthcare fraud and abuse laws. Such misconduct could also involve the improper use of information obtained in the course of clinical trials, as well as violations of HIPAA and other privacy laws in the U.S and non-U.S. jurisdictions, including the EU Data Protection Directive. We are also exposed to risks in connection with potential insider trading violations by employees or others affiliated with us. It is not always possible to identify and deter employee or other individual misconduct. The precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses, or in protecting us from governmental investigations or other actions or lawsuits stemming from noncompliance with applicable laws, standards, regulations, or codes of conduct. If any such actions are instituted against us, whether with or without merit, and we are not successful in defending ourselves or asserting our rights, they may result in damages, fines, and other sanctions that could materially and adversely affect our business, results of operations, and reputation.

We are exposed to the risk of fraud or other misconduct by our employees, independent contractors, CROs, consultants, and vendors. Misconduct by these parties could include intentional, reckless, and/or negligent conduct that causes us to fail to comply with FDA regulations or similar regulations of comparable foreign regulatory authorities, provide accurate information to the FDA or comparable foreign regulatory authorities, comply with manufacturing standards, comply with federal and state healthcare fraud and abuse laws and regulations and similar laws and regulations established and enforced by comparable foreign regulatory authorities, report financial information or data accurately, or disclose unauthorized activities to us. Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could

result in regulatory sanctions and serious harm to our reputation. This could include violations of HIPAA, other U.S. federal and state law, and requirements of non-U.S. jurisdictions, including the European Union Data Protection Directive. We are also exposed to risks in connection with any insider trading violations by employees or others affiliated with us, including inadvertent violations such as a sale of pledged shares by a lender when the pledgor is in possession of material nonpublic information.

It is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws, standards, regulations, guidance, or codes of conduct. Additionally, we are subject to the risk that a person could allege such fraud or other misconduct, even if none occurred and our employees may, from time to time, bring lawsuits against us for employment issues, including injury, discrimination, wage and hour disputes, sexual harassment, hostile work environment, or other employment issues. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, possible exclusion from participation in Medicare, Medicaid and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations.

Climate change-related risks and uncertainties and legal or regulatory responses to climate change could negatively impact our results of operations, financial condition and/or reputation.

We are subject to increasing climate-related risks and uncertainties, many of which are outside of our control. Climate change may result in more frequent severe weather events, potential changes in precipitation patterns, and extreme variability in weather patterns, which can disrupt our operations as well as those of our vendors, suppliers, and collaborators.

The transition to lower greenhouse gas emissions technology, the effects of carbon pricing, and changes in public sentiment, regulations, taxes, public mandates, or requirements and increases in climate-related lawsuits, insurance premiums, and implementation of more robust disaster recovery and business continuity plans could increase costs to maintain or resume our operations or achieve any sustainability commitments we make, which would negatively impact our results of operations.

We are reviewing our impact on climate change and determining if it is economically feasible for us to be carbon neutral by 2030. We are also working on other environmental, social and governance goals. Execution and achievement of any future commitments or goals are subject to risks and uncertainties. Given the focus on sustainable investing, if we fail to make a climate change commitment by 2030 and adopt policies and practices to enhance environmental, social and governance initiatives, our reputation and our customer and other stakeholder relationships could be negatively impacted and it may be more difficult for us to compete effectively or gain access to financing on acceptable terms when needed, which would have an adverse effect on our results of operations.

RISKS RELATING TO EMPLOYEE MATTERS AND MANAGING GROWTH

Our future success depends on our ability to retain key executives and experienced scientists, and to attract, retain, and motivate qualified personnel.

We are highly dependent on the research and development, clinical, and business development expertise of our executive, management, scientific, technological, and clinical teams. Although we have entered into employment agreements with our executive officers, each of them may terminate their employment with us at any time or may not be able to perform the services we need in the future.

Recruiting and retaining qualified scientific, clinical, manufacturing, and sales and marketing personnel is also critical to our success. For example, we rely on our employees to help operate and repair our robots, and on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our research and development and commercialization strategies. Because of the specialized scientific nature of our business, we are highly dependent upon attracting and retaining qualified scientific, technical, and managerial personnel. While we we strive to reduce the impact of the potential loss of existing employees by having an established

organizational talent review process that identifies successors and potential talent needs, there is still significant competition for qualified personnel in the pharmaceutical and biotechnology fields. Therefore, we may not be able to attract and retain the qualified personnel necessary for the continued development of our business. The loss of the services of existing personnel, as well as the failure to recruit additional key scientific, technical, and managerial personnel in a timely manner, could harm our business.

The loss of the services of our executive officers or other key employees or consultants could impede our ability to successfully implement our business strategy. Replacing executive officers and key employees may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of, and commercialize drug products, and the competition among numerous pharmaceutical and biotechnology companies for similar personnel. In addition, our consultants and advisors may have commitments under consulting or advisory contracts with other entities that may limit their availability to us. We may also experience difficulties recruiting scientific and clinical personnel from universities and research institutions. If one or more of our clinical trials are unsuccessful, it may become more challenging to recruit and retain qualified scientific personnel.

In addition, increases in salaries and wages, extensions of personal and other leave policies, other governmental regulations affecting labor costs, and a diminishing pool of potential qualified personnel when the unemployment rate falls could significantly increase our labor costs and make it more difficult to retain, attract, and motivate qualified personnel, which could materially adversely affect our business, financial performance, and cash reserves. As a result of inflationary pressures and other initiatives, our net losses may increase and we may need to raise capital sooner than otherwise anticipated. Because we employ a large workforce, any salary or wage increase and/or expansion of benefits mandates will have a particularly significant impact on our labor costs. Our vendors, contractors and business partners are similarly impacted by wage and benefit cost inflation, and many have or will increase their price for goods, construction and services in order to offset their increasing labor costs.

Some of the employees we may want to hire in the future may not reside in Salt Lake City, Utah or other areas where we have operations and may not want to relocate. In addition, many of the other pharmaceutical and biotechnology companies that we compete against for qualified personnel have greater financial and other resources, different risk profiles, and a longer history in the industry than we do. They also may provide more diverse opportunities and better chances for career advancement.

If we are unable to hire, retain, and motivate highly qualified senior executives and personnel, the rate and success with which we can discover and develop drug candidates, our ability to pursue our growth strategy, and our business may be adversely impacted.

We expect to expand our development and regulatory capabilities and potentially implement sales, marketing, and distribution capabilities, and as a result, we may encounter difficulties in managing our growth, which could disrupt our operations.

We expect to experience significant growth in the number of employees and the scope of our operations. To manage our anticipated future growth, we must continue to implement and improve our managerial, operational, and financial systems; expand our facilities; and continue to recruit and train additional qualified personnel. Due to our limited financial resources and the limited experience of our management team in managing a company with such anticipated growth, we may not be able to effectively manage the expansion of our operations or recruit and train additional qualified personnel. The expansion of our operations may lead to significant costs and may divert our management and business development resources. Any inability to manage growth could delay the execution of our business plans or disrupt our operations.

We may acquire additional businesses or products, form strategic alliances, or create joint ventures with third parties that we believe will complement or augment our existing business. If we acquire businesses with promising markets or technologies, we may not be able to realize the benefit of acquiring such businesses if we are unable to successfully integrate them with our existing operations and company culture. We may encounter numerous difficulties in developing, manufacturing, and marketing any new products resulting from a strategic alliance or acquisition that delay or prevent us from realizing their expected benefits or enhancing our business. We cannot assure you that, following any such acquisition, we will achieve the expected synergies to justify the transaction.

RISKS RELATED TO THE SECURITIES MARKETS AND OWNERSHIP OF OUR CLASS A COMMON STOCK

The dual-class structure of our common stock affects the concentration of voting power, which limits our Class A common stockholders' ability to influence the outcome of matters submitted to our stockholders for approval, including the election of our board of directors, the adoption of amendments to our certificate of incorporation and bylaws, and the approval of any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction.

Our Class A common stock offered in our initial public offering has one vote per share, and our Class B common stock has 10 votes per share. As of December 31, 2021, Dr. Gibson, our CEO and a member of our board of directors, and his affiliates held 23,470 shares of our Class A common stock and all of the issued and outstanding shares of our Class B common stock, representing approximately 36.79% of the voting power of our outstanding capital stock, which voting power may increase over time as Dr. Gibson exercises or vests in equity awards. If all such equity awards held by Dr. Gibson had been exercised or vested and exchanged for shares of Class B common stock as of December 31, 2021, Dr. Gibson and his affiliates would hold approximately 40.25% of the voting power of our outstanding capital stock.

As a result, Dr. Gibson may be able to significantly influence any action requiring the approval of our stockholders, including the election of our board of directors, the adoption of amendments to our certificate of incorporation and bylaws, and the approval of any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction. Dr. Gibson may have interests that differ from our Class A common stockholders and may vote in a way with which our Class A stockholders disagree with and which may be adverse to our Class A stockholders' interests. The concentrated control may have the effect of delaying, preventing, or deterring a change in control of our company, could deprive our stockholders of an opportunity to receive a premium for their capital stock as part of a sale in our company, and, thus, may affect the market price of our Class A common stock.

Future transfers by the holders of Class B common stock will generally result in those shares automatically converting into shares of Class A common stock, subject to limited exceptions, such as certain transfers for estate planning. Transfers or exchanges of shares of Class B common stock may result in the issuance of additional shares of Class A common stock and such issuances will be dilutive to holders of our Class A common stock. In addition, each share of Class B common stock will convert automatically into one share of Class A common stock upon the earliest of (i) April 16, 2028; (ii) the date specified by written consent or agreement of the holders of 66 2⁄3% of our then outstanding shares of Class B common Stock; (iii) nine months after Dr. Gibson ceases to hold any positions as an officer or director of the Company; or (iv) nine months after the death or disability of Dr. Gibson. We refer to the date on which such final conversion of all outstanding shares of Class B common stock pursuant to the terms of amended and restated certificate of incorporation occurs as the Final Conversion Date.

During the fourth quarter of 2021, Dr. Gibson established personal stock trading plans in accordance with Securities Exchange Act Rule 10b5-1 and Recursion's Insider Trading Policy. Under the plans, approximately 700,000 outstanding stock options may be exercised and we anticipate shares representing up to approximately 5% of Dr. Gibson's holdings may be sold or transferred to donor-advised philanthropic funds. We anticipate the Rule 10b5-1 transactions may take place over the next 15 months. Any such transactions will be disclosed through public filings as required by the SEC.

Our principal stockholders and management own a significant percentage of our stock and will be able to exert significant control over matters subject to stockholder approval.

As of December 31, 2021, our executive officers, directors, holders of 5% or more of our capital stock, and their respective affiliates, including Dr. Gibson and his affiliates, beneficially owned shares representing approximately 68.72% of our voting power. These stockholders, acting together, may be able to impact matters requiring stockholder approval, including the elections of directors; amendments of our organizational documents; and approval of any merger, sale of all or substantially all of our assets, or other major corporate transaction. This concentrated control may also have the effect of deterring, delaying, or preventing unsolicited acquisition proposals or offers for our capital stock that other stockholders may feel are in their best interest. The interests of this group of stockholders may not always coincide with each other's interests or the interests of other stockholders, and they may act in a manner that advances their best interests and not necessarily those of other stockholders, including seeking a premium value for their common stock, and might affect the market price for our common stock.

We are an "emerging growth company" as defined in the JOBS Act and eligible for exemptions from certain disclosure requirements, which could make our Class A common stock less attractive to investors.

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 (the JOBS Act) and will remain an emerging growth company until the earlier of (1) December 31, 2026; (2) December 31 of the year in which we (a) become a "large accelerated filer" as defined under SEC rules; or (b) have total annual gross revenues of $1.07 billion or more; or (3) the date on which we have issued more than $1 billion in nonconvertible debt over a three-year period. For so long as we remain an emerging growth company, we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies. These exemptions include:

- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 (Section 404);
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements;
- providing only two years of audited financial statements in addition to any required unaudited interim financial statements and a correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure;
- reduced disclosure obligations regarding executive compensation; and
- not being required to hold a nonbinding stockholder advisory vote on executive compensation or on approval of any golden parachute payments not previously approved.

Accordingly, our independent registered public accounting firm will not be required to provide an attestation report on the effectiveness of our internal control over financial reporting so long as we qualify as an emerging growth company, which may increase the risk that material weaknesses or significant deficiencies in our internal control over financial reporting go undetected. Likewise, we may elect not to provide certain information, including certain financial information and certain information regarding compensation of our executive officers, that we would otherwise have been required to provide in filings we make with the SEC, which may make it more difficult for investors and securities analysts to evaluate our company.

The JOBS Act further provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised U.S. generally accepted accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to use the extended transition period for new or revised accounting standards during the period in which we remain an emerging growth company; however, we may adopt certain new or revised accounting standards early. As a result, changes in rules of U.S. GAAP or their interpretation, the adoption of new guidance, or the application of existing guidance to changes in our business could significantly affect our financial position and results of operations. If some of our Class A common stockholders find our common stock less attractive because we may rely on these exemptions, there may be a less active trading market for our common stock, and our stock price may be more volatile and may decline.

The price of our Class A common stock may be volatile and fluctuate substantially, which could result in substantial losses for holders of our common stock.

The trading price of our Class A common stock has been volatile since our initial public offering and it is likely that the price will fluctuate substantially in the future. The stock price may be influenced by many factors, a number of which are beyond our control, which factors include:

- the success of competitive products or technologies;
- results of clinical trials of our drug candidates or those of our competitors;
- regulatory or legal developments in the United States and other countries;

- developments or disputes concerning patent applications, issued patents, or other proprietary rights;
- the recruitment or departure of key personnel;
- the level of expenses related to any of our drug candidates or clinical development programs;
- the results of our efforts to discover, develop, acquire, or in-license additional drug candidates or products;
- actual or anticipated changes in estimates as to financial results, development timelines, or recommendations by securities analysts;
- variations in our financial results or those of companies that are perceived to be similar to us;
- changes in the structure of healthcare payment systems;
- inflation, general supply chain matters, global political instability, or warfare;
- performance of the overall stock market and shares of biotechnology companies in particular, as well as general economic conditions; and
- the other factors described in this “Risk Factors” section.

As a result of this volatility, holders of our Class A common stock may not be able to sell their stock at or above the price they originally paid for it, which could result in the loss of a part or all of their investment.

Sales of a substantial number of shares of our Class A common stock in the public market could cause our stock price to fall.

Sales of a substantial number of shares of our Class A common stock in the public market could occur at any time. These sales, or the perception in the market that one or more holders of a large number of shares intend to sell their shares, could cause the market price of our Class A common stock to decline.

Also, shares of Class A common stock that are either subject to outstanding options and warrants or reserved for future issuance under our equity compensation plans are eligible for sale in the public market to the extent permitted by the provisions of various vesting schedules and Rule 144 and Rule 701 under the Securities Act. Some holders of shares of our Class A common stock issued and issuable upon conversion of Class B common stock are entitled to rights with respect to the registration of their shares under the Securities Act. Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act, except for shares purchased by affiliates.

In the future we may also issue our securities in connection with any financings, investments, or acquisitions, and the number of shares issued could constitute a material portion of our then-outstanding common stock.

The sale of a significant number of shares of our Class A common stock under any of the above circumstances, or otherwise, in the public market at any time, or the perception that they may be sold, could have a material adverse effect on the market price of our Class A common stock. In that event, holders of our Class A common stock may not be able to sell their stock at or above the price they originally paid for it, which could result in the loss of part or all of their investment.

We have increased costs and compliance requirements as a result of operating as a public company. Our management has been and will continue to be required to devote substantial time to compliance initiatives, including those concerning internal control over financial reporting.

As a public company, and particularly after we are no longer an “emerging growth company,” we are required to incur significant legal, accounting, and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act and rules subsequently implemented by the SEC and the Nasdaq Stock Market impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel must devote substantial time and attention to these compliance initiatives. Moreover, these rules and regulations increase our legal and financial compliance costs and make some activities more time-consuming and costly. For example, we expect that they may make it more difficult and more expensive for us to obtain director and officer liability insurance. Our chief financial officer has only been the chief financial officer of a publicly traded company since our initial public offering, and our

chief executive officer has only been the chief executive officer of a publicly traded company since our initial public offering. Neither has been involved in the long-term operations of a public company.

Pursuant to Section 404 of the Sarbanes-Oxley Act, we are required to furnish a report by management on our internal control over financial reporting. This assessment will need to include disclosure of any material weaknesses in our internal control over financial reporting that are identified by our management. While we remain an emerging growth company, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting until our first annual report required to be filed with the SEC following the date on which we are no longer an emerging growth company. At that time, if we then have a material weakness, we would receive an adverse opinion regarding our internal control over financial reporting from our independent registered accounting firm. To achieve compliance with Section 404 within the prescribed period, we will be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging.

Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition or results of operations. If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines we have a material weakness or significant deficiency in our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of shares of our Class A common stock could decline, and we could be subject to sanctions or investigations by Nasdaq, the SEC, or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets and our ability to remain listed on the Nasdaq Stock Market

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws and Delaware law might discourage, delay, or prevent a change in control of our company or changes in our management and, therefore, depress the market prices of our Class A common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could depress the market prices of our Class A common stock by acting to discourage, delay or prevent a change in control of our company or changes in our management that the stockholders of our company may deem advantageous. These provisions, among other things:

- establish a classified board of directors so that not all members of our board are elected at one time;
- permit only the board of directors to establish the number of directors and fill vacancies on the board;
- authorize the issuance of “blank check” preferred stock that our board could use to implement a stockholder rights plan (also known as a “poison pill”);
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- prohibit cumulative voting;
- authorize our board of directors to amend the bylaws;
- establish advance notice requirements for nominations for election to our board or for proposing matters that can be acted upon by stockholders at annual stockholder meetings; and
- require a super-majority vote of stockholders to amend some provisions described above.

In addition, Section 203 of the General Corporation Law of the State of Delaware prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder, generally a person which together with its affiliates owns, or within the last three years has owned, 15% of our voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner.
Any provision of our amended and restated certificate of incorporation, amended and restated bylaws, or Delaware law that has the effect of delaying or preventing a change in control could limit the opportunity for our stockholders

to receive a premium for their shares of Class A common stock and could also affect the price that some investors are willing to pay for our stock.

Our actual operating results may differ significantly from any guidance that we provide.

From time to time, we may provide guidance in our quarterly earnings releases, or otherwise, regarding our future performance that represents our management's estimates as of the date of release. This guidance, which would include forward-looking statements, would be based on projections prepared by our management. Neither our registered public accountants nor any other independent expert or outside party would compile or examine the projections. Accordingly, no such person would express any opinion or any other form of assurance with respect to the projections.

Projections are based upon a number of assumptions and estimates that, while presented with numerical specificity, are inherently subject to significant business, economic, and competitive uncertainties and contingencies, many of which are beyond our control and are based upon specific assumptions with respect to future business decisions, some of which will change. The principal reason that we would release guidance is to provide a basis for our management to discuss our business outlook with analysts and investors. We do not accept any responsibility for any projections or reports published by any such third parties.
Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying any guidance furnished by us will not materialize or will vary significantly from actual results. Accordingly, our guidance would be only an estimate of what management believes is realizable as of the date of release. Actual results may vary from our guidance and the variations may be material.

As a public company, we are obligated to develop and maintain proper and effective internal controls over financial reporting. Any failure to maintain the adequacy of these internal controls may adversely affect investor confidence in our company and, as a result, the value of our Class A common stock.

Our chief financial officer has only been the chief financial officer of a publicly traded company since our initial public offering and our chief executive officer has only been the chief executive officer of a publicly traded company since our initial public offering. Neither has been involved in the long term operations of a public company. Pursuant to Section 404 of the Sarbanes-Oxley Act, we will be required to furnish a report by our management on our internal control over financial reporting beginning with our second filing of an Annual Report on Form 10-K with the SEC. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. However, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting until our first annual report required to be filed with the SEC following the date we are no longer an emerging growth company. At such time as we are required to obtain auditor attestation, if we then have a material weakness, we would receive an adverse opinion regarding our internal control over financial reporting from our independent registered accounting firm.

To achieve compliance with Section 404 of the Sarbanes-Oxley Act within the prescribed period, we will be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, including through hiring additional financial and accounting personnel, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented, and implement a continuous reporting and improvement process for internal control over financial reporting. During our evaluation of our internal control, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective. We cannot assure you that there will not be material weaknesses or significant deficiencies in our internal control over financial reporting in the future.

Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition, or results of operations. If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines we have a material weakness or significant deficiency in our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of shares of our Class A common stock

could decline, and we could be subject to sanctions or investigations by the Nasdaq Stock Market, the SEC, or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

GENERAL RISKS

Unfavorable global economic conditions could adversely affect our business.

Our results of operations could be adversely affected by general conditions in the global economy and in the global financial markets. For example, the COVID-19 pandemic, global political instability, supply chain issues, and inflation have caused significant volatility and uncertainty in U.S. and international markets. Uncertainty in the U.S. regarding the federal government's debt ceiling and related budgetary matters may also cause volatility and uncertainty in the global markets. A severe or prolonged economic downturn could result in a variety of risks to our business, including weakened demand for our drug candidates and impaired ability to raise additional capital when needed on acceptable terms, if at all. A weak or declining economy could also strain our suppliers or result in supply disruption. Any of the foregoing could harm our business and we cannot anticipate all of the ways in which the current economic climate and financial market conditions could adversely impact our business.

We are subject to the risks of litigation that may arise in the ordinary course of our business, which could be costly and time-consuming to pursue or defend.

We periodically are, and in the future may be, involved in legal proceedings or claims that arise in the ordinary course of business, such as those regarding commercial or contractual disputes, intellectual property rights, employment matters, product liability, or data privacy.

As a public company, we and our directors and officers are also subject to potential securities class action litigation, particularly if the market price of our Class A common stock is volatile. The stock market in general, and Nasdaq-listed and biotechnology companies in particular, experience significant price and volume fluctuations from time to time that often are unrelated or disproportionate to the operating performance of these companies. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action lawsuits, and we may be the target of such litigation in the future.

Litigation, whether with or without merit, may be expensive to pursue or defend; divert management's attention; result in adverse judgments for damages, injunctive relief, penalties, and fines; and harm our business and reputation. Some third parties may be able to sustain the costs of litigation more effectively than we can because they have substantially greater resources. Insurance may not cover all claims or may cover only a portion of our expenses and losses, and may not continue to be available on terms acceptable to us.

If securities analysts do not publish research or reports about our business or if they publish negative evaluations of our stock, the price of our stock could decline.

The trading market for our Class A common stock relies, in part, on the research and reports that industry or financial analysts publish about us or our business. If only a small number of analysts maintain coverage of us, the trading price of our stock would likely decrease. If an analyst covering our stock downgrade their evaluations of our stock, the price of our stock could decline. If one or more of these analysts cease to cover our stock, we could lose visibility in the market for our stock, which in turn could cause our stock price to decline.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Recursion's corporate offices are located at 41 S Rio Grande Street, Salt Lake City, Utah 84101. This 105,419 square foot location includes office, research and laboratory space. The laboratories include both traditional and automated laboratories for drug research.

The following is a list of additional material properties the Company leases as of December 31, 2021:

Name	Location	Square footage	Description
Station 56	Salt Lake City, UT	94,129	Located adjacent to our corporate offices this location will include lab space and office space. This space is currently under construction.
Komas	Salt Lake City, UT	15,398	Location includes office space and a wet laboratory.
Milpitas	Milpitas, CA	24,974	Location includes lab and technological services and is used for research, design and development.

Item 3. Legal Proceedings.

We are not currently a party to any material litigation or other material legal proceedings. We may, from time to time, become involved in various legal proceedings arising in the normal course of business. An unfavorable resolution of any such matter could materially affect our future financial position, results of operations or cash flows.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

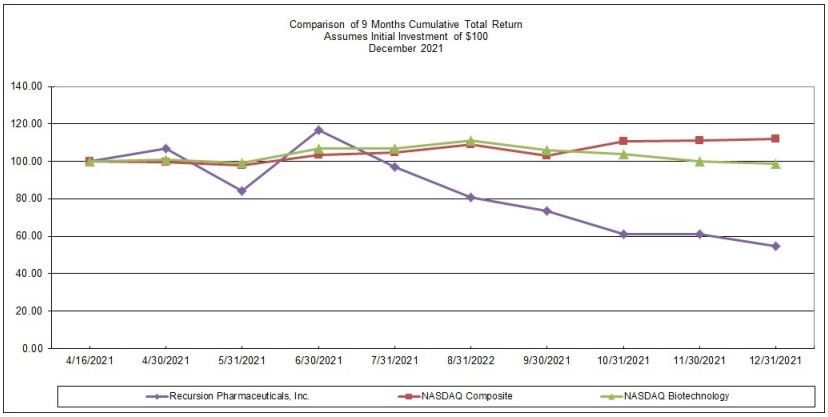
Principal market

The principal market for Recursion's Class A common stock is the Nasdaq Global Select Market (Symbol: RXRX). Our common stock began trading on April 16, 2021. Prior to that date, there was no public market for our common stock.

Recursion's Class B common stock is not listed on any stock exchange nor traded on any public market.

Stock performance graph

The following graph compares the cumulative total returns of Recursion, the Nasdaq Composite Index and the Nasdaq Biotechnology Index from our April 16, 2021 closing stock price (the date on which our common stock first began trading on the Nasdaq Global Select Market) through December 31, 2021. This graph assumes $100 was invested and the reinvestment of dividends. The comparisons shown in the graph below are based upon historical data and are not necessarily indicative of future performance.



This performance graph is furnished and shall not be deemed "filed" with the SEC or subject to Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any of Recursion's filings under the Securities Act of 1933, as amended.

Stockholders

There were 44 stockholders of record of Recursion Class A common stock as of February 28, 2022. The actual number of stockholders of our Class A common stock is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees.

Dividend policy

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our board of directors, subject to applicable laws, and will depend on a

number of factors, including our financial condition, results of operations, capital requirements, contractual restrictions, general business conditions, and other factors that our board of directors may deem relevant, including restrictions in our current and future debt instruments, our future earnings, capital requirements, financial condition, prospects, and applicable Delaware law, which provides that dividends are only payable out of surplus or current net profits.

Securities authorized for issuance under equity compensation plans

Information about our equity compensation plans in Item 12 of Part III of this Annual Report on Form 10-K is incorporated herein by reference.

Recent sales of unregistered securities

(a) Sales of Unregistered Securities

Stock Option Exercises
For the year ended December 31, 2021, we issued 2,589,429 shares of our Class A common stock or Class B common stock, as applicable, to our employees, directors, advisors and consultants upon the exercise of stock options under our 2016 Equity Incentive and Key Personnel Incentive Stock Plans for aggregate consideration of approximately $2.8 million. The shares of Class A common stock or Class B Common Stock, as applicable, issued upon the exercise of stock options were issued pursuant to written compensatory plans or arrangements with our employees, directors, advisors, and consultants, in reliance on the exemption provided by Rule 701 promulgated under the Securities Act, or pursuant to Section 4(a)(2) under the Securities Act, relative to transactions by an issuer not involving any public offering, to the extent an exemption from such registration was required. All recipients either received adequate information about our company or had access, through employment or other relationships, to such information.

Stock Option Grants
For the year ended December 31, 2021, we issued to employees, directors, advisors and consultants, options to purchase an aggregate of 1,849,311 shares of our Class A common stock or Class B common stock, as applicable, at a weighted-average exercise price of $4.44 per share in reliance on the exemption provided by Rule 701 promulgated under the Securities Act, or pursuant to Section 4(a)(2) under the Securities Act, relative to transactions by an issuer not involving any public offering, to the extent an exemption from such registration was required.

Warrant Exercises
On April 15, 2021, the Company issued 108,202 shares of our Class A common stock with an exercise price of $0.71 and 21,762 shares of our Class A common stock with an exercise price of $2.79 to an accredited investor pursuant to the cashless exercise of two warrants.

On October 22, 2021, the Company issued 213,646 shares of our Class A common stock with an exercise price of $5.49 to accredited investors pursuant to the exercise of warrants.

Common Stock Exchange
On April 15, 2021, we exchanged a total of 9,467,833 shares of Class A common stock beneficially owned by our founder, Dr. Christopher Gibson, and his affiliate, for an equivalent number of shares of Class B common stock pursuant to the terms of a certain exchange agreement. No additional consideration was paid in connection with the exchange. We believe the offers, sales, and issuances of the above securities were exempt from registration under the Securities Act pursuant to Section 3(a)(9) of the Securities Act because our securities were exchanged by us with our existing security holders exclusively where no commission or other remuneration was paid or given directly or indirectly for soliciting such exchange.

(b) Use of Proceeds from Public Offering of Class A Common Stock

On April 15, 2021, the Registration Statements on Form S-1 (File No. 333-254576) for the initial public offering of our Class A common stock was declared effective by the SEC. Shares of our Class A common stock began trading on the Nasdaq Global Market on April 16, 2021. The offering closed on April 20, 2021.

The underwriters of our IPO were Goldman Sachs & Co. LLC, J.P. Morgan, BofA Securities, SVB Leerink, Allen & Company LLC and KeyBanc Capital Markets.

We paid the underwriters of our IPO an underwriting discount totaling approximately $35.1 million. In addition, we incurred expenses of approximately $4.3 million, which, when added to the underwriting discount, amount to total expenses of approximately $39.5 million. Thus, the net offering proceeds, after deducting underwriting discounts and offering expenses, were approximately $462.4 million. No offering expenses were paid directly or indirectly to any of our directors or officers (or their associates) or persons owning 10.0% or more of any class of our equity securities or to any other affiliates.

We are holding a significant portion of the balance of the net proceeds in bank deposits held in checking accounts and an investment portfolio. There has been no material change in the planned use of proceeds from our IPO from those that were described in the final prospectus filed pursuant to Rule 424(b) under the Securities Act and other periodic reports previously filed with the SEC.

(c) Issuer Purchases of Equity Securities

None.

Item 6. [Reserved]

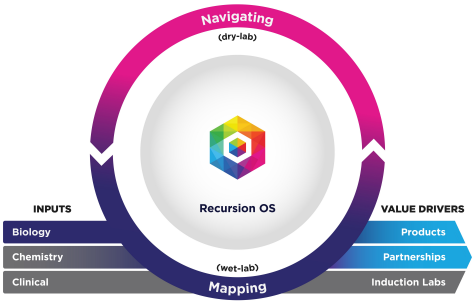

Recursion
Management's Discussion and Analysis
of Financial Condition and Results of Operations
ITEM 7.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

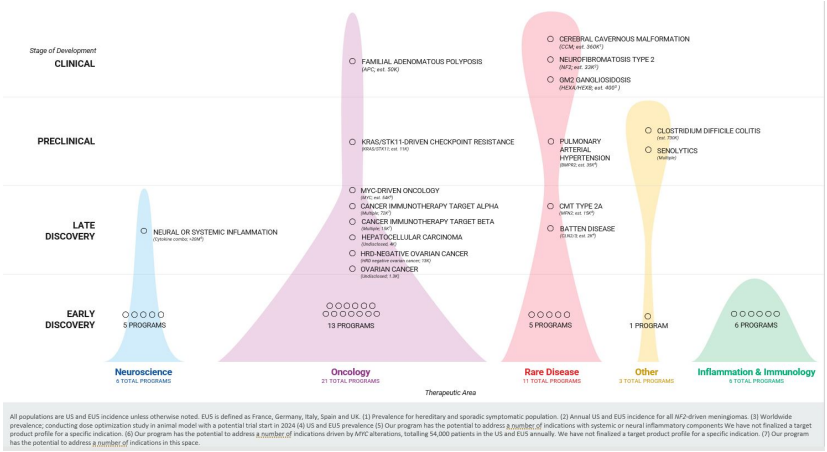
The following is a discussion and analysis of the financial condition of Recursion Pharmaceuticals, Inc. *(Recursion, the Company, we, us or our) and the results of operations. This commentary should be read in conjunction with the Consolidated Financial Statements and accompanying notes appearing in Item 8, "Financial Statements." This discussion, particularly information with respect to our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, includes forward-looking statements that involve risks and uncertainties as described under the heading "Note About Forward-Looking Statements" in this Annual Report on Form 10-K. You should review the disclosure under the heading "Risk Factors" in this Annual Report on Form 10-K for a discussion of important factors that could cause our actual results to differ materially from those anticipated in these forward-looking statements.*

Overview

We are a clinical-stage biotechnology company industrializing drug discovery by decoding biology. Central to our mission is the Recursion Operating System (OS), a platform built across diverse technologies that enables us to map and navigate hundreds of billions of biological and chemical relationships within one of the world's largest proprietary biological and chemical datasets, the Recursion Data Universe. Scaled 'wet-lab' biology and chemistry tools are organized into an iterative loop with 'dry-lab' computational tools to rapidly translate map-based hypotheses into validated insights and novel chemistry, unconstrained by published literature or human bias. Our focus on novel technologies spanning target discovery through translation, as well as our ability to rapidly iterate between wet lab and dry lab in-house and at scale, differentiates us from other companies in our space. Further, our balanced team of life scientists and computational and technical experts creates an environment where empirical data, statistical rigor and creative thinking are brought to bear on our decisions. To date, we have leveraged our Recursion OS to enable three value drivers: i) an expansive pipeline of internally-developed programs, including several clinical-stage assets, focused on genetically-driven rare diseases and oncology with significant unmet need and market opportunities, in some cases expected to be in excess of $1.0 billion in annual sales; ii) strategic partnerships with leading biopharma companies to map and navigate intractable areas of biology, including fibrosis with Bayer and neuroscience with Roche and Genentech, to identify novel targets and translate potential new medicines to resource-heavy clinical development overseen by our partners; and iii) Induction Labs, a growth engine created to explore new extensions of the Recursion OS both within and beyond therapeutics. We are a biotechnology company scaling more like a technology company.



Recursion finished the fourth quarter of 2021 with a portfolio of clinical stage, preclinical, late discovery and early discovery programs and continued scaling the total number of phenomic experiments to approximately 115 million, the size of its proprietary data universe to approximately 13 petabytes, and the number of biological and chemical relationships to over 200 billion. Data have been generated on the Recursion OS across 38 human cell types, an in-house chemical library of approximately 1.0 million compounds, and an *in silico* library of 12 billion small molecules, by a growing team of approximately 400 Recursionauts that is balanced between life scientists and computational and technical experts.



All populations are US and EUS incidence unless otherwise noted. EUS is defined as France, Germany, Italy, Spain and UK. (1) Prevalence for hereditary and sporadic symptomatic population. (2) Annual US and EUS incidence for all *NF2*-driven meningiomas. (3) Worldwide prevalence; conducting dose optimization study in animal model with a potential trial start in 2024 (4) US and EUS prevalence (5) Our program has the potential to address a number of indications with systemic or neural inflammatory components We have not finalized a target product profile for a specific indication. (6) Our program has the potential to address a number of indications driven by *MYC* alterations, totalling 54,000 patients in the US and EUS annually. We have not finalized a target product profile for a specific indication. (7) Our program has the potential to address a number of indications in this space.

Summary of Business Highlights

Clinical Programs

- **Cerebral cavernous malformation (CCM) (REC-994):** In March 2022, we enrolled the first patient in 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 subjects with CCM.
- **Neurofibromatosis type 2 (NF2) (REC-2282):** We plan to initiate our Phase 2/3 POPLAR-NF2 clinical trial, which is a parallel group, two stage, randomized, multicenter study of this drug candidate in the second quarter of 2022.
- **Familial adenomatous polyposis (FAP) (REC-4881):** We plan to initiate a Phase 2, randomized, double-blind, placebo-controlled study to evaluate safety, pharmacokinetics and efficacy of this drug candidate in the third quarter of 2022.

Preclinical and Discovery Programs

- **Clostridium difficile colitis (REC-3964):** We made progress in IND-enabling studies for REC-3964 and plan to initiate a Phase 1 study in the second half of 2022.
- **Small molecule inhibitor of a target with a novel link to CDK12 biology:** A small molecule inhibitor of a novel target not otherwise known to be related to CDK12, discovered using our next generation mapping and navigating technology, has demonstrated robust single-agent and combination activity with olaparib in an HRD-negative ovarian cancer PDX model, achieving 100% complete and durable response.
- **Cancer immunotherapy target 'alpha':** We expanded the in vivo dataset of target alpha, where a small molecule inhibitor of target alpha, discovered using our next generation mapping and navigating technology, demonstrated robust combination activity with an anti-PD1 therapy in an EMT6 mouse model and achieved 80% complete response.
- **Oncology pipeline:** We continued to make progress expanding and advancing numerous oncology programs, discovered using our next generation mapping and navigating technology, through scientific milestones including the programs mentioned above as well as programs related to immune checkpoint resistance in STK11-mutant non-small cell lung cancer, small molecule MYC inhibition, cancer immunotherapy target ‘beta,’ hepatocellular carcinoma, ovarian cancer and other indications.

Roche-Genentech

In December 2021, we announced a transformational collaboration with Roche and Genentech (collectively referred to as Roche) to advance novel potential medicines in neuroscience and an indication in gastrointestinal oncology by mapping complex biology using the Recursion OS. In this collaboration, Recursion received an upfront payment of $150.0 million in January 2022, is eligible for milestones for map-building and data-sharing that could exceed $500.0 million, as well as research and development, commercialization and net sales milestones on up to 40 programs that could exceed $300.0 million per program and mid- to high-single digit tiered royalties on net sales for products commercialized from this work together.

Bayer AG

In December 2021, we announced the expansion of our collaboration with Bayer to include the use of Recursion's biological mapping and navigating capabilities to discover small molecule drug candidates with the potential to treat fibrotic diseases. In this expanded collaboration, Recursion and Bayer may now work on more than a dozen programs of relevance to fibrotic diseases.

Recursion OS

- **Closed Loop Automated Synthesis Suite (CLASS):** We began designing CLASS, our automated chemical microsynthesis system, which will further enable novel chemical formulation and profiling across our maps of biology and chemistry.
- **Total Observations** : In the fourth quarter of 2021, we surpassed the milestone of executing 100 million total phenotypic experiments and producing 1 billion proprietary biological images.

Financing and Operations

We were incorporated in November 2013. On April 20, 2021, we closed our Initial Public Offering (IPO) and issued 27,878,787 shares of Class A common stock at a price of $18.00 per share, raising gross and net proceeds of $501.8 million and $462.4 million, respectively. Prior to our IPO, we had raised approximately $448.9 million in equity financing from investors in addition to $30.0 million in an upfront payment from our collaboration with Bayer AG (Bayer). In December 2021, we announced a collaboration with Roche and received an upfront payment of $150.0 million in January 2022. See Note 18, "Subsequent Events" to the Consolidated Financial Statements for additional information.

We use the capital we have raised to fund operations and investing activities across platform research operations, drug discovery, clinical development, digital and other infrastructure, creation of our portfolio of intellectual property and administrative support. We do not have any products approved for commercial sale and have not generated any revenues from product sales. We had cash, cash equivalents and investments of $516.6 million as of December 31, 2021, which excludes the recent $150.0 million upfront payment associated with our collaboration with Roche. Based on our current operating plan, we believe that our cash, cash equivalents and investments will be sufficient to fund our operations for at least the next twelve months.

Since inception, we have incurred significant operating losses. Our net losses were $186.5 million, $87.0 million and $61.9 million during the years ended December 31, 2021, 2020 and 2019, respectively. As of December 31, 2021, our accumulated deficit was $400.1 million. We anticipate that our expenses and operating losses will increase substantially over the foreseeable future. The expected increase in expenses will be driven in large part by our ongoing activities, if and as we: continue to advance our platform; continue preclinical development of our current and future product candidates and initiate additional preclinical studies; commence clinical studies of our current and future product candidates; establish our manufacturing capability, including developing our contract development and manufacturing relationships and building our internal manufacturing facilities; acquire and license technologies aligned with our platform; seek regulatory approval of our current and future product candidates; expand our operational, financial and management systems and increase personnel, including personnel to support our preclinical and clinical development, manufacturing and commercialization efforts; continue to develop, grow,

perfect and defend our intellectual property portfolio; and incur additional legal, accounting, or other expenses in operating our business, including the additional costs associated with operating as a public company.

We anticipate that we will need to raise additional financing in the future to fund our operations, including the commercialization of any approved product candidates. Until such time, if ever, as we can generate significant product revenue, we expect to finance our operations with our existing cash and cash equivalents, any future equity or debt financings and upfront, milestone and royalty payments, if any, received under current or future license or collaboration agreements. We may not be able to raise additional capital on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, results of operations and financial condition may be adversely affected.

Components of Operating Results

Revenues

To date, our business has generated revenue from two sources: (i) grant revenue and (ii) operating revenue.

Grant Revenue—We recognize grant revenue in the period in which the revenue is earned in accordance with the associated grant agreement, which is the period in which corresponding reimbursable expenses under the grant agreement are incurred.

Operating Revenue—Operating revenue is primarily generated through research and development agreements derived from strategic alliances. We are entitled to receive variable consideration as certain milestones are achieved. The timing of revenue recognition is not directly correlated to the timing of cash receipts.

Research and Development

Research and development expenses account for a significant portion of our operating expenses. We recognize research and development expenses as they are incurred. Research and development expenses consist of costs incurred in performing activities including:

- costs to develop and operate our platform;
- costs of discovery efforts which may lead to development candidates, including research materials and external research;
- costs for clinical development of our investigational products;
- costs for materials and supplies associated with the manufacture of active pharmaceutical ingredients, investigational products for preclinical testing and clinical trials;
- personnel-related expenses, including salaries, benefits, bonuses and stock-based compensation for employees engaged in research and development functions;
- costs associated with operating our digital infrastructure; and
- other direct and allocated expenses incurred as a result of research and development activities, including those for facilities, depreciation, amortization and insurance.

We monitor research and development expenses directly associated with our clinical assets at the program level to some degree, however, indirect costs associated with clinical development and the balance of our research and development expenses are not tracked at the program or candidate level.

We recognize expenses associated with third-party contracted services as they are incurred. Upon termination of contracts with third parties, our financial obligations are generally limited to costs incurred or committed to date. Any advance payments for goods or services to be used or rendered in future research and product development activities pursuant to a contractual arrangement are classified as prepaid expenses until such goods or services are rendered.

General and Administrative

The Company expenses general and administrative costs as incurred. General and administrative expenses consist primarily of salaries; employee benefits; stock-based compensation; and outsourced labor for personnel in executive, finance, human resources, legal and other corporate administrative functions. General and administrative expenses also include legal fees for corporate and patent matters; professional fees for accounting, auditing, tax and administrative consulting services, insurance costs, facilities and depreciation expenses.

We expect that our general and administrative expenses will increase in the future to support personnel in research and development and to support our operations as we increase our research and development activities and activities related to the potential commercialization of our drug candidates.

Other Income (loss), net

Other income (loss), net consists of interest earned primarily from investments, interest expense incurred under our loan agreements, gains and losses from investments, changes in the fair value of warrant liabilities and debt extinguishment costs.

Results of Operations

The following table summarizes the Company's results of operations:

	Years ended December 31,			2021 compared to 2020		2020 compared to 2019	
(in thousands, except percentages)	**2021**	**2020**	**2019**	**$**	**%**	**$**	**%**
Revenue							
Grant revenue	$ 178	$ 549	$ 608	$ (371)	(67.4)%	(59)	(9.7)%
Operating revenue	10,000	3,413	1,711	6,587	>100%	1,702	99.5 %
Total revenue	10,178	3,962	2,319	6,216	>100%	1,643	70.8 %
Operating expenses							
Research and development	135,271	63,319	45,809	71,951	>100%	17,510	38.2 %
General and administrative	57,682	25,258	18,951	32,423	>100%	6,307	33.3 %
Total operating expenses	192,953	88,577	64,760	104,374	>100%	23,817	36.8 %
Loss from operations	(182,775)	(84,615)	(62,441)	(98,158)	>100%	(22,174)	35.5 %
Other income (loss), net	(3,704)	(2,391)	562	(1,313)	54.9 %	(2,953)	>100%
Net loss	$ (186,479)	$ (87,006)	$ (61,879)	$ (99,471)	>100%	$ (25,127)	40.6 %

Revenue

The following table summarizes Recursion's components of revenue:

	Years ended December 31,			2021 compared to 2020		2020 compared to 2019	
(in thousands, except percentages)	**2021**	**2020**	**2019**	**$**	**%**	**$**	**%**
Revenue							
Grant revenue	$ 178	$ 549	$ 608	$ (371)	(67.4)%	$ (59)	(9.7)%
Operating revenue	10,000	3,413	1,711	6,587	>100%	1,702	99.5 %
Total revenue	$ 10,178	$ 3,962	$ 2,319	$ 6,216	>100%	$ 1,643	70.8 %

For the years ended December 31, 2021 and 2020, the increase in revenue compared to prior year was due to revenue recognized from our strategic partnership with Bayer entered into in August 2020.

Research and Development

The following table summarizes Recursion's components of research and development expense:

(in thousands, except percentages)	Years ended December 31, 2021	2020	2019	2021 compared to 2020 $	%	2020 compared to 2019 $	%
Research and development expenses							
Platform	$ 55,959	$ 29,651	$ 19,617	$ 26,308	88.7 %	$ 10,034	51.1 %
Discovery	48,984	17,670	15,423	31,314	>100%	2,247	14.6 %
Clinical	21,841	10,003	8,221	11,838	>100%	1,782	21.7 %
Stock based compensation	4,979	1,777	947	3,202	>100%	830	87.6 %
Other	3,508	4,218	1,601	(710)	(16.8)%	2,617	>100%
Total research and development expenses	$ 135,271	$ 63,319	$ 45,809	$ 71,952	>100%	$ 17,510	38.2 %

Significant components of research and development expense include the following allocated by development phase: Platform, which refers primarily to expenses related to screening of product candidates through hit identification; Discovery, which refers primarily to expenses related to hit identification through development of candidates; and Clinical, which refers primarily to expenses related to development of candidates and beyond.

For the years ended December 31, 2021 and 2020, the increase in research and development expenses compared to prior year was due to an increased number of experiments screened on our platform, an increased number of pre-clinical assets being validated and increased clinical costs as studies progressed.

General and Administrative Expenses

The following table summarizes Recursion's general and administrative expense:

(in thousands, except percentages)	Years ended December 31, 2021	2020	2019	2021 compared to 2020 $	%	2020 compared to 2019 $	%
Total general and administrative expenses	$ 57,682	$ 25,258	$ 18,951	$ 32,424	>100%	$ 6,307	33.3 %

For the years ended December 31, 2021 and 2020, the increase in general and administrative expenses compared to prior year was due to the growth in size of the Company's operations including an increase in salaries and wages of $16.4 million and $2.7 million, respectively, equipment costs, human resources costs, facilities costs and other administrative costs associated with operating a growth-stage company.

Other loss (income), net

The following table summarizes Recursion's components of other loss (income), net:

(in thousands, except percentages)	Years ended December 31, 2021	2020	2019	2021 compared to 2020 $	%	2020 compared to 2019 $	%
Interest expense	$ 2,952	$ 1,360	$ 635	$ 1,592	>100%	$ 725	>100%
Interest income	(73)	(336)	(1,741)	263	(78.3)%	1,405	(80.7)%
Loss on debt extinguishment	827	883	555	(56)	(6.3)%	328	59.1 %
Derivative fair value adjustment	—	484	—	(484)	(100.0)%	484	n/m
Other	(2)	—	(11)	(2)	n/m	11	(100.0)%
Other loss (income), net	$ 3,704	$ 2,391	$ (562)	$ 1,313	54.9 %	$ 2,953	>100%

n/m = Not meaningful

For the year ended December 31, 2021, the increase in expense compared to the prior year was primarily due to an increase in interest expense due to the fair value of the Series A and B warrants. See Note 12, "Stock-Based Compensation" to the Consolidated Financial Statements for additional details on the warrants.

For the year ended December 31, 2020, the increase in expense compared to the prior year was due to a decrease in interest earned on cash and an increase in expense due to the Company's convertible note and Midcap loan. See Note 7, "Notes Payable" to the Consolidated Financial Statements for additional details on the convertible note.

Liquidity and Capital Resources

Sources of Liquidity

The Company has not yet commercialized any products and does not expect to generate revenue from the sales of any product candidates for at least several years. Cash, cash equivalents and investments totaled $516.6 million as of December 31, 2021 and $262.1 million as of December 31, 2020.

The Company has incurred operating losses and experienced negative operating cash flows and we anticipate that the Company will continue to incur losses for at least the foreseeable future. Recursion's net loss was $186.5 million, $87.0 million and $61.9 million during the years ended December 31, 2021, 2020 and 2019, respectively. As of December 31, 2021 and December 31, 2020, Recursion had an accumulated deficit of $400.1 million and $213.6 million, respectively.

Recursion has financed its operations through the private placements of preferred stock and an IPO. As of December 31, 2021, the Company had received proceeds of $448.9 million from the sale of its preferred stock. The Company received net proceeds of $462.4 million from the IPO. See Note 10, "Common Stock" to the Consolidated Financial Statements for additional details on the IPO.

In October 2020, the Company received a $30.0 million upfront payment from the Company's strategic partnership with Bayer. In December 2021, the Company announced a collaboration with Roche and received an upfront payment of $150.0 million in January 2022. See Note 18, "Subsequent Events" to the Consolidated Financial Statements for information on an additional upfront payment received in January 2022.

Midcap Credit and Security Agreement

In September 2019, the Company entered into a Credit and Security Agreement with Midcap Financial Trust (Midcap) and the other lenders party thereto (the Midcap loan agreement). The Midcap loan agreement provided for a term loan facility that included an initial tranche of $11.9 million. In July 2021, the Company paid the balance due on the loan outstanding with Midcap. See Note 7, "Notes Payable" to the Consolidated Financial Statements for additional details.

Cash Flows

The following table is a summary of the Consolidated Statements of Cash Flows for each of the periods presented below:

	Years ended December 31,		
(in thousands)	**2021**	**2020**	**2019**
Cash used in operating activities	$ (158,614)	$ (45,399)	$ (57,042)
Cash used in investing activities	(271,744)	(8,740)	(3,910)
Cash provided by financing activities	458,540	246,135	120,410
Net increase in cash and cash equivalents	$ 28,182	$ 191,996	$ 59,458

Operating Activities

Cash used in operating activities increased during the years ended December 31, 2021 and 2020 as a result of higher costs incurred for research and development and general and administrative expenses due to the Company's growth.

Investing Activities
Cash used in investing activities during the year ended December 31, 2021 primarily consisted of investment purchases of $301.1 million and property and equipment purchases of $39.8 million, which included $17.9 million for the purchase of a Dell EMC supercomputer. The cash outflows were partially offset by proceeds of $69.2 million from the sales and maturities of investments.

Cash used in investing activities during the year ended December 31, 2020 included $2.6 million for the acquisition of Vium, Inc (Vium) and $5.8 million of capital expenditures primarily for the purchase of lab equipment and leasehold improvements. Additionally, the Company purchased other intangible assets for $904 thousand. The cash outflows were partially offset by the proceeds from the note receivable. See Note 3, “Acquisitions” to the Consolidated Financial Statements for additional details on the Vium acquisition.

Cash used in investing activities during the year ended December 31, 2019 included capital expenditures primarily for the purchase of lab equipment.

Financing Activities
Cash provided by financing activities during the year ended December 31, 2021 primarily included $462.4 million of net proceeds from the IPO. Financing cash flows also included an outflow of $12.7 million for the repayment of long-term debt on the Midcap loan.

Cash provided by financing activities during the year ended December 31, 2020 primarily included proceeds from the sale of preferred stock of $239.1 million. Financing cash flows also included $6.4 million of proceeds from the issuance of convertible notes.

Cash provided by financing activities during the year ended December 31, 2019 primarily included proceeds from the sale of preferred stock of $119.9 million. Financing cash flows also included an outflow of $11.2 million for the repayment of long-term debt on the Pacific loan.

Contractual Obligations

The Company’s material cash requirements include the following contractual obligations:

As of December 31, 2021, the Company had $723 thousand of debt outstanding. This balance is related to notes payable for tenant improvement allowances. See Note 7, “Notes Payable” to the Consolidated Financial Statements for additional information.

As of December 31, 2021, the Company had $61.9 million of future lease commitments. See Note 8 “Commitments and Contingencies” to the Consolidated Financial Statements for additional detail on future lease commitments. In addition to leases that have commenced, this amount includes $1.8 million for leases that have been executed but not yet commenced.

As of December 31, 2021, the Company had $61.2 million of future purchase obligations, $36.7 million of which are expected to be payable within the next year. These commitments primarily related to third-party research services, materials and supplies for research and development activities and capital expenditures.

Critical Accounting Estimates and Policies

Our management’s discussion and analysis of financial condition and results of operations is based on our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). The preparation of our consolidated financial statements and related disclosures requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, expenses and the disclosure of contingent assets and liabilities in our financial statements. We base our estimates on historical experience, known trends and events, and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are described in more detail in the notes to our consolidated financial statements, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition

We have generated revenue from our strategic alliances. Our alliances with strategic collaborators may contain multiple elements, including research and development services, licenses, options to obtain development and commercialization rights, obligations to develop and manufacture preclinical and clinical material and options to obtain additional research and development services, preclinical and clinical material. Such arrangements may provide for various types of payments to us, including upfront fees, funding of research and development services and preclinical and clinical material, technical, development, regulatory and commercial milestone payments, licensing fees, option exercise fees and royalty and milestone payments on product sales. These payments are often not commensurate with the timing of revenue recognition and therefore result in the deferral of revenue recognition.

Our operating revenue has primarily been generated through funded research and development agreements. Revenue for research and development agreements is recognized as the Company satisfies a performance obligation by transferring the promised services to the customer. The Company recognizes revenue over time by measuring the progress toward complete satisfaction of the relevant performance obligation using an appropriate input or output method based on the services promised to the customer. This method of recognizing revenue requires the company to make estimates to determine the progress towards completion. A significant change in these estimates could have a material effect on the timing and amount of revenue recognized in future periods.

Accrued Research and Development Expenses

As part of the process of preparing our financial statements, we are required to estimate our expenses resulting from our obligations under contracts with vendors, clinical research organizations and consultants. The financial terms of these contracts are subject to negotiations, which vary from contract to contract and may result in payment terms that do not match the periods over which materials or services are provided under such contracts. Our objective is to reflect the appropriate expenses in our financial statements by matching those expenses with the period in which services are performed and efforts are expended. We account for these expenses according to the timing of various aspects of the expenses and determine accrual estimates by taking into account discussion with applicable personnel and outside service providers as to the progress of clinical trials, or the services completed. During the course of a clinical trial, we adjust our clinical expense recognition if actual results differ from estimates. We make estimates of our accrued expenses as of each balance sheet date based on the facts and circumstances known to us at that time. Our clinical trial accruals are dependent upon the timely and accurate reporting of contract research organizations and other third-party vendors. Although we do not expect estimates to be materially different from amounts actually incurred, our understanding of the anticipated status and timing of services performed relative to the actual status and timing of services performed may vary and may result in reporting amounts that are too high or too low for any particular period.

Stock-Based Compensation

We measure stock options and other stock-based awards granted to employees, directors and non-employees based on their fair value on the date of grant and recognize the compensation expense over the requisite service period. We recognize the impact of forfeitures on stock-based compensation expenses as forfeitures occur. We generally apply the straight-line method of expense recognition to awards.

The grant date fair value of stock options is estimated using the Black-Scholes option-pricing model, which requires inputs for the expected term, stock price volatility, dividend yield and the risk-free interest rate of the options. If any assumptions used in the Black-Scholes option-pricing model change significantly, stock-compensation for future awards may differ materially compared with the awards granted previously.

Recently Issued and Adopted Accounting Pronouncements

See Note 2, “Summary of Significant Accounting Policies” to the Consolidated Financial Statements for information regarding recently issued and adopted accounting pronouncements.

Emerging Growth Company

The Company is an emerging growth company (EGC), as defined by the Jumpstart Our Business Startups Act of 2012 (the JOBS Act). The JOBS Act, among other things, exempts EGCs from compliance with new or revised financial accounting standards until private companies are required to comply. Recursion has elected to use the extended transition period for new or revised financial accounting standards during the period in which we remain an EGC. However, the Company may adopt certain new or revised accounting standards earlier. This could make comparisons of the Company's financial statements with other public companies difficult because of the potential differences in applicable accounting standards.

Recursion may remain an EGC until the earlier of (1) December 31, 2026; (2) December 31 of the year in which we (a) become a "large accelerated filer;" or (b) have annual gross revenues of $1.07 billion or more; or (3) the date on which we have issued more than $1.0 billion of non-convertible debt over a three-year period.

Item 7a. Quantitative and Qualitative Disclosures About Market Risk.

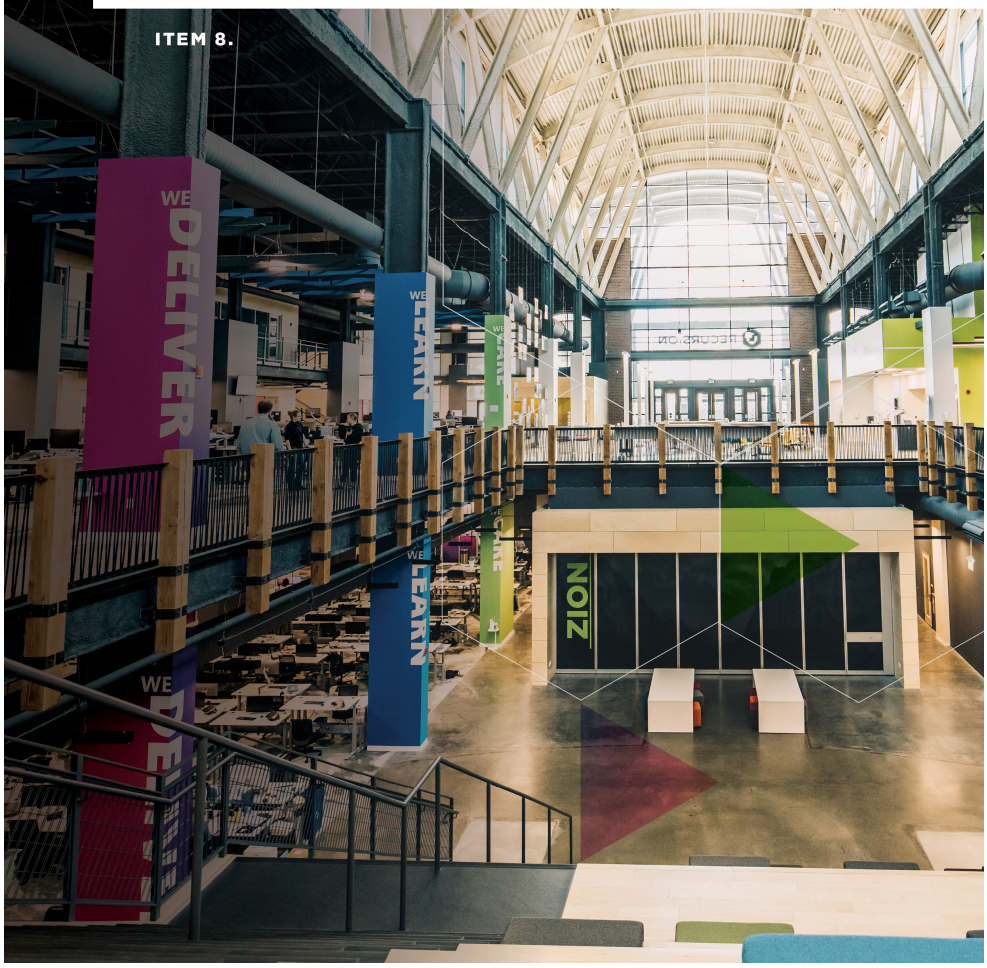
Interest Rate Risk

As of December 31, 2021, Recursion had an investment portfolio with a fair value of $399.4 million which included cash equivalents and available-for-sale investments. See Note 5, "Investments" to the Consolidated Financial Statements for additional details on the portfolio. Recursion's investment portfolio is subject to interest rate risk and will fall in value if market interest rates increase. The Company does not believe it is materially exposed to changes in interest rates related to the investments and Recursion does not currently use interest rate derivative instruments to manage exposure to interest rate changes of the investments. A hypothetical 100 basis point increase in interest rates relative to interest rates as of December 31, 2021, would have resulted in a reduction in fair value of approximately $780 thousand of the investment portfolio. In addition, a hypothetical 100 basis point decrease in interest rates as of December 31, 2021 would have an insignificant effect on net loss in the ensuing year.

Recursion

Financials

ITEM 8.



Item 8. Financial Statements and Supplementary Data.

Recursion Pharmaceuticals, Inc.
Consolidated Balance Sheets
(in thousands, except share and per share amounts)

	December 31,	
	2021	2020
Assets		
Current assets		
Cash and cash equivalents	$ 285,116	$ 262,126
Restricted cash	1,552	2,000
Accounts receivable	34	156
Other receivables	9,056	—
Investments	231,446	—
Other current assets	7,514	2,155
Total current assets	534,718	266,437
Restricted cash, non-current	8,681	3,041
Property and equipment, net	64,725	25,967
Intangible assets, net	1,385	1,689
Goodwill	801	801
Other non-current assets	35	650
Total assets	$ 610,345	$ 298,585
Liabilities, convertible preferred stock and stockholders' equity (deficit)		
Current liabilities		
Accounts payable	$ 2,819	$ 1,074
Accrued expenses and other liabilities	32,333	10,485
Current portion of unearned revenue	10,000	10,000
Current portion of notes payable	90	1,073
Current portion of lease incentive obligation	1,416	467
Total current liabilities	46,658	23,099
Deferred rent	4,110	2,674
Unearned revenue, net of current portion	6,667	16,667
Notes payable, net of current portion	633	11,414
Lease incentive obligation, net of current portion	9,339	2,708
Total liabilities	67,407	56,562
Commitments and contingencies (Note 8)		
Convertible preferred stock (series A, A-1, B, C and D), $0.00001 par value; 200,000,000 and 121,434,713 shares authorized as of December 31, 2021 and December 31, 2020, respectively; 0 and 112,088,065 shares issued and outstanding as of December 31, 2021 and December 31, 2020, respectively; liquidation preference of $0 and $450,850 as of December 31, 2021 and December 31, 2020, respectively	—	448,312
Stockholders' equity (deficit)		
Common stock, $0.00001 par value; 2,000,000,000 shares (Class A 1,989,032,117 and Class B 10,967,883) and 188,400,000 Class A shares authorized as of December 31, 2021 and December 31, 2020, respectively; 170,272,462 shares (Class A 160,906,245 and Class B 9,366,217) and 22,314,685 Class A shares issued and outstanding as of December 31, 2021 and December 31, 2020, respectively	2	—
Additional paid-in capital	943,142	7,312
Accumulated deficit	(400,080)	(213,601)
Accumulated other comprehensive loss	(126)	—
Total stockholders' equity (deficit)	542,938	(206,289)
Total liabilities, convertible preferred stock and stockholders' equity (deficit)	$ 610,345	$ 298,585

See the accompanying notes to these consolidated financial statements.

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

	Years ended December 31,		
	2021	**2020**	**2019**
Revenue			
Grant revenue	$ 178	$ 549	$ 608
Operating revenue	10,000	3,413	1,711
Total revenue	10,178	3,962	2,319
Operating expenses			
Research and development	135,271	63,319	45,809
General and administrative	57,682	25,258	18,951
Total operating expenses	192,953	88,577	64,760
Loss from operations	(182,775)	(84,615)	(62,441)
Other income (loss), net	(3,704)	(2,391)	562
Net loss	$ (186,479)	$ (87,006)	$ (61,879)
Per share data			
Net loss per share of Class A and B common stock, basic and diluted	$ (1.49)	$ (3.99)	$ (2.87)
Weighted-average shares (Class A and B) outstanding, basic and diluted	125,348,110	21,781,386	21,570,265

See the accompanying notes to these consolidated financial statements.

Recursion Pharmaceuticals, Inc.
Consolidated Statements of Comprehensive Loss
(in thousands)

	Years ended December 31,		
	2021	**2020**	**2019**
Net loss	$ (186,479)	$ (87,006)	$ (61,879)
Unrealized losses on investments	(162)	—	—
Net realized losses on investments reclassified into net loss	36	—	—
Other comprehensive loss	(126)	—	—
Comprehensive loss	$ (186,605)	$ (87,006)	$ (61,879)

See the accompanying notes to these consolidated financial statements.

Recursion Pharmaceuticals, Inc.
Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity (Deficit)
(in thousands, except share amounts)

	Convertible Preferred Stock		Common Stock (Class A and B)		Additional Paid-in-Capital	Accumulated Deficit	Accumulated other comprehensive loss	Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2018	56,413,172	$ 81,194	21,457,969	$ —	$ 869	$ (64,716)	$ —	$ (63,847)
Net loss	—	—	—	—	—	(61,879)	—	(61,879)
Vesting of stock options exercised early	—	—	—	—	11	—	—	11
Stock option exercises	—	—	179,640	—	65	—	—	65
Issuance of Series C Convertible preferred stock, net of issuance costs	18,776,345	119,915	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	1,385	—	—	1,385
Balance as of December 31, 2019	75,189,517	201,109	21,637,609	—	2,330	(126,595)	—	(124,265)
Net loss	—	—	—	—	—	(87,006)	—	(87,006)
Vesting of stock options exercised early	—	—	—	—	9	—	—	9
Stock option exercises	—	—	677,076	—	681	—	—	681
Issuance of Series D convertible preferred stock inclusive of the convertible notes, net of issuance costs	36,898,548	247,203	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	4,292	—	—	4,292
Balance as of December 31, 2020	112,088,065	448,312	22,314,685	—	7,312	(213,601)	—	(206,289)
Net loss	—	—	—	—	—	(186,479)	—	(186,479)
Other comprehensive loss	—	—	—	—	—	—	(126)	(126)
Common stock issuance for initial public offering, net of issuance costs	—	—	27,878,787	1	462,353	—	—	462,354
Conversion of preferred stock to common stock	(112,088,065)	(448,312)	115,598,018	1	448,311	—	—	448,312
Stock warrant exercises	—	—	343,609	—	3,512	—	—	3,512
Stock option exercises and other	—	—	4,137,363	—	6,812	—	—	6,812
Stock-based compensation	—	—	—	—	14,842	—	—	14,842
Balance as of December 31, 2021	—	$ —	170,272,462	$ 2	$ 943,142	$ (400,080)	$ (126)	$ 542,938

See the accompanying notes to these consolidated financial statements.

Recursion Pharmaceuticals, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Years ended December 31,		
	2021	**2020**	**2019**
Cash flows from operating activities			
Net loss	$ (186,479)	$ (87,006)	$ (61,879)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	8,405	3,943	2,489
Stock-based compensation	14,842	4,292	1,385
Asset impairment	—	874	—
Loss on debt extinguishment	827	883	555
Other, net	4,097	781	—
Changes in operating assets and liabilities:			
Accounts receivable	114	(5)	(27)
Other receivables and assets	(5,490)	(1,114)	632
Unearned revenue	(10,000)	26,667	—
Accounts payable	1,745	(185)	(340)
Accrued development expense	561	1,348	941
Accrued expenses and other current liabilities	12,764	4,123	(798)
Net cash used in operating activities	(158,614)	(45,399)	(57,042)
Cash flows from investing activities			
Purchases of property and equipment	(39,798)	(5,831)	(3,910)
Acquisition of a business	—	(2,600)	—
Purchase of an intangible asset	—	(904)	—
Purchases of investments	(301,137)	—	—
Sales and maturities of investments	69,191	—	—
Proceeds from note receivable	—	595	—
Net cash used in investing activities	(271,744)	(8,740)	(3,910)
Cash flows from financing activities			
Proceeds from initial public offering of common stock, net of issuance costs	462,901	—	—
Proceeds from sale of preferred stock, net of issuance costs	—	239,131	119,915
Proceeds from equity incentive plans and warrants	8,437	681	65
Repayment of long-term debt	(12,798)	(77)	(11,183)
Proceeds from long-term debt	—	—	11,888
Proceeds from convertible notes	—	6,400	—
Payments of debt issuance costs	—	—	(275)
Net cash provided by financing activities	458,540	246,135	120,410
Net change in cash, cash equivalents and restricted cash	28,182	191,996	59,458
Cash, cash equivalents and restricted cash, beginning of period	267,167	75,171	15,713
Cash, cash equivalents and restricted cash, end of period	$ 295,349	$ 267,167	$ 75,171
Supplemental disclosure of non—cash investing and financing information			
Conversion of preferred stock to common stock	$ 448,312	$ —	$ —
Conversion of convertible notes to equity	—	8,071	—
Deferred issuance costs recorded in equity	547	547	—
Accrued property and equipment	7,749	1,400	—
Supplemental disclosure of cash flow information			
Cash paid for interest	$ 680	$ 989	$ 485

See the accompanying notes to these consolidated financial statements.

Recursion Pharmaceuticals, Inc.
Notes to Consolidated Financial Statements

Note 1. Description of the Business

Recursion Pharmaceuticals, Inc. (Recursion, the Company, we or our) was originally formed as a limited liability company on November 4, 2013 under the name Recursion Pharmaceuticals, LLC. In September 2016, we converted to a Delaware corporation and changed our name to Recursion Pharmaceuticals, Inc.

Recursion is a biotechnology company that combines automation, artificial intelligence, machine learning, in vivo validation capabilities and a highly cross-functional team to discover novel medicines that expand our collective understanding of biology. Recursion's rich, relatable database of biological images generated in-house on the Company's robotics platform enables advanced machine learning approaches to reveal drug candidates, mechanisms of action, novel chemistry and potential toxicity, with the eventual goal of decoding biology and advancing new therapeutics that radically improve people's lives.

As of December 31, 2021, the Company had an accumulated deficit of $400.1 million. The Company expects to incur substantial operating losses in future periods and will require additional capital to advance its drug candidates. The Company does not expect to generate significant revenue until the Company successfully completes significant drug development milestones with its subsidiaries or in collaboration with third parties, which the Company expects will take a number of years. In order to commercialize its drug candidates, the Company or its partners need to complete clinical development and comply with comprehensive regulatory requirements. The Company is subject to a number of risks and uncertainties similar to those of other companies of the same size within the biotechnology industry, such as the uncertainty of clinical trial outcomes, uncertainty of additional funding and a history of operating losses.

The Company has funded its operations to date through the issuance of convertible preferred stock (see Note 9, "Convertible Preferred Stock" for additional details) and the issuance of Class A common stock in an Initial Public Offering (IPO), which was completed in April 2021 (see Note 10, "Common Stock" for additional details). Recursion will likely be required to raise additional capital. As of December 31, 2021, the Company did not have any unconditional outstanding commitments for additional funding. If the Company is unable to access additional funds when needed, it may not be able to continue the development of its products or the Company could be required to delay, scale back or abandon some or all of its development programs and other operations. The Company's ability to access capital when needed is not assured and, if not achieved on a timely basis, could materially harm its business, financial condition and results of operations.

The Company believes that the Company's existing cash, cash equivalents and investments will be sufficient to fund the Company's operating expenses and capital expenditures for at least the next 12 months.

Note 2. Summary of Significant Accounting Policies

Use of Estimates

The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP), which requires the Company to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those amounts. Significant estimates and assumptions include the estimated progress towards the satisfaction of performance obligations to record revenue, accrued research and development expenses and the fair value of stock-based awards issued.

Basis of Presentation
The consolidated financial statements include the accounts of Recursion and its majority-owned subsidiaries that the Company controls. Intercompany balances and transactions have been eliminated in consolidation.

In April 2021, the Company completed a 1.5-for-1 forward stock split of common and convertible preferred stock. All shares presented within these consolidated financial statements were adjusted to reflect the forward stock split for all periods presented. See Note 10, "Common Stock" for additional details.

In April 2021, the Company's Board of Directors authorized two classes of common stock, Class A and Class B. Certain shares of Class A were exchanged for Class B on a one-for-one basis. The creation and issuance of the Class B common stock did not affect the loss per share for the Class A or Class B shares for any period. The Company presented the 2021 net loss per share amounts as if the authorization and exchange occurred as of the start of the 2021 reporting period. All share amounts presented prior to the authorization are referred to as Class A common stock. See Note 10, "Common Stock" for additional details.

Segment Information

Recursion operates as a single operating segment. The Company's chief operating decision maker is its chief executive officer, who allocates resources and assesses performance at the consolidated level.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash, cash equivalents and marketable securities. These financial instruments are primarily held at two U.S. financial institutions that management believes are of high credit quality. Recursion's primary bank accounts significantly exceed the federally insured limits.

The Company is dependent on third-party suppliers for certain research and development activities including preclinical and clinical testing. In particular, the Company relies and expects to continue to rely on a small number of these suppliers. These activities could be adversely affected by a significant interruption to Recursion's third-party suppliers including a delay in the Company's preclinical and clinical testing and the supply of certain consumable products and compounds.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents includes bank deposits held in checking accounts, money market funds, commercial paper, corporate bonds and certificates of deposits with maturities of three months or less at the time of purchase.

The Company is required to maintain a cash balance in a collateralized account to secure the Company's credit cards. Additionally, the Company holds restricted cash related to an outstanding letter of credit issued by J.P. Morgan, which was obtained to secure certain Company obligations relating to tenant improvements.

Investments

Investments consist primarily of marketable debt securities including corporate debt securities, government debt securities, commercial paper and certificates of deposit. Investments that have a readily determinable fair value are recorded at fair value. Investments in marketable debt securities are classified as available-for-sale and are recorded at fair value with any unrealized holding gains or losses, net of tax, included in accumulated other comprehensive income (AOCI) on the Consolidated Balance Sheet. Once realized, the gains and losses are recognized in earnings and included in other income (loss), net in the Consolidated Statement of Operations. Realized gains and losses on sales of investments are computed using the first-in, first-out method.

The Company reviews investments for declines in fair value below cost basis each quarter or whenever circumstances indicate the cost basis of an asset may not be recoverable and assesses whether the decline was due to credit-related or other factors. The evaluation is based on a number of factors, including the extent to which fair value is below cost basis; adverse conditions related specifically to the security, such as any changes to the credit rating of the security; and the intent to sell, or whether Recursion will more likely than not be required to sell the security before recovery of its amortized cost basis. The assessment of whether a security is impaired could change in the future based on new developments or changes in assumptions related to that particular security.

Property and Equipment

Property and equipment is carried at acquisition cost less accumulated depreciation. The cost of normal, recurring, or periodic repairs and maintenance activities related to property and equipment are expensed as incurred.
Depreciation is computed using the straight-line method based on the estimated useful lives of the assets. The estimated useful lives by asset classification are generally as follows:

Software/Licenses	3 years
Office Equipment	5 years
Computer Equipment	5 years
Lab Equipment	7 years
Leasehold Improvements	Lesser of 15 years or the remainder of the lease

Property and equipment are reviewed for impairment as discussed below under Accounting for the Impairment of Long-Lived Assets.

Accounting for the Impairment of Long-Lived Assets

The Company reviews the carrying amounts of long-lived assets, other than goodwill and intangible assets not subject to amortization, for potential impairment when events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. In evaluating recoverability, Recursion groups assets and liabilities at the lowest level such that the identifiable cash flows relating to the group are largely independent of the cash flows of other assets and liabilities. The Company then compares the carrying amount of the asset or asset group with the projected undiscounted future cash flows to be generated by the asset or asset group. In the event impairment exists, an impairment charge is recorded as the amount by which the carrying amount of the asset or asset group exceeds the fair value.

Accruals for Research and Development Expenses and Clinical Trials

As part of the process of preparing its financial statements, the Company is required to estimate its expenses resulting from obligations under contracts with vendors, clinical research organizations and consultants. The financial terms of these contracts are subject to negotiations, which vary from contract to contract and may result in payment terms that do not match the periods over which materials or services are provided for under such contracts. The Company's policy is to record these expenses during the period in which services are performed and efforts are expended. The Company determines accrual estimates by taking into account discussion with applicable personnel and outside service providers as to the progress of clinical trials, or the services completed. During the course of a clinical trial, the Company adjusts its clinical expense recognition if actual results differ from its estimates. The Company makes estimates of its accrued expenses as of each Consolidated Balance Sheet date based on the facts and circumstances known to it at that time. The actual expenses could be different from the amounts accrued.

Leases

The Company rents facilities under operating lease agreements and recognizes rent expense on a straight-line basis over the term of the lease. Certain lease agreements contain tenant improvement allowances, rent holidays, scheduled rent increases and renewal options. Rent holidays and scheduled rent increases are included in the determination of rent expense. Renewals are generally not included in the determination of the lease term unless they are determined to be reasonably assured at the inception of the lease. The Company recognizes rent expense beginning on the date the Company obtains the legal right to use and control the leased space. Tenant improvement allowances are accounted for as a lease incentive obligation, which is amortized as a reduction to rent expense over the lease term.

Revenue Recognition

Grant Revenue
The Company recognizes grant revenue in the period in which the revenue is earned in accordance with the grant agreement, which is the period in which corresponding reimbursable expenses under the grant agreement are incurred.

During the year ended December 31, 2018, the Company was awarded a grant by the National Institutes of Health, which included potential funding of $1.4 million. Revenue recognized related to this grant during the years ended December 31, 2021, 2020 and 2019 was $178 thousand, $549 thousand and $385 thousand, respectively. As of December 31, 2021, $279 thousand of the potential funding still remained.

During the year ended December 31, 2017, the Company was awarded a private grant by the Bill and Melinda Gates Foundation. On November 17, 2017, the Bill and Melinda Gates Foundation distributed $546 thousand to the Company pursuant to such grant. Revenue was recognized as qualifying activities were performed. There was no remaining unearned revenue balance related to this grant as of December 31, 2019. Revenue recognized related to grant during the year ended December 31, 2019 was $223 thousand. As of December 31, 2019, there were no remaining amounts related to this grant available for funding.

Operating Revenue
Operating revenue has primarily been generated through funded research and development agreements (see Note 11, “Collaborative Development Contracts” for additional details). Revenue for research and development agreements is recognized as the Company satisfies a performance obligation by transferring the promised services to the customer. The Company recognizes revenue over time by measuring the progress toward complete satisfaction of the relevant performance obligation using an appropriate input or output method based on the services promised to the customer. This method of recognizing revenue requires the company to make estimates to determine the progress towards completion. A significant change in these estimates could have a material effect on the timing and amount of revenue recognized in future periods.

The Company may also provide options in our agreements under which a partner could request that Recursion provide additional services in the future. Recursion evaluates whether these options are material rights at the inception of the agreement. If the Company determines an option is a material right, Recursion will consider the option a separate performance obligation. Historically, the Company has concluded that options granted to license in the future or to provide additional services are not material rights because these items are contingent upon future events that may not occur and are not priced at a significant discount.

Research and Development Expenses

Research and development expenses comprise costs incurred in performing research and development activities, including drug discovery and development studies, external research and the purchase of laboratory supplies. The Company recognizes expenses associated with third-party contracted services based on the completion of activities as specified in the applicable contracts. Upon the termination of contracts with third-parties, the Company’s financial obligations are generally limited to costs incurred or committed to date. Any advance payments for goods or services to be used or rendered in future research and product development activities are classified as prepaid expenses until the goods or services are rendered.

Stock-Based Compensation

The Company issues stock-based awards to employees and non-employees, generally in the form of stock options and restricted stock units (RSUs). Most of the Company’s stock-based awards have been made to employees. Recursion measures compensation expense for equity awards at their grant-date fair value and recognizes compensation expense over the requisite service period, generally on a straight-line basis. For stock-based awards with a performance condition, Recursion recognizes stock-based compensation expense based on the probable outcome of the performance condition. Awards generally vest over four years for employees. Recursion recognizes the impact of forfeitures on stock-based compensation expense as they occur.

The grant date fair value of stock options is estimated using the Black-Scholes option pricing model, which requires inputs for the expected term, stock price volatility, dividend yield and the risk-free interest rate of the options. The expected term is based on the simplified method since the Company does not have sufficient historical exercise data to estimate the expected term. The volatility is based on an average peer historical volatility over the expected term of the option. The expected dividend yield is assumed to be zero as Recursion has never paid dividends and does not have current plans to pay dividends. The risk-free interest rate is based on the rates available at the time of the grant for zero-coupon U.S. government issues with a remaining term equal to the option's expected term.

The grant date fair value of RSUs is determined using the market price of the Company’s common stock at grant date. For stock-based awards with a market condition, the grant date fair value is determined using a Monte Carlo simulation and stock-based compensation expense is recognized using the accelerated attribution method over the implied service period. When a market condition is satisfied in a period before the end of the implied service period, any remaining unrecognized compensation cost is recognized. Stock-based compensation is recorded in research

and development expense and general and administrative expense based on the role of the employee and non-employee.

Income Taxes

Income taxes are accounted for under the asset and liability method. Provisions for federal, state and foreign income taxes are calculated on reported pretax losses based on current tax laws. Deferred taxes are recognized using enacted tax rates on the future tax consequences of temporary differences, which are the differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases and the tax benefits of carryforwards. A valuation allowance is established or maintained when, based on currently available information, it is more likely than not that all or a portion of a deferred tax asset will not be realized.

For uncertain tax positions, Recursion determines whether the position is more-likely-than-not to be sustained upon examination based on the technical merits of the position. Any tax position that meets the more-likely-than-not recognition threshold is measured and recognized in the Consolidated Financial Statements at the largest amount that is greater than 50% likely of being realized upon ultimate settlement.

Emerging Growth Company

The Company is an emerging growth company (EGC), as defined by the Jumpstart Our Business Startups Act of 2012 (the JOBS Act). The JOBS Act exempts EGCs from being required to comply with new or revised financial accounting standards until private companies are required to comply. Recursion has elected to use the extended transition period for new or revised financial accounting standards, although the Company may adopt certain new or revised accounting standards early. This may make comparisons of the Company's financial statements with other public companies difficult because of the potential differences in accounting standards used.

Recursion may remain an EGC until the earlier of (1) December 31, 2026; (2) December 31 of the year in which we (a) become a "large accelerated filer;" or (b) have annual gross revenues of $1.07 billion or more; or (3) the date on which we have issued more than $1.0 billion of non-convertible debt over a three-year period.

Recent Accounting Pronouncements

On January 1, 2022, Recursion adopted Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). Under Topic 842, lessees are required to recognize a right-of-use asset and a lease liability on the balance sheet for all leases with terms greater than 12 months. The guidance also expanded the disclosure requirements of lease arrangements. The Company will adopt Topic 842 using the modified retrospective method. Recursion elected the following practical expedients when assessing the transition impact: i) not to reassess whether any expired or existing contracts as of the adoption date are or contain leases; ii) not to reassess the lease classification for any expired or existing leases as of the adoption date; and iii) not to reassess initial direct costs for any existing leases as of the adoption date.

Results for reporting periods beginning after December 31, 2021 will be presented in accordance with the standard, while results for prior periods will not be adjusted and will continue to be reported in accordance with Recursion's historical accounting. The January 1, 2022 adjustment to record lease right-of-use assets and lease liabilities will be $32.9 million and $47.8 million, respectively. The Company does not anticipate any material change to the consolidated statements of income and cash flows.

Note 3. Acquisitions

Acquisition of Vium, Inc.

In July 2020, the Company entered into an asset purchase agreement to purchase 100% of the assets of Vium, Inc. (Vium) for a total cash consideration of $2.6 million. The primary purpose of the acquisition was to obtain Vium's technology. This was a related party transaction, see Note 17, "Related Party Transactions" for additional details. The acquisition of Vium has been accounted for as a business combination using the acquisition method of accounting.

The following table summarizes fair values of assets acquired as of the July 2020 acquisition date:

(in thousands)	
Inventory	$ 232
Property and equipment	14
Technology intangible asset	911
Other intangibles assets	642
Total identifiable net assets	1,799
Goodwill	801
Total assets acquired	$ 2,600

The results of operations of Vium have been included in our Consolidated Statements of Operations since the date the business was acquired and were not significant. The technology intangible asset is being amortized on a straight-line basis over its three-year useful life. The inventory and other intangible assets were fully impaired at the time they were acquired as the Company did not intend to use them.

The goodwill includes the value of potential future technologies as well as the overall strategic benefits provided to the business.

Intangible Asset Acquisition

In December 2020, the Company purchased the Recursion domain name for cash consideration of $904 thousand. The purchase price was capitalized as an intangible asset with an indefinite useful life.

Note 4. Supplemental Financial Information

Property and Equipment

	December 31,	
(in thousands)	2021	2020
Lab equipment	$ 33,076	$ 19,701
Leasehold improvements	13,936	13,792
Office equipment	20,005	1,075
Construction in progress	16,445	1,361
Property and equipment, gross	83,462	35,929
Less: Accumulated depreciation	(18,737)	(9,962)
Property and equipment, net	$ 64,725	$ 25,967

Depreciation expense on property and equipment was $8.8 million, $4.2 million and $3.5 million during the years ended December 31, 2021, 2020 and 2019, respectively.

For the year ended December 31, 2021, the Company purchased a Dell EMC supercomputer for $17.9 million. The purchase was classified as office equipment in the above table. The construction in progress balance primarily relates to leasehold improvements under construction for several leased locations.

Accrued Expenses and Other Liabilities

(in thousands)	December 31, 2021	2020
Accrued compensation	$ 11,738	$ 3,085
Accrued development expenses	4,682	2,289
Accrued early discovery expenses	2,114	338
Accrued construction	4,665	—
Accrued professional fees	1,793	734
Accrued other expenses	7,341	4,039
Accrued expense and other liabilities	$ 32,333	$ 10,485

Interest Expense, net

(in thousands)	Years ended December 31, 2021	2020	2019
Interest expense	$ 2,952	$ 1,360	$ 635
Interest income	(73)	(336)	(1,741)
Interest expense, net	$ 2,879	$ 1,024	$ (1,106)

For the year ended December 31, 2021, interest expense primarily related to changes in fair value of the Series A and B warrants (see Note 12, “Stock-based Compensation” for additional details on the warrants). The Company also had expenses for the Midcap loan and tenant improvement allowance notes (see Note 7, “Notes Payable” for additional details.) For the year ended December 31, 2020, interest expense included expenses on the Midcap loan, convertible notes and tenant improvement allowance notes (see Note 7, “Notes Payable” for additional details). For the year ended December 31, 2019, interest expense related to outstanding loans. Interest expense was included in “Other income (loss), net” on the Consolidated Statements of Operations.

Note 5. Investments

In August 2021, the Company invested cash in an investment portfolio. The primary objectives of the investment portfolio are to preserve principal, maintain prudent levels of liquidity and obtain investment returns. Recursion’s investment policy limits investments to certain types of debt and money market instruments issued by institutions with investment-grade credit ratings and it places restrictions on maturities and concentration by asset class and issuer.

The following table summarizes the Company’s available-for-sale investments by type of security:

(in thousands)	December 31, 2021 Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair values
Money market funds	$ 155,731	$ —	$ —	$ 155,731
U.S. government debt	19,960	—	(33)	19,927
Corporate bonds	61,451	—	(74)	61,377
Certificates of deposit	21,450	—	(10)	21,440
Commercial paper	140,911	3	(12)	140,902
Total	$ 399,503	$ 3	$ (129)	$ 399,377

The following table summarizes the classification of the Company’s available-for-sale investments on the Consolidated Balance Sheet:

(in thousands)	December 31, 2021
Cash and cash equivalents	$ 167,931
Short-term investments	231,446
Total	$ 399,377

As of December 31, 2021, all of the Company's available-for-sale investments mature in one year or less.

The Company held a total of 34 positions that were in an unrealized loss position as of December 31, 2021. The unrealized losses were primarily due to changes in interest rates. There were no significant unrealized losses as of December 31, 2021. Realized gains and losses on the Company's investments were insignificant during year ended December 31, 2021. No impairments were recorded during the year ended December 31, 2021. Realized gains and losses on interest-bearing securities are recorded in Other income, net, in the Consolidated Statements of Income.

The Company did not have an investment portfolio as of December 31, 2020.

Note 6. Goodwill and Intangible Assets

Goodwill

The carrying amount of goodwill was $801 thousand as of December 31, 2021 and 2020. There were no changes to the carrying amount of goodwill during the year ended December 31, 2021. For the year ended December 31, 2020, the goodwill addition related to the purchase of Vium (see Note 3, "Acquisitions" for additional details on the acquisition). No goodwill impairment was recorded during the years ended December 31, 2021 and 2020.

Intangible Assets, Net

The following table summarizes intangible assets:

	December 31, 2021			December 31, 2020		
(in thousands)	Gross carrying amount	Accumulated Amortization	Net carrying amount	Gross carrying amount	Accumulated Amortization	Net carrying amount
Definite-lived intangible asset	$ 911	$ (430)	$ 481	$ 911	$ (126)	$ 785
Indefinite-lived intangible asset	904	—	904	904	—	904
Intangible assets, net	$ 1,815	$ (430)	$ 1,385	$ 1,815	$ (126)	$ 1,689

Amortization expense was $304 thousand and $126 thousand during the years ended December 31, 2021 and 2020, respectively. There was no amortization expense during the year ended December 31, 2019. Amortization expense was included in research and development in the Consolidated Statements of Operations. Amortization expense for the definite-lived intangible asset will be recognized over approximately the next 2 years.

The indefinite-lived intangible asset represents the Recursion domain name that the Company purchased. No indefinite-lived intangible asset impairment charges were recorded during the years ended December 31, 2021 and 2020. There were no indefinite-lived intangible assets on the Consolidated Balance Sheet as of December 31, 2019.

Note 7. Notes Payable

Midcap Financial

In September 2019, the Company entered into a Credit and Security Agreement with Midcap Financial Trust (Midcap) and the other lenders party thereto (the Midcap loan agreement). The Midcap loan agreement provided for a term loan facility that included an initial tranche of $11.9 million. The Company used $11.2 million of the proceeds from the initial tranche to fully repay a previously outstanding term loan with Pacific Western Bank (Pacific). In July 2021, the Company paid the balance due under the Midcap loan agreement of $12.7 million. The Company

recorded an early extinguishment loss of $996 thousand, which was included in “Other income (loss), net” on the Consolidated Statements of Operations. As of December 31, 2020, the outstanding principal balance under the Midcap loan agreement was $11.9 million.

In 2019, the Company paid fees of approximately $298 thousand in connection with the origination of the Midcap Loan Agreement. These fees were deferred and recorded as a direct deduction from the carrying value of the loan payable and were amortized to interest expense over the expected remaining term of the agreement.

Pacific Western

For the year ended December 31, 2019, the Company recorded an early extinguishment loss of $555 thousand related to the repayment of the Pacific term loan, which was included in “Other income (loss), net” on the Consolidated Statements of Operations.

In May 2018, Pacific issued a standby letter of credit of $3.8 million for the benefit of the Company’s landlord, securing certain Company obligations relating to tenant improvements. This letter of credit was transferred to J.P. Morgan during the year ended December 31, 2021. See Note 2, “Summary of Significant Accounting Policies” for additional details. As of December 31, 2020, the outstanding letter of credit was $3.8 million, for which the Company held $4.0 million of restricted cash as collateral.

Convertible Notes

In March 2020 and April 2020, the Company issued convertible promissory notes for an aggregate principal amount of $6.4 million. Under certain conditions, the principal was convertible into an amount of equity with a fair value that exceeded the amount of the notes’ principal on the conversion date. This feature of the notes was accounted for separately at fair value as a derivative liability. These notes converted to 1,203,231 shares of Series D Preferred Stock in September 2020. Upon conversion of the notes, the Company recorded the $1.6 million fair value of the derivative liability as equity on the Consolidated Balance Sheet. Changes in the fair value of the derivative were recorded in “Other income (loss), net” in the Consolidated Statements of Operations at a loss of $484 thousand during the year ended December 31, 2020.

Notes Payable for Tenant Improvement Allowance

In 2018, the Company borrowed $992 thousand, which was available as part of the Station 41 lease from its landlord for use on tenant improvements (see Note 8, “Commitments and Contingencies” for additional details). Under the terms of the lease, the note will be repaid over a 10-year period at an 8% interest rate.
Notes payable consisted of the following:

	December 31,	
(in thousands)	**2021**	**2020**
Current portion of notes payable	$ 90	$ 1,073
Long-term portion of notes payable	633	11,615
Less: unamortized issuance costs	—	(201)
Notes payable, net	$ 723	$ 12,487

The following table presents information regarding the Company's debt principal repayment obligations as of December 31, 2021:

(in thousands)	Amount
2022	$ 90
2023	97
2024	105
2025	114
2026	124
Thereafter	193
Total debt principal payments	$ 723

Note 8. Commitments and Contingencies

Lease Obligations

The Company has entered into various long-term real estate leases primarily related to office, research and development and operating activities. For the years ended December 31, 2021, 2020 and 2019, total rent expense was $6.4 million, $3.7 million and $3.7 million, respectively. The leases described below are classified as operating leases.

Komas Lease
In August 2016, the Company entered into a new facilities lease, with the right of use and payments beginning in January 2017. The term of the lease is 7 years. This lease includes provisions for escalating rent payments. This lease included an allowance for tenant improvements. In conjunction with the allowance for tenant improvements, the Company recorded a lease incentive obligation of $847 thousand. As of December 31, 2021, the unamortized lease incentive obligation was $252 thousand.

Station 41 Lease
In August 2017, the Company entered into a new facilities lease, with the right of use beginning in December 2017 and payments beginning in June 2018. The term of the lease is 10 years, with one five-year renewal option. This lease includes provisions for escalating rent payments. This lease included an allowance for tenant improvements of $4.0 million, the full amount of which has been drawn. As of December 31, 2021, the related unamortized lease incentive obligation was $2.4 million.

In 2018, the Company elected to draw a tenant improvement loan of $992 thousand available under the Station 41 lease. This loan is incorporated into and acts to increase the base rent over the remaining life of the lease. The increase in rent includes a charge for interest, which accrues on the principal amount outstanding at a rate equal to 8%. The Company accounts for this additional tenant improvement loan as a note payable on the Consolidated Balance Sheets with the current portion included in the Current Portion of Notes Payable.

In 2019, the Company amended the Station 41 lease to include additional space in the conjoining unit with the right to use the new space beginning in June 2020 for an additional seven years. This amendment for the extra space includes provisions for escalating rent payments.

Milpitas Lease
In August 2019, the Company entered into a new facilities lease, with the right of use and payments beginning in August 2019. The term of the lease is 9 years. This lease includes provisions for escalating rent payments.

Station 56 Lease
In January 2021, the Company entered into a new facilities lease with 91,478 square feet adjacent to the Station 41 lease. The right of use began in August 2021 and the term of the lease is approximately 11 years with a five-year renewal option. This lease includes provisions for escalating rent payments. The lease includes a tenant improvement allowance of up to approximately $10.1 million. As of December 31, 2021, $8.5 million of the tenant improvement allowance had been utilized. This balance has not yet been collected and was recorded on the

Consolidated Balance Sheet in “Other receivables.” As of December 31, 2021, the related unamortized lease incentive obligation was $8.1 million.

Future Minimum Lease Payments
Future minimum commitments as of December 31, 2021 under the Company’s lease agreements are as follows:

(in thousands)		Amount
2022	$	3,977
2023		7,053
2024		7,325
2025		7,513
2026		7,739
Thereafter		26,448
Total minimum payments	$	60,055

Contract Obligations

As of December 31, 2021, the Company had $61.2 million of future purchase obligations, $36.7 million of which are expected to be payable within the next year. These commitments primarily related to third-party research services, materials and supplies for research and development activities and capital expenditures.

Indemnification

The Company has agreed to indemnify its officers and directors for certain events or occurrences, while the officer or director is or was serving at the Company’s request in such capacity. The Company purchases directors and officers liability insurance coverage that provides for reimbursement to the Company for covered obligations and this is intended to limit the Company’s exposure and enable it to recover a portion of any amounts it pays under its indemnification obligations. The Company had no liabilities recorded for these agreements as of December 31, 2021 and December 31, 2020, as no amounts are probable or estimable.

Employee Agreements

The Company has signed employment agreements with certain key employees pursuant to which, if their employment is terminated following a change of control of the Company, the employees are entitled to receive certain benefits, including accelerated vesting of equity incentives.

Legal Matters

The Company is not currently a party to any material litigation or other material legal proceedings. The Company may, from time to time, be involved in various legal proceedings arising in the normal course of business. An unfavorable resolution of any such matter could materially affect the Company’s future financial position, results of operations or cash flows.

Note 9. Convertible Preferred Stock

The Company has issued preferred stock as part of various financing events. In April 2021, all outstanding shares of convertible preferred stock converted into 115,598,018 shares of Class A common stock as part of the IPO (see Note 10, “Common Stock” for additional details on the IPO). There was no convertible preferred stock outstanding as of December 31, 2021.

No convertible preferred stock was issued during the year ended December 31, 2021. The Company issued 36,898,548 shares of Series D convertible preferred stock for an aggregate purchase price of $245.9 million ($6.71 per purchased share and $5.37 per converted share) during the year ended December 31, 2020. As part of the Series D issuance, outstanding convertible notes were converted into Series D shares. See “Note 7, Notes Payable” for additional details on the convertible notes. As of December 31, 2020, there were no cumulative dividends owed or in arrears on the preferred stock.

Convertible preferred stock consisted of the following as of December 31, 2020:

(in thousands except share data)	Preferred Shares Authorized	Preferred Shares Issued and Outstanding	Carrying Value	Liquidation Preferences	Shares of Common Stock Issuable Upon Conversion
Series A	30,078,402	29,965,754	$ 21,281	$ 21,281	29,965,754
Series A-1	4,975,521	4,975,520	—	—	4,975,520
Series B	21,497,667	21,471,898	59,913	60,000	21,471,898
Series C	18,956,354	18,776,345	119,915	122,058	22,286,298
Series D	45,926,769	36,898,548	247,203	247,511	36,898,548
Total convertible preferred stock	121,434,713	112,088,065	$ 448,312	$ 450,850	115,598,018

The Company's convertible preferred stock was classified outside of stockholders' equity (deficit) on the Consolidated Balance Sheets because the holders of such shares have liquidation rights in the event of a deemed liquidation that, in certain situations, are not solely within the control of the Company and would require the redemption of the then-outstanding convertible preferred stock. The convertible preferred stock was not redeemable, except in the event of a deemed liquidation event.

Note 10. Common Stock

Each share of Class A common stock entitles the holder to one vote per share and each share of Class B common stock entitles the holder to 10 votes per share on all matters submitted to a vote of the Company's stockholders. Common stockholders are entitled to receive dividends, as may be declared by the Company's board of directors. As of December 31, 2021 and December 31, 2020, no dividends had been declared.

Initial Public Offering

On April 20, 2021, the Company closed its IPO and issued 27,878,787 shares of its Class A common stock at a price of $18.00 per share for net proceeds of $462.4 million, after deducting underwriting discounts and commissions of $35.1 million and other offering costs of $4.3 million. In connection with the IPO, all shares of convertible preferred stock converted into 115,598,018 shares of Class A common stock.

Stock Split

In April 2021, the Board of Directors approved a 1.5-for-1 forward stock split of the Company's common and convertible preferred stock. Each shareholder of record on April 9, 2021 received 1.5 shares for each then-held share. The split proportionally increased the authorized shares and did not change the par values of the Company's stock. The split affected all stockholders uniformly and did not affect any stockholder's ownership percentage of the Company's shares of common stock. All shares and per share amounts presented within these Consolidated Financial Statements were adjusted to reflect the forward stock split for all periods presented.

Class A and B Common Shares Authorization

In April 2021, the Company's Board of Directors authorized two classes of common stock, Class A and Class B. The rights of the holders of Class A and B common stock are identical, except with respect to voting and conversion. Each share of Class A common stock is entitled to one vote per share. Each share of Class B common stock is entitled to 10 votes per share and is convertible at any time into one share of Class A common stock.

All Class B common stock is held by Christopher Gibson, Ph.D., our Chief Executive Officer (CEO), or his affiliate. As of December 31, 2021, Dr. Gibson and his affiliate held outstanding shares of Class B common stock representing approximately 37% of the voting power of the Company's outstanding shares. This voting power may increase over time as Dr. Gibson vests in and exercises equity awards outstanding. If all the equity awards held by Dr. Gibson had been fully vested and exercised and exchanged for shares of Class B common stock as of December 31, 2021, Dr. Gibson and his affiliate would hold approximately 40% of the voting power of the Company's outstanding shares. As a result, Dr. Gibson will be able to significantly influence any action requiring the

approval of Recursion stockholders, including the election of the board of directors; the adoption of amendments to the Company's certificate of incorporation and bylaws; and the approval of any merger, consolidation, sale of all or substantially all of the Company's assets, or other major corporate transaction.

Note 11. Collaborative Development Contracts

Bayer AG

In August 2020, the Company entered into a Research Collaboration and Option Agreement (the Bayer Agreement) with Bayer AG (Bayer) for a five-year term pursuant to which the Company and Bayer may initiate approximately 10 research projects related to fibrosis across multiple organ systems, including the lung, liver and heart. Under the agreement, the Company contributed compounds from its proprietary library and Bayer contributed compounds from its proprietary library and will contribute scientific expertise throughout the collaboration.

Under each research project, the Company will work with Bayer to identify potential candidates for development. Under the agreement, Bayer has the first option for licenses to potential candidates. Each such license could potentially result in option exercise fees and development and commercial milestone payments payable to the Company, with an aggregate value of up to approximately $100.0 million (for an option on a lead series) or up to approximately $120.0 million (for an option on a development candidate), as well as tiered royalties for each such license, ranging from low- to mid-single digit percentages of sales, depending on commercial success.

Under the terms of the agreement, the Company received a non-refundable upfront payment of $30.0 million, which was recorded as unearned revenue on the Consolidated Balance Sheet. The Company determined that it has one performance obligation under the agreement, which is to perform research and development services for Bayer. Recursion determined the transaction price to be the $30.0 million upfront payment received and allocated the amount to the single performance obligation. The Company is recognizing revenue over time by measuring progress towards completion of the performance obligation. This method of recognizing revenue requires Company to make estimates of the total time to provide the services required under the performance obligation. A significant change in these estimates could have a material effect on the timing and amount of revenue recognized in future periods.

For the years ended December 31, 2021 and 2020, the Company recognized $10.0 million and $3.3 million, respectively, of revenue resulting from the collaboration. There was $10.0 million and $6.7 million of current and non-current unearned revenue, respectively, remaining as of December 31, 2021. The allocation of unearned revenue between current and non-current is based on Recursion's estimates of when the Company expects to incur the related costs.

Takeda Pharmaceuticals

In October 2017, the Company entered into a research collaboration with Takeda Pharmaceutical Company Limited. For the year ended December 31, 2019, the Company recognized $1.3 million of revenue related to the collaboration. The Company does not expect future revenues from this collaboration.

Note 12. Stock-Based Compensation

In April 2021, the Board of Directors and the stockholders of the Company adopted the 2021 Equity Incentive Plan (the 2021 Plan). Under the 2021 Plan, 16,186,000 shares of Class A common stock were reserved. Additionally, shares were reserved for all outstanding awards under the previous 2016 Plan. The Company may grant stock options, RSUs, stock appreciation rights, restricted stock awards and other forms of stock-based compensation.

As of December 31, 2021, 14,677,116 shares of Class A common stock were available for grant.

The following table presents the classification of stock-based compensation expense for stock options and RSUs for employees and non-employees within the Consolidated Statements of Operations:

	Years ended December 31,		
(in thousands)	2021	2020	2019
Research and development	$ 4,841	$ 1,777	$ 915
General and administrative	8,989	2,059	470
Total	$ 13,830	$ 3,836	$ 1,385

Stock Options

Stock options generally vest over four years and expire no later than 10 years from the date of grant. Stock option activity during the year ended December 31, 2021 was as follows:

(in thousands except share data)	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (In Years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2020	20,937,443	$ 1.85	8.5	$ 12,956
Granted	3,538,555	12.79		
Cancelled	(1,266,968)	2.59		
Exercised	(4,017,316)	1.30		36,773
Outstanding as of December 31, 2021	19,191,714	$ 3.78	8.2	$ 260,762
Exercisable as of December 31, 2021	7,921,361	$ 1.89	7.2	$ 121,201

The fair value of options granted to employees is calculated on the grant date using the Black-Scholes option valuation model. The weighted-average grant-date fair values of stock options granted during the years ended December 31, 2021, 2020 and 2019 were $7.66, $1.50 and $1.34, respectively.

The following weighted-average assumptions were used to calculate the grant-date fair value of stock options:

	Years ended December 31,		
	2021	2020	2019
Expected term (in years)	6.3	6.2	6.2
Expected volatility	65 %	67 %	64 %
Expected dividend yield	—	—	—
Risk-free interest rate	1.1 %	1.0 %	2.3 %

In February 2021, the Company granted 150,000 shares of stock options with a performance and service condition that had a fair value of $358 thousand. The grant was fully expensed during the year ended December 31, 2021 as the performance and service conditions were met.

In March 2020, the Company granted 1,500,000 shares of stock options with performance, market and service conditions. At grant date, the Company estimated that the fair value of the options was approximately $2.0 million. For the years ended December 31, 2021 and 2020, $1.7 million and zero of expense was recorded, respectively. For the year ended December 31, 2021, several of the award's conditions were met. For the year ended December 31, 2020, no expense was recorded as the performance conditions were not considered probable.

As of December 31, 2021, $31.7 million of unrecognized compensation cost related to stock options is expected to be recognized as expense over approximately the next three years.

RSUs

In April 2021, Recursion redesigned certain aspects of its long-term incentive program. As a result, equity awards granted to employees since the redesign generally consist of a combination of stock options and RSUs. RSUs awarded to employees pursuant to the 2021 Plan generally vest over four years. The weighted-average grant-date fair value of RSUs generally is determined based on the number of units granted and the quoted price of Recursion's common stock on the date of grant.

The following table summarizes Recursion's RSU activity during the year ended December 31, 2021:

	Stock units	Weighted-average grant date fair value
Outstanding as of December 31, 2020	—	$ —
Granted	496,312	23.44
Vested	(13,725)	25.47
Forfeited	(4,451)	22.21
Outstanding as of December 31, 2021	478,136	$ 23.40

The fair market value of RSUs vested was $312 thousand during the year ended December 31, 2021. As of December 31, 2021, $9.9 million of unrecognized compensation cost related to RSUs is expected to be recognized as expense over approximately the next three years.

Employee Share Purchase Plan (ESPP)

In April 2021, the Board of Directors and stockholders of the Company adopted the 2021 Employee Stock Purchase Plan (the ESPP). Under the ESPP, 3,238,000 shares of Class A common stock were reserved. The ESPP has consecutive six-month offering periods. The offering periods are scheduled to start on the first trading day on or after May 20 and November 20 of each year, except the first offering period, which commenced on the plan effectiveness date and will end on the first trading day on or after November 20, 2021. The second offering period commenced on the first trading day on or after November 20, 2021. The per share purchase price is 85% of the lower of the fair market value on (1) the first trading day of the offering period or (2) the exercise date.

The fair value of the ESPP grants is measured at grant date. The fair value is determined considering the purchase discount and the fair value of the look-back feature. Black-Scholes pricing models are used to calculate the fair value of the look-back feature. The weighted-average assumptions used in the Black-Scholes models were as follows:

	Year ended December 31, 2021
Expected term (in years)	0.5
Expected volatility	61 %
Expected dividend yield	—
Risk-free interest rate	0.06 %

For the year ended December 31, 2021, 106,365 shares were issued under the ESPP. For the year ended December 31, 2021, Recursion recognized expense of $731 thousand. As of December 31, 2021, $522 thousand of unrecognized ESPP compensation cost is expected to be recognized as expense over approximately the next five months.

Warrants

In connection with the execution of the Pacific loan agreement (see Note 7, "Notes Payable" for additional details), the Company issued to Pacific fully vested warrants to purchase 84,486 shares of Series A Preferred Stock (Series A warrants) at a purchase price of $0.71 per share. In May 2017, the Company drew on additional borrowing capacity under the Pacific loan agreement, which required the Company to issue additional fully vested warrants for

28,161 shares of Series A Preferred Stock at a purchase price of $0.71 per share. These Series A warrants were exercised in April 2021.

In July 2018, the Company drew on additional borrowing capacity under an amended agreement. This required the Company to issue fully vested warrants to purchase 25,762 shares of Series B Preferred Stock (Series B warrants) at a purchase price of $2.79 per share. These Series B warrants were exercised in April 2021.

In January 2020, the Company issued warrants to purchase 213,646 shares of Series C Preferred Stock (Series C warrants) at a purchase price of $5.49 per share as part of a services agreement. These Series C warrants were exercised in October 2021. The grant date fair value was $4.10 per share.

The FASB has issued accounting guidance on the classification of freestanding warrants and other similar instruments for shares that are redeemable (either puttable or mandatorily redeemable). The guidance requires liability classification for certain warrants that are exercisable into convertible preferred stock. The initial fair values of the Series A and B warrants were recorded as debt issuance costs, which resulted in a reduction in the carrying value of the debt and subsequent accretion. The Company remeasured the Series A and B warrants on each Consolidated Balance Sheet date. The change in valuation was recorded in the Consolidated Statements of Operations in “Other income (loss), net.” The liability was recorded to equity upon the exercise of the Series A and B warrants.

The Series C warrants’ compensation expense was recorded in general and administrative expense ratably over the requisite service period based on the award’s fair value at the date of grant. These warrants were classified as equity as they were issued to non-employees for services and the convertible preferred stock was not redeemable.

The following is a summary of the changes in the Company’s Series A and B warrant liability balance during the years ended December 31, 2021 and 2020:

(in thousands)		
Balance as of December 31, 2018	$	139
Decrease in fair value of warrants		(11)
Balance as of December 31, 2019	$	128
Decrease in fair value of warrants		(3)
Balance as of December 31, 2020	$	125
Increase in fair value of warrants		2,215
Recorded in equity upon exercise		(2,340)
Balance as of December 31, 2021	$	—

Note 13. Employee benefit plans

The Company has an employee benefit plan under Section 401(k) of the Internal Revenue Code. The plan allows employees to make contributions up to a specified percentage of their compensation. The Company is currently contributing up to 4% of employee base salary, by matching 100% of the first 4% of annual base salary contributed by each employee. Employer expenses were $2.1 million, $1.1 million and $931 thousand during the years ended December 31, 2021, 2020 and 2019, respectively.

Note 14. Income Taxes

The Company did not record any income tax expense for the years ended December 31, 2021, 2020 and 2019. The Company has historically incurred operating losses and maintains a full valuation allowance against its net deferred tax assets. Foreign taxes were insignificant for the year ended December 31, 2021.

The provision for income taxes consisted of the following components (all deferred):

(in thousands)	Years ended December 31, 2021	2020	2019
Federal	$ 47,138	$ 20,707	$ 15,555
State	(684)	947	1,517
Other	149	—	—
Change in valuation allowance	(46,603)	(21,654)	(17,072)
Total	$ —	$ —	$ —

The Company's effective tax rate of 0% for the years ended December 31, 2021, 2020 and 2019 differs from the statutory U.S. federal rate as follows:

	Years ended December 31, 2021	2020	2019
Statutory tax rate	21.0 %	21.0 %	21.0 %
R&D credit generation	3.2 %	3.3 %	3.6 %
Orphan drug credit generation	1.1 %	1.0 %	1.5 %
Uncertain tax positions	(0.4)%	(0.4)%	(0.5)%
Other non-deductible expenses	0.4 %	(1.1)%	(0.4)%
Change in valuation allowance	(25.3)%	(23.8)%	(25.2)%
Effective tax rate	— %	— %	— %

The tax effects of temporary differences that give rise to significant components of the deferred tax assets are as follows:

(in thousands)	December 31, 2021	2020
Deferred tax assets		
Reserves and accruals	$ 5,922	$ 1,906
Net operating loss carryforwards	76,954	43,954
Stock-based compensation	1,732	356
Research and development credit carryforwards	16,742	9,529
Deferred rent	3,132	—
Definite lived intangibles	1,005	1,114
Other	426	217
Gross deferred tax assets	105,913	57,076
Valuation allowance	(102,041)	(55,439)
Net deferred tax asset	3,872	1,637
Deferred tax liabilities		
Depreciable assets	(2,089)	(1,637)
Tenant allowance receivable	(1,783)	—
Deferred tax liabilities	(3,872)	(1,637)
Net deferred tax asset	$ —	$ —

As of December 31, 2021 and 2020, the Company recorded the portion of its deferred tax assets that was determined to meet the more likely than not threshold. A valuation allowance was recorded against the remaining deferred tax assets. Significant judgment is required in determining the Company's provision for income taxes, recording valuation allowances against deferred tax assets and evaluating the Company's uncertain tax positions. Due to net losses since inception and the uncertainty of realizing the deferred tax assets, the Company has a full valuation allowance against its net deferred tax assets. To the extent that the Company generates positive income and expects, with reasonable certainty, to continue to generate positive income, the Company may release all, or a portion of, the valuation allowance in a future period. This release would result in the recognition of all, or a portion

of, the Company's deferred tax assets, resulting in a decrease to income tax expense for the period such release is made. As of December 31, 2021 and 2020, the Company's valuation allowance was $102.0 million and $55.4 million, respectively, which increased by approximately $46.6 million and $21.7 million during the years ended December 31, 2021 and 2020, respectively.

NOLs and tax credit carry-forwards are subject to review and possible adjustment by the Internal Revenue Service ("IRS") and may become subject to annual limitation due to ownership changes that have occurred previously or that could occur in the future under Section 382 of the Internal Revenue Code, as amended and similar state provisions. These ownership changes may limit the amount of carryforwards that can be utilized annually to offset future taxable income. In general, an ownership change, as defined by Section 382, results from transactions increasing the ownership of certain shareholders or public groups in the stock of a corporation by more than 50% over a three-year period. The Company has not conducted a study to assess whether a change of control has occurred or whether there have been multiple changes of control since inception due to the significant complexity and cost associated with such a study. If the Company has experienced a change of control, as defined by Section 382, at any time since inception, utilization of the net operating loss carryforwards or research and development tax credit carryforwards would be subject to an annual limitation under Section 382, which is determined by first multiplying the value of the Company's stock at the time of the ownership change by the applicable long-term tax-exempt rate and then could be subject to additional adjustments, as required. Any limitation may result in expiration of a portion of the net operating loss carryforwards or research and development tax credit carryforwards before utilization. Further, until a study is completed and any limitation is known, no amounts are being presented as an uncertain tax position.

As of December 31, 2021 and 2020, the Company had federal NOL carryforwards of $353.1 million and $193.8 million, respectively, available to reduce taxable income, of which $18.6 million expire beginning 2036 and $334.4 million do not expire. The Company had state NOL carryforwards of $63.0 million and $77.4 million as of December 31, 2021 and 2020, respectively, available to reduce future state taxable income, of which $5.3 million expire beginning 2031 and $57.7 million not expire.

As of December 31, 2021, the Company also had federal and state research and development credit carryforwards of $16.5 million and $2.2 million respectively. As of December 31, 2020, the Company had federal and state research and development credit carryforwards of $6.7 million and $2.2 million, respectively. The federal research and development credit carryforwards expire beginning in 2036 and the state credit carryforwards expire beginning in 2030. The Company also had federal Orphan Drug credits of $3.8 million and $1.8 million as of December 31, 2021 and 2020, respectively, which will begin expiring in 2036. The Company had reserves for uncertain tax positions against these credit carryforwards of $1.9 million and $1.1 million as of December 31, 2021 and 2020 respectively.

The Company recognizes benefits of uncertain tax positions if it is more likely than not that such positions will be sustained upon examination based solely on their technical merits, as the largest amount of benefit that is more likely than not to be realized upon the ultimate settlement. It is the Company's policy to include penalties and interest expense related to income taxes as a component of Other income (loss), net as necessary.

The Company files income tax returns in the United States, Canada, Utah, California and Massachusetts. The Company is not currently under examination in any of these jurisdictions. The Company is subject to income tax examinations on all federal returns since the 2018 tax return.

Note 15. Net Loss Per Share

For the year ended December 31, 2021, Recursion calculated net loss per share of Class A and Class B common stock using the two-class method. Basic net loss per share is computed using the weighted-average number of shares outstanding during the period. Diluted net loss per share is computed using the weighted-average number of shares and the effect of potentially dilutive securities outstanding during the period. Potentially dilutive securities consist of stock options and other contingently issuable shares. For periods presented in which the Company reports a net loss, all potentially dilutive shares are anti-dilutive and as such are excluded from the calculation.

The rights, including the liquidation and dividend rights, of the holders of the Company's Class A and Class B common stock are identical, except with respect to voting. As a result, the undistributed earnings for each period are allocated based on the contractual participation rights of the Class A and Class B common shares as if the earnings for the period had been distributed. As the liquidation and dividend rights are identical, the undistributed earnings are allocated on a proportionate basis and the resulting amount per share for Class A and Class B common stock was the same during the year ended December 31, 2021.

Recursion issued certain shares of convertible preferred stock that were outstanding until April 2021 and were concluded to be participating securities. For the years ended December 31, 2020 and 2019, there was only one class of common stock outstanding. Due to the presence of participating securities, Recursion calculated net loss per share during the years ended December 31, 2020 and 2019 using the more dilutive of the treasury stock or the two-class method. For periods presented in which the Company reports a net loss, the losses are not allocated to the participating securities. The preferred stock converted to common stock in April 2021 as part of the Company's IPO. See Note 10, "Common stock" for additional details.

The following tables set forth the computation of basic and diluted net loss per share of Class A and Class B common stock during 2021:

	Year ended December 31, 2021	
(in thousands, except share amount)	**Class A**	**Class B**
Numerator:		
Allocation of undistributed earnings	$ (172,399)	$ (14,080)
Denominator:		
Weighted average common shares outstanding	115,883,920	9,464,190
Net loss per share, basic and diluted	$ (1.49)	$ (1.49)

The following table sets forth the computation of basic and diluted net loss per share during 2020 and 2019:

	Years ended December 31,	
(in thousands, except share amounts)	**2020**	**2019**
Numerator:		
Net loss	$ (87,006)	$ (61,879)
Denominator:		
Weighted average common shares outstanding	21,781,386	21,570,265
Net loss per share, basic and diluted	$ (3.99)	$ (2.87)

For the years ended December 31, 2021, 2020 and 2019, the Company reported a net loss and therefore basic and diluted loss per share are the same for all periods. The Company excluded the following potential common shares from the computation of diluted net loss per share for the periods indicated because including them would have had an anti-dilutive effect:

	Years ended December 31,		
	2021	2020	2019
Convertible preferred stock	34,615,890	90,684,675	78,699,495
Stock options	15,381,210	3,636,400	8,677,652
Warrants	151,745	117,342	138,409
Total	50,148,845	94,438,417	87,515,556

Note 16. Fair Value Measurements

The fair value hierarchy consists of the following three levels:

- Level 1 — Valuations based on unadjusted quoted prices in active markets for identical assets that the company has the ability to access;
- Level 2 — Valuations based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuations in which all significant inputs are observable in the market; and
- Level 3 — Valuations using significant inputs that are unobservable in the market and include the use of judgment by the company's management about the assumptions market participants would use in pricing the asset or liability.

The Company measured the Series A and B preferred stock warrant liabilities at fair value using a Black-Scholes option-pricing model. See Note 12, “Stock-based Compensation” for details on the valuation of the warrant liabilities and a reconciliation of the balance.

The following tables summarize the Company’s assets and liabilities that are measured at fair value on a recurring basis:

		Basis of fair value measurement		
(in thousands)	December 31, 2021	Level 1	Level 2	Level 3
Assets				
Cash equivalents:				
Money market funds	$ 155,731	$ —	$ 155,731	$ —
Commercial paper	12,000	—	12,000	—
Corporate bonds	200	—	200	—
Restricted cash	10,233	10,233	—	—
Investments:				
U.S. government debt	19,927	—	19,927	—
Corporate bonds	61,177	—	61,177	—
Certificates of deposit	21,440	—	21,440	—
Commercial paper	128,902	—	128,902	—
Total assets	$ 409,610	$ 10,233	$ 399,377	$ —

(in thousands)	December 31, 2020	Basis of fair value measurement		
		Level 1	Level 2	Level 3
Assets				
Restricted cash	$ 5,041	$ 5,041	$ —	$ —
Total assets	$ 5,041	$ 5,041	$ —	$ —
Liabilities				
Warrant liability	$ 125	$ —	$ —	$ 125
Total liabilities	$ 125	$ —	$ —	$ 125

In addition to the financial instruments that are recognized at fair value on the Consolidated Balance Sheet, the Company has certain financial instruments that are recognized at amortized cost or some basis other than fair value. The carrying amount of these instruments are considered to be representative of their approximate fair values. Additionally, Recursion has short-term financial instruments including accounts receivable and accounts payable whose carrying amounts are considered representative of their approximate fair values.

The following tables summarize the Company's financial instruments that are not measured at fair value:

(in thousands)	Book values		Fair values	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Liabilities				
Current portion of notes payable	$ 90	$ 1,073	$ 90	$ 1,073
Notes payable, net of current portion	633	11,414	633	11,414
Total liabilities	$ 723	$ 12,487	$ 723	$ 12,487

Note 17. Related Party Transactions

In December 2017, the Company entered into a loan agreement with its CEO to provide a loan of $595 thousand. The loan had a seven-year term. As of December 31, 2021 and 2020, no amount remained outstanding on the loan as the balance was fully paid during the year ended December 31, 2020.

The acquisition of Vium was a related party transaction due to the fact that Vium was affiliated with certain investors of the Company. See Note 3, "Acquisitions" for additional details on the acquisition.

Note 18. Subsequent Events

In January 2022, Recursion received a $150.0 million upfront payment related to the Company's collaboration with Roche and Genentech, collectively referred to as Roche. Recursion will work with Roche to identify targets and medicines in key areas of neuroscience and in an oncology indication. Recursion is eligible for additional milestone payments based on performance progress of the collaboration. Under the collaboration, Roche may initiate up to 40 programs, each of which, if successfully developed and commercialized, could yield more than $300.0 million in development, commercialization and net revenue milestones for Recursion, as well as tiered royalties on net revenue. Recursion is currently analyzing the accounting impact of this agreement.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Recursion Pharmaceuticals Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Recursion Pharmaceuticals, Inc. (the Company) as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive loss, convertible preferred stock and stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2017.

Salt Lake City, Utah
March 23, 2022

Item 9. Changes in and Disagreements with Accountants.

None.

Item 9A. Controls and Procedures.

The Company has established disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act) designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to management, including the principal executive officer (our Chief Executive Officer) and principal financial officer (our Chief Financial Officer), to allow timely decisions regarding required disclosure. 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.

Evaluation of Disclosure Controls and Procedures

Our management has evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives as management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our disclosure controls and procedures have been designed to provide reasonable assurance of achieving their objectives. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2021, our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended December 31, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this Item is incorporated herein by reference to the information that will be contained in our proxy statement related to the 2022 Annual Meeting of Stockholders, which we intend to file with the Securities and Exchange Commission within 120 days of the end of our fiscal year.

Item 11. Executive Compensation.

The information required by this Item is incorporated herein by reference to the information that will be contained in our proxy statement related to the 2022 Annual Meeting of Stockholders, which we intend to file with the Securities and Exchange Commission within 120 days of the end of our fiscal year.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this Item is incorporated herein by reference to the information that will be contained in our proxy statement related to the 2022 Annual Meeting of Stockholders, which we intend to file with the Securities and Exchange Commission within 120 days of the end of our fiscal year pursuant.

Item 13. Certain Relationships and Related Transactions and Director Independence.

The information required by this Item is incorporated herein by reference to the information that will be contained in our proxy statement related to the 2022 Annual Meeting of Stockholders, which we intend to file with the Securities and Exchange Commission within 120 days of the end of our fiscal year.

Item 14. Principal Accountant Fees and Services.

Our independent public accounting firm is Ernst & Young LLP, Salt Lake City, Utah, PCAOB Auditor ID 00042.

The information required by this Item is incorporated herein by reference to the information that will be contained in our proxy statement related to the 2022 Annual Meeting of Stockholders, which we intend to file with the Securities and Exchange Commission within 120 days of the end of our fiscal year.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) Documents filed as part of this Form 10-K.

(1) Financial Statements: See Item 8, “Financial Statements and Supplementary Data” for a list of financial statements.

(2) Financial Statement Schedules: All schedules omitted are inapplicable or the information required is shown in the consolidated financial statements or notes thereto.

(3) Exhibits Required by Item 601 of Regulation S-K: The information called for by this paragraph is set forth in Item 15(b) below.

(b) Exhibit Index:

		Incorporated by Reference				
Exhibit number	Description	Form	File No.	Exhibit No.	Filing Date	Filed / Furnished Herewith
3.1	Amended and Restated Certificate of Incorporation of Recursion Pharmaceuticals, Inc.	8-K	001-40323	3.1	April 21, 2021	
3.2	Amended and Restated Bylaws of Recursion Pharmaceuticals, Inc.	8-K	001-40323	3.2	April 21, 2021	
4.1	Amended and Restated Investors’ Rights Agreement by and among the Registrant and certain of its stockholders, dated September 1, 2020.	S-1/A	333-254576	4.1	April 15, 2021	
4.2	Specimen Class A common stock certificate of the Registrant.	S-1/A	333-254576	4.2	April 15, 2021	
4.3	Description of Securities					X
10.1	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers.	S-1/A	333-254576	10.1	April 15, 2021	
10.2+	2016 Equity Incentive Plan, as amended, and forms of agreement thereunder.	S-1/A	333-254576	10.2	April 15, 2021	
10.3+	2021 Equity Incentive Plan and forms of agreements thereunder.	S-1/A	333-254576	10.3	April 15, 2021	
10.4+	2021 Employee Stock Purchase Plan and forms of agreements thereunder.	S-1/A	333-254576	10.4	April 15, 2021	
10.5	Executive Incentive Compensation Plan.	S-1/A	333-254576	10.20	April 15, 2021	
10.6+	CEO Change in Control and Severance Policy	S-1/A	333-254576	10.21	April 15, 2021	
10.7+	Outside Director Compensation Policy.	S-1/A	333-254576	10.11	April 15, 2021	
10.8	Office Lease by and between Vestar Gateway, LLC and Registrant, dated November 13, 2017, as amended.					X
10.9	Amended and Restated Lease by and between Berrueta Family L.P. and Mousera, Inc. dated July 27, 2015, as amended and assigned to Registrant on August 16, 2019.	S-1/A	333-254576	10.13	April 15, 2021	
10.10	Research Collaboration and Option Agreement by and between Bayer AG and the Registrant, dated August 28, 2020.	S-1/A	333-254576	10.14	April 15, 2021	
10.11	Bayer Collaboration Expansion Agreement					X
10.12	Amended and Restated License Agreement between the Registrant and University of Utah Research Foundation, dated February 9, 2016.	S-1/A	333-254576	10.15	April 15, 2021	
10.13	Exclusive License Agreement No. A2019-1229 between Ohio State Innovation Foundation and Registrant, dated December 21, 2018.	S-1/A	333-254576	10.16	April 15, 2021	
10.14	License Agreement by and between Takeda Pharmaceutical Company Limited and Registrant, dated May 1, 2020.	S-1/A	333-254576	10.17	April 15, 2021	

10.15	Lease Agreement by and between Industry Office SLC, LLC and Registrant, dated February 10, 2021, as amended.					X
10.16+	Confirmatory Employment Letter between the Registrant and Christopher Gibson, Ph.D.	S-1/A	333-254576	10.5	April 15, 2021	
10.17+	Confirmatory Employment Letter between the Registrant and Ramona Doyle.	S-1/A	333-254576	10.6	April 15, 2021	
10.18+	Confirmatory Employment Letter between the Registrant and Tina Marriott Larson.	S-1/A	333-254576	10.7	April 15, 2021	
10.19+	Confirmatory Employment Letter between the Registrant and Michael Secora.	S-1/A	333-254576	10.8	April 15, 2021	
10.20+	Confirmatory Employment Letter between the Registrant and Shafique Virani.	S-1/A	333-254576	10.9	April 15, 2021	
10.21+	Executive Change in Control and Severance Plan (for executives other than the CEO).	S-1/A	333-254576	10.10	April 15, 2021	
10.22+	Form of Equity Exchange Right Agreement among the Registrant, Christopher Gibson, Ph.D., and entities affiliated with Dr. Gibson.	S-1/A	333-254576	10.22	April 15, 2021	
10.23+	Form of Exchange Agreement among the Registrant, Christopher Gibson, Ph.D., and entities affiliated with Dr. Gibson.	S-1/A	333-254576	10.23	April 15, 2021	
10.24	Credit and Security Agreement by and among MidCap Financial Trust, as administrative agent, and the lenders party thereto, dated September 18, 2019.	S-1/A	333-254576	10.19	April 15, 2021	
10.25	Roche Collaboration and License Agreement					X
21.1	List of Subsidiaries					X
23.1	Consent of Ernst and Young					X
24.1	Power of Attorney (included on signature page to this Annual Report on Form 10-K)					X
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1*	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	XBRL Instance Document					X
101.SCH	XBRL Taxonomy Extension Schema Document					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					X

* The certifications furnished in Exhibit 32.1 hereto are deemed to accompany this Annual Report on Form 10-K and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Registrant specifically incorporates it by reference.

\+ Indicates a management contract or compensatory plan.

Item 16. Form 10-K Summary.

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Act of 1934, Recursion Pharmaceuticals Inc. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Salt Lake City, Utah, on March 23, 2022.

RECURSION PHARMACEUTICALS, INC.

By: /s/ Christopher Gibson
Christopher Gibson
Chief Executive Officer

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints each of Christopher Gibson and Michael Secora his or her true and lawful attorney-in-fact and agent, with full power of substitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, each of the undersigned has executed this Power of Attorney as of the date indicated opposite his/her name.

Pursuant to the requirements of the Securities Act of 1934, this report has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Christopher Gibson Christopher Gibson	Chief Executive Officer and Director *(Principal Executive Officer)*	March 23, 2022
/s/ Michael Secora Michael Secora	Chief Financial Officer *(Principal Financial and Accounting Officer)*	March 23, 2022
/s/ Zachary Bogue Zachary Bogue	Director	March 23, 2022
/s/ Blake Borgeson Blake Borgeson	Director	March 23, 2022
/s/ Terry-Ann Burrell Terry-Ann Burrell	Director	March 23, 2022
/s/ R. Martin Chavez R. Martin Chavez	Chair of the Board	March 23, 2022
/s/ Zavain Dar Zavain Dar	Director	March 23, 2022
/s/ Robert Hershberg Robert Hershberg	Director	March 23, 2022
/s/ Dean Li Dean Li	Director	March 23, 2022

By: /s/ Christopher Gibson
Christopher Gibson, Attorney-in-fact

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

Recursion Pharmaceuticals, Inc. (the "Company") has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: our Class A common stock, par value $0.00001 per share.

As used in this summary, the terms "Recursion," "the Company," "we," "our" and "us" refer to Recursion Pharmaceuticals, Inc.

The following is a description of the material terms and provisions relating to our capital stock. The following description is a summary that is not complete and is subject to and qualified in its entirety by reference to our amended and restated certificate of incorporation and our amended and restated bylaws, and to provisions of the Delaware General Corporation Law. Copies of our amended and restated certificate of incorporation and our amended and restated bylaws, each of which may be amended from time to time, are included as exhibits to the Annual Report on Form 10-K to which this description is an Exhibit.

General

Our authorized capital stock consists of 2,200,000 shares of capital stock, $0.00001 par value per share, of which 200,000 shares are designated preferred stock and 2,000,000 shares are designated common stock.

Common Stock

We have two series of authorized common stock, Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion.

Voting Rights

Each holder of Class A common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors, and each holder of Class B common stock is entitled to ten votes for each share on all matters submitted to a vote of the stockholders, including the election of directors. The holders of Class A common stock and Class B common stock vote together as a single class, unless otherwise required by law. Under our amended and restated certificate of incorporation, approval of the holders of a majority of the outstanding shares of our Class B common stock voting as a separate class is required to increase the number of authorized shares of our Class B common stock. In addition, Delaware law could require either the holders of our Class A common stock or Class B common stock to vote separately as a single class in the following circumstances:

- if we were to seek to amend our amended and restated certificate of incorporation to increase or decrease the par value of a class of stock, then that class would be required to vote separately to approve the proposed amendment; and

- if we were to seek to amend our amended and restated certificate of incorporation in a manner that alters or changes the powers, preferences or special rights of a class of stock in a manner that affected its holders adversely, then that class would be required to vote separately to approve the proposed amendment.

Until the Final Conversion Date (described below), approval of the holders of at least two-thirds of the outstanding shares of our Class B common stock voting as a separate class is required to amend, repeal or adopt any provision of the amended and restated certificate of incorporation inconsistent with, or otherwise alter, any provision of the amended and restated certificate of incorporation relating to the voting, conversion, or other rights, powers, preferences privileges, or restrictions of our Class B common stock so as to affect them adversely or to reclassify any outstanding shares of Class A common stock into

shares having rights as to dividends or liquidation that are senior to the Class B common stock or the right to have more than one vote for each share thereof, except as required by law.

Our amended and restated certificate of incorporation and amended and restated bylaws do not provide for cumulative voting rights. Because of this, the holders of a plurality of the shares of Class A common stock and Class B common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they should so choose. With respect to matters other than the election of directors, at any meeting of the stockholders at which a quorum is present or represented, the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at such meeting and entitled to vote on the subject matter shall be the act of the stockholders, except as otherwise required by law. The holders of a majority of the stock issued and outstanding and entitled to vote, present in person or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the stockholders.

Dividends

Subject to preferences that may be applicable to any then-outstanding preferred stock, holders of our Class A common stock and Class B common stock are entitled to receive dividends, if any, as may be declared from time to time by our board of directors out of legally available funds.

Liquidation

In the event of our liquidation, dissolution, or winding up, holders of our Class A common stock and Class B common stock are entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then-outstanding shares of preferred stock.

Conversion of Class B Common Stock

Each share of Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock. Shares of Class B common stock automatically convert into shares of Class A common stock upon sale or transfer except for certain transfers described in our amended and restated certificate of incorporation, including transfers for estate planning.

In addition, each share of Class B common stock will convert automatically into one share of Class A common stock upon the earliest of (i) the seven year anniversary of the first day of trading on Nasdaq of our Class A common stock, (ii) the date specified by written consent or agreement of the holders of at least 66 2/3% of our then outstanding shares of Class B common Stock, (iii) nine months after Dr. Christopher Gibson, our co-founder and Chief Executive Officer, ceases to hold any positions as an officer or director with us or (iv) nine months after the death or disability of Dr. Gibson. We refer to the date on which such final conversion of all outstanding shares of Class B common stock pursuant to the terms of our amended and restated certificate of incorporation occurs as the Final Conversion Date.

Rights and Preferences

Holders of our Class A common stock have no preemptive, conversion, subscription, or other rights, and there are no redemption or sinking fund provisions applicable to our Class A common stock. Holders of our Class B common stock have no preemptive or subscription rights, but have conversion rights. There are no redemption or sinking fund provisions applicable to our Class B common stock. The rights, preferences and privileges of the holders of our Class A common stock and Class B common stock are subject to and may be adversely affected by the rights of the holders of shares of any series of our preferred stock that we may designate in the future.

Preferred Stock

Our board of directors has the authority, without further action by the stockholders, to issue up to 200,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof. These rights, preferences and privileges could include dividend rights, conversion rights, voting rights, redemption rights, liquidation preferences, sinking fund terms and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of Class A common stock and Class B common stock. The issuance of preferred stock could adversely affect the voting power of holders of Class A common stock and Class B common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation. In addition, the

issuance of preferred stock could have the effect of delaying, deferring or preventing a change in our control or other corporate action.

Registration Rights

Under our investors' rights agreement, as amended, the holders of shares of Class A common stock or their transferees, have the right to require us to register the offer and sale of their shares or to include their shares in any registration statement we file, in each case as described below.

Form S-3 Registration Rights

Certain holders of shares of our Class A common stock are entitled to certain Form S-3 registration rights. At any time after the completion of this offering when we are eligible to file a registration statement on Form S-3, the holders of the shares having these rights then outstanding can request that we register the offer and sale of their shares of our Class A common stock on a registration statement on Form S-3 so long as the request covers securities the anticipated aggregate public offering price of which is at least $1 million. These stockholders may make an unlimited number of requests for registration on a registration statement on Form S-3. However, we are not required to effect a registration on Form S-3 if we have effected three such registrations within the twelve month period preceding the date of the request. These Form S-3 registration rights are subject to specified conditions and limitations, including the right of the underwriters to limit the number of shares included in any such registration under certain circumstances. Additionally, if we determine that it would be seriously detrimental to us and our stockholders to effect such a demand registration, we have the right to defer such registration, not more than twice in any twelve month period, for a period of up to 180 days.

Piggyback Registration Rights

Certain holders of shares of our Class A common stock are entitled to certain "piggyback" registration rights. If we propose to register the offer and sale of shares of our Class A common stock under the Securities Act, the holders of these shares can request that we include their shares in such registration, subject to certain marketing and other limitations, including the right of the underwriters to limit the number of shares included in any such registration statement under certain circumstances. As a result, whenever we propose to file a registration statement under the Securities Act, other than with respect to (1) a registration solely to employee benefit plans, (2) a registration relating to the offer and sale of debt securities, (3) a registration relating to a corporate reorganization or other transaction covered by Rule 145 promulgated under the Securities Act, (4) a registration on any registration form that does not permit secondary sales or (5) a registration pursuant to the demand or Form S-3 registration rights described in the preceding two paragraphs above, the holders of these shares are entitled to notice of the registration and have the right, subject to certain limitations, to include their shares in the registration.

Expenses of Registration

We will pay all expenses relating to any Form S-3 registrations and piggyback registrations, subject to specified exceptions.

Termination

The registration rights terminate upon the earliest of (1) the date that is two years after the closing of our initial public offering (2) immediately prior to the closing of certain liquidation events and (3) as to a given holder of registration rights, the date after the closing of this offering when such holder of registration rights can sell all of such holder's registrable securities during any 90-day period pursuant to Rule 144 promulgated under the Securities Act.

Anti-takeover Effects of Certain Provisions of Delaware Law, Our Amended and Restated Certificate of Incorporation and Our Amended and Restated Bylaws

Certain provisions of Delaware law and certain provisions included in our amended and restated certificate of incorporation and amended and restated bylaws summarized below may be deemed to have an anti-takeover effect and may delay, deter or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interests, including attempts that might result in a premium being paid over the market price for the shares held by stockholders.

Preferred Stock

Our amended and restated certificate of incorporation contains provisions that permit our board of directors to issue, without any further vote or action by the stockholders, shares of preferred stock in one or more series and, with respect to each such series, to fix the number of shares constituting the series and the designation of the series, the voting rights (if any) of the shares of the series and the powers, preferences, or relative, participation, optional and other special rights, if any, and any qualifications, limitations, or restrictions, of the shares of such series.

Classified Board

Our amended and restated certificate of incorporation provides that our board of directors is divided into three classes, designated Class I, Class II, and Class III. Each class consists of an equal number of directors, as nearly as possible, consisting of one third of the total number of directors constituting the entire board of directors. The term of initial Class I directors shall terminate on the date of the 2022 annual meeting, the term of the initial Class II directors shall terminate on the date of the 2023 annual meeting, and the term of the initial Class III directors shall terminate on the date of the 2024 annual meeting. At each annual meeting of stockholders beginning in 2022, the class of directors whose term expires at that annual meeting is subject to reelection for a three-year term.

Removal of Directors

Our amended and restated certificate of incorporation provides that stockholders may only remove a director for cause by a vote of no less than a majority of the shares present in person or by proxy at the meeting and entitled to vote.

Director Vacancies

Our amended and restated certificate of incorporation authorized only our board of directors to fill vacant directorships.

No Cumulative Voting

Our amended and restated certificate of incorporation provides that stockholders do not have the right to cumulate votes in the election of directors.

Special Meetings of Stockholders

Our amended and restated certificate of incorporation and amended and restated bylaws provide that, except as otherwise required by law, special meetings of the stockholders may be called only by an officer at the request of a majority of our board of directors, by the Chair of our board of directors or by our Chief Executive Officer.

Advance notice procedures for director nominations

Our amended and restated bylaws provide that stockholders seeking to nominate candidates for election as directors at an annual or special meeting of stockholders must provide timely notice thereof in writing. To be timely, a stockholder's notice generally has to be delivered to and received at our principal executive offices before notice of the meeting is issued by the secretary of the company, with such notice being served not less than 90 nor more than 120 days before the meeting. Although the amended and restated bylaws do not give the board of directors the power to approve or disapprove stockholder nominations of candidates to be elected at an annual meeting, the amended and restated bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed or may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of the company.

Action by Written Consent

Our amended and restated certificate of incorporation and amended and restated bylaws provide that any action to be taken by the stockholders must be effected at a duly called annual or special meeting of stockholders and may not be effected by written consent.

Amending our Certificate of Incorporation and Bylaws

Our amended and restated certificate of incorporation may be amended or altered in any manner provided by the Delaware General Corporation Law, or DGCL. Our amended and restated bylaws may be adopted, amended, altered, or repealed by stockholders only upon approval of at least majority of the voting power of all the then outstanding shares of the Class A common stock and Class B common stock, except for any amendment of the above provisions, which would require the approval of a two-thirds majority of our then outstanding Class A common stock and Class B common stock or the separate approval of a majority of our Class B common stock for any increase to the authorized number of Class B common stock or two-thirds of our then outstanding Class B common stock for certain amendments to our Class B common stock or certain reclassifications of our Class A common stock described above. Additionally, our amended and restated certificate of incorporation provides that our bylaws may be amended, altered, or repealed by the board of directors.

Authorized but Unissued Shares

Our authorized but unissued shares of Class A common stock, Class B common stock, and preferred stock is available for future issuances without stockholder approval, except as required by the listing standards of Nasdaq, and could be utilized for a variety of corporate purposes, including future offerings to raise additional capital, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved Class A common stock, Class B common stock, and preferred stock could render more difficult or discourage an attempt to obtain control of the company by means of a proxy contest, tender offer, merger, or otherwise.

Exclusive Jurisdiction

Our amended and restated bylaws provide that, unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a claim of breach of fiduciary duty, any action asserting a claim arising pursuant to the DGCL, any action regarding our amended and restated certificate of incorporation or amended and restated bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine. This provision does not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the U.S. federal courts have exclusive jurisdiction. Our amended and restated bylaws further provide that the federal district courts of the United States of America are the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. Any person or entity purchasing or otherwise acquiring any interest in our securities shall be deemed to have notice of and consented to these provisions. Although we believe these provisions benefit us by providing increased consistency in the application of law for the specified types of actions and proceedings, the provisions may have the effect of discouraging lawsuits against us or our directors and officers. There is uncertainty as to whether a court would enforce such provisions, and the enforceability of similar choice of forum provisions in other companies' charter documents has been challenged in legal proceedings. We also note that stockholders cannot waive compliance (or consent to noncompliance) with the federal securities laws and the rules and regulations thereunder.

Business Combinations with Interested Stockholders

We are governed by Section 203 of the DGCL. Subject to certain exceptions, Section 203 of the DGCL prohibits a public Delaware corporation from engaging in a business combination (as defined in such section) with an "interested stockholder" (defined generally as any person who beneficially owns 15% or more of the outstanding voting stock of such corporation or any person affiliated with such person) for a period of three years following the time that such stockholder became an interested stockholder, unless (1) prior to such time the board of directors of such corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder; (2) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of such corporation at the time the transaction commenced (excluding for purposes of determining the voting stock of such corporation outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned (a) by persons who are directors and also officers of such corporation and (b) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer); or (3) at or subsequent to such time the business combination is approved by the board of directors of such corporation and authorized at a meeting of stockholders (and not by written consent) by the affirmative vote of at least 66 2/3% of the outstanding voting stock of such corporation not owned by the interested stockholder.

Our amended and restated certificate of incorporation and our amended and restated bylaws provide that we must indemnify our directors and officers to the fullest extent authorized by the DGCL. We are expressly authorized to, and do, carry directors' and officers' insurance providing coverage for our directors, officers and certain employees for some liabilities. We believe that these indemnification provisions and insurance are useful to attract and retain qualified directors and executive officers.

The limitation on liability and indemnification provisions in our certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

Listing

Our Class A common stock is listed on the Nasdaq Global Select Market under the symbol "RXRX."

Transfer Agent and Registrar

The transfer agent and registrar for our Class A common stock is American Stock Transfer Trust Company, LLC. The transfer agent and registrar's address is 6201 15th Avenue, Brooklyn, NY 11219.

OFFICE LEASE

This Office Lease (the "**Lease**"), dated as of the date set forth in Section 1 of the Summary of Basic Lease Information (the "**Summary**"), below, is made by and between VESTAR GATEWAY, LLC, a Delaware limited liability company ("**Landlord**"), and RECURSION PHARMACEUTICALS, INC., a Delaware corporation ("**Tenant**").

SUMMARY OF BASIC LEASE INFORMATION

	TERMS OF LEASE	DESCRIPTION
1.	Date:	November 13, 2017
2.	Premises	
	2.1 Building:	That certain two (2) story office building containing approximately 99,172 rentable square feet of space, commonly known as Station 41 at The Gateway, 41 South Rio Grande, Salt Lake City, Utah, and depicted in **Exhibit A** to this Lease.
	2.2 Premises:	The Premises consists of the entire Building.
3.	Lease Term (Article 2).	
	3.1 Length of Term:	Approximately ten (10) years commencing as of the Lease Commencement Date (as defined below).
	3.2 Delivery Date:	The date that Landlord delivers the Premises to Tenant in the condition required under Section 1.3 below. The Delivery Date is anticipated to occur on December 1, 2017.
	3.3 Lease Commencement Date:	The earlier to occur of the issuance of a final certificate of occupancy for the Premises by the Building Services Department of Salt Lake City Corporation, or June 1, 2018.
	3.4 Lease Expiration Date:	May 31, 2028.
4.	Base Rent (Article 3):	

4.1 Amount Due:

Period	Monthly Installment of Base Rent Based on Partial Premises for First Five Years	Monthly Installment of Base Rent Based on Entire Premises	Approximate Annual Rate Per Square Foot
06/01/18 – 05/31/19	$209,078.38*	$235,533.50	$28.50*
06/01/19 – 05/31/20	$215,350.73*	$242,599.51	$29.36*
06/01/20 – 05/31/21	$221,811.25*	$249,877.49	$30.24*
06/01/21 – 05/31/22	$228,465.59*	$257,373.82	$31.14*
06/01/22 – 05/31/23	$235,319.55*	$265,095.03	$32.08*
06/01/23 – 05/31/24	$273,047.88	$273,047.88	$33.04*
06/01/24 – 05/31/25	$281,239.32	$281,239.32	$34.03
06/01/25 – 05/31/26	$289,676.50	$289,676.50	$35.05
06/01/26 – 05/31/27	$298,366.79	$298,366.79	$36.10
06/01/27 – 05/31/28	$307,317.79	$307,317.79	$37.19

*During the period from June 1, 2018 through May 31, 2023 (the "**Reduced Rent Period**"), Tenant shall only be required to pay Base Rent on 88,033 rentable square feet of the Premises (rather than on the entire 99,172 rentable square feet), as shown in the second column of the rental chart above. The "**Reduced Rent Amount**" refers to the amount of Base Rent that Tenant is not paying for the entire Premises (i.e., the remaining 11,151 rentable square feet) during the Reduced Rent Period. Landlord shall have the right to purchase the Reduced Rent from Tenant pursuant to Section 3.2 below, in which case, from and after the date such payment is received, Base Rent shall be payable by Tenant as shown in the third column of the rental chart above.

If the Lease Commencement Date occurs prior to June 1, 2018, then the parties shall execute an amendment to this Lease to update the rental chart set forth above.

4.2	Rent Payment Address:	If by check and sent via United States Postal Service: Vestar Gateway, LLC Department # 880114 PO Box 29650 Phoenix, Arizona 85038 – 9650 If by check and sent via Federal Express: J.P. Morgan Chase (AZ1 – 2170) Attn: Vestar Gateway, LLC PO Box 29650, Dept. 880114 1820 E. Sky Harbor Circle South Phoenix, Arizona 85034 If by wire: Account Name: Vestar Gateway, LLC Bank: J.P. Morgan Chase Method: ACH Account No. 780182130 ABA/Routing: 122100024 Tax Payer ID # 37-1797456
5.	Base Year (Article 4):	Calendar year 2017.
6.	Permitted Use (Article 5):	As more fully set forth in this Lease, general office and, subject to the terms of Section 5.1 and Article 24 of this Lease, Laboratory Use (as defined below) and all ancillary uses related thereto.
7.	Letter of Credit (Article 21):	$3,800,882.00
8.	Parking Passes (Article 28):	Up to two hundred eighty-eight (288) parking passes for use in the parking garage located below the Building, of which up to twenty-five (25) of such parking passes are reserved parking passes, subject to the terms of Article 28 of this Lease.

9.	Address of Tenant (Section 29.18):	Recursion Pharmaceuticals 630 Komas Drive, Suite 300 Salt Lake City, Utah 84108 Attention: John Pereira (Prior to Lease Commencement Date) Recursion Pharmaceuticals 41 South Rio Grande Salt Lake City, Utah 84101 Attention: John Pereira (After Lease Commencement Date) With a copy to: Holland & Hart LLP 201 South Main Street, Suite 2200 Salt Lake City, Utah 84101 Attention: Adrienne Bell, Esq.
	and	
10.	Address of Landlord (Section 29.18):	Vestar Gateway, LLC c/o Vestar Development Co. 2425 East Camelback Road, Suite 750 Phoenix, Arizona 85016 Attention: President
11.	Broker(s) (Section 29.24):	Cushman & Wakefield (for Landlord)
12.	Tenant Improvement Allowance (Section 2 of **Exhibit B**):	$3,966,880.00 (based on $40.00 per rentable square foot of the Premises).

ARTICLE 1

PREMISES, BUILDING, PROJECT, AND COMMON AREAS

1.1 **Premises, Building, Project and Common Areas**.

1.1.1 **The Premises.** Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the premises set forth in Section 2.2 of the Summary (the "**Premises**"). The parties hereto agree that the lease of the Premises is upon and subject to the terms, covenants and conditions herein set forth, and each party covenants as a material part of the consideration for this Lease to keep and perform each and all of such terms, covenants and conditions by it to be kept and performed and that this Lease is made upon the condition of such performance. The parties hereto hereby acknowledge that the purpose of **Exhibit A** is to show the approximate location of the Premises in the "**Building**," as that term is defined in Section 1.1.2, below, only, and such Exhibit is not meant to constitute an agreement, representation or warranty as to the construction of the Premises, the precise area thereof or the specific location of the "**Common Areas**," as that term is defined in Section 1.1.3, below, or the elements thereof or of the accessways to the Premises or the "**Project**", as that term is defined in Section 1.1.2, below.

1.1.2 **The Building and The Project.** The Premises consists of the entire building commonly known as Station 41 at The Gateway, 41 South Rio Grande, Salt Lake City, Utah (the "**Building**"), together with the loading areas serving the Building which are shown as "exclusive" and depicted on attached **Exhibit A-3** attached hereto. The term "**Project**," as used in this Lease, shall mean (i) the Building, (ii) the real property and improvements now or to be located thereon as more particularly described and depicted on the Site Plan attached as **Exhibit A-1**, located west of 400 West and east of 500 West between 200 South and 50 North, City of Salt Lake, Salt Lake County, Utah (collectively, the "**Other Buildings**"), (iii) the Common Areas, (iv) the land (which is improved with landscaping, parking facilities and other improvements) upon which the Building, the Other Buildings and the Common Areas are located, and (v) at Landlord's discretion, subject to the conditions set forth in Section 1.1.3, below, any additional real property, areas, land, buildings or other improvements added thereto outside of the Project. The Project is part of a mixed use project known as "The Gateway," and is subject to the "Declarations," as that term is defined in Section 29.33 below.

1.1.3 **Common Areas.** Tenant shall have the non-exclusive right to use in common with other tenants in the Project, and subject to the rules and regulations referred to in Article 5 of this Lease and the Declarations, those portions of the Project which are provided, from time to time, for use in common by Landlord, Tenant and any other tenants of the Project, including (i) the areas on the ground floor and all other floors of the Project devoted to non-exclusive uses such as corridors, stairways, loading and unloading areas, walkways, driveways, fire vestibules, elevators and elevator foyers, lobbies, electric and telephone closets, restrooms, mechanical areas, janitorial closets and other similar facilities for the general use of and/or benefit of all tenants and invitees of the Project, (ii) those areas of the Project devoted to central plant facilities, mechanical and service rooms servicing more than one (1) floor or the Project as a whole and which service the Project tenants as a whole, and (iii) Project atriums and plazas, if any, and (iv) those areas of the Project that are reasonably necessary or appropriate for access to, and use of, the Premises as contemplated under the specified in this Lease (such areas, together with such other portions of the Project designated by Landlord, in its reasonable discretion, including certain areas designated for the exclusive use of certain tenants, or to be shared by Landlord and certain tenants, are collectively referred to herein as the "**Common Areas**"). The manner in which the Building, Other Buildings, Project and Common Areas are maintained and operated shall be at the sole discretion of Landlord and the use thereof shall be subject to such rules, regulations and restrictions as Landlord may make from time to time (including, without limitation, any rules regulations or restrictions contained in or promulgated under the Declarations). Landlord reserves the right to close temporarily, make alterations or additions to, or change the location of elements of the Project and the Common Areas; provided that if any such alterations or additions will have a material adverse effect on Tenant's use of or access to the Premises, Landlord shall provide Tenant with at least seven (7) days' prior written notice of the same (except in the event of an emergency, in which case prior written notice is not required, but Landlord shall use commercially reasonable efforts to notify Tenant as promptly as possible under the circumstances).

1.2 **Intentionally Omitted**.

1.3 **Condition of the Premises**. Except as specifically set forth in this Lease and in the Tenant Work Letter attached hereto as **Exhibit B** (the "**Tenant Work Letter**"), Tenant shall accept the Premises and the Building, including the base, shell, and core of (i) the Premises and (ii) the floor of the Building on which the Premises is located (collectively, the "**Base, Shell, and Core**") in their "AS-IS" condition as of the Lease Commencement Date and Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Premises. Tenant also acknowledges that Landlord has made no representation or warranty regarding the condition of the Premises, the Building or the Project or with respect to the suitability of any of the foregoing for the conduct of Tenant's business, except as specifically set forth in this Lease and the Tenant Work Letter. The taking of possession of the Premises by Tenant shall conclusively establish that the Premises and the Building were at such time in good and sanitary order, condition and repair.

1.4 **Outdoor Patio Area**.

1.4.1 Subject to the satisfaction of all applicable provisions of this Lease and the conditions in this Section 1.4, Landlord hereby grants to Tenant, and Tenant hereby accepts from Landlord, a non-exclusive, non-transferable (except as provided herein)license to use certain patio areas (collectively, the "**Patio Area**") located adjacent to the Premises, as shown on the plan attached hereto as **Exhibit A-2**. Tenant's use of the Patio Area is further and expressly subject to Landlord obtaining all necessary approvals and permits from the relevant

governmental authorities for the use of the Patio Area as described herein, which permits and approvals Landlord shall apply for no later than the Lease Commencement Date. The Patio Area shall be used by Tenant in a manner consistent with a first-class office project containing outdoor decks, on the terms and conditions set forth herein. Tenant may install furniture, plants, a movable outdoor gas grill, and other items, within the Patio Area, subject to Landlord's prior consent, which shall not be unreasonably withheld, conditioned, or delayed (however, it shall be reasonable for Landlord to withhold its consent for any such items if, in Landlord's sole but reasonable judgment, such items are not consistent with the quality and character of the outdoor areas of the Project). Tenant shall not make any permanent improvements or alterations to the Patio Area, nor shall Tenant be permitted to install or place on the Patio Area any furniture, fixtures, plants or other items of any kind whatsoever without the consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed (however, it shall be reasonable for Landlord to withhold its consent for any such items if, in Landlord's sole but reasonable judgment, such items are not consistent with the quality and character of the outdoor areas of the Project). Tenant shall not be permitted to display any graphics or insignias or the like on the Patio Area. Landlord shall have the right, in its sole discretion, to make improvements and alterations to the Patio Area so long as such improvements and alterations do not materially adversely affect Tenant's use and enjoyment thereof. Upon providing Tenant with seven (7) days' advance written notice, Landlord shall have the right to temporarily close the Patio Area or limit access thereto from time to time in connection with Patio Area or Building repairs or maintenance and/or for other reasonable purposes (except in the event of an emergency, in which case prior written notice is not required, but Landlord shall use commercially reasonable efforts to notify Tenant as promptly as possible under the circumstances). Tenant's right to use the Patio Area shall be conditioned upon Tenant abiding by all reasonable and non-discriminatory rules and regulations which are prescribed by Landlord in writing from time to time for use of the Building's decks of which Tenant has received prior written notice.

1.4.2 If the Patio Area requires additional cleaning as a result of the use thereof by Tenant or any Tenant Patio Area Users (hereinafter defined), then such additional cleaning shall be performed, at Tenant's expense, by Landlord's cleaning contractor and Tenant shall reimburse Landlord for Landlord's actual, out-of-pocket costs incurred to perform such cleaning within thirty (30) days after receipt of an invoice therefor, together with reasonable documentation of such costs. Except to the extent caused by Landlord's gross negligence or intentional acts, (i) Tenant acknowledges and agrees that Tenant assumes the risk for any loss, claim, damage or liability arising out of the use or misuse of the Patio Area by Tenant's employees, officers, directors, shareholders, agents, representatives, contractors and/or invitees (the "**Tenant Patio Area Users**"), and (ii) Tenant releases and discharges Landlord from and against any such loss, claim, damage or liability. Tenant further agrees to indemnify, defend and hold Landlord and the "Landlord Parties," as that term is defined below, harmless from and against any and all losses and claims relating to or arising out of the use or misuse of the Patio Area by Tenant or Tenant's Patio Area Users except to the extent caused by the negligence or willful misconduct of Landlord, its agents, employees or contractors. Tenant acknowledges and agrees that the other occupants of the Project (together with their respective employees, officers, directors, shareholders, agents, representatives, contractors and/or invitees, collectively "**Other Patio Area Users**") may or shall have non-exclusive rights of access to the Patio Area and that Landlord shall have no liability or responsibility to monitor the use, or manner of use, by any Other Patio Area Users; provided, however, that in the event the Patio Area is damaged by the Other Patio Area Users, Landlord shall use commercially reasonable efforts to enforce such provisions to cause the Other Patio Area Users to fulfill their obligations under their respective leases.

1.4.3 Without limiting the foregoing, it is understood that the Patio Area is and shall remain a public and common area and is not part of the Premises and the license to use the Patio Area granted herein is not a lease and does not confer any rights with respect to the Patio Area other than as expressly stated in this Section. Except as otherwise provided in this Lease, the term of the license hereby granted to Tenant shall commence on the Lease Commencement Date and unless sooner revoked by Landlord, the term of said license shall terminate upon the expiration or earlier termination of this Lease. Notwithstanding anything in this Lease to the contrary, the license granted hereby may be revoked by Landlord at any time, only for cause (but not otherwise), immediately upon Landlord giving Tenant written notice of such revocation and in any such event, Landlord shall have no liability to Tenant, and Tenant acknowledges and agrees that Tenant shall not be entitled to any diminution or abatement of rent or other compensation for diminution of rental value, nor shall this Lease or any of Tenant's obligations hereunder be affected or reduced, as a result of such revocation by Landlord. For purposes of this Section, the term "for cause" shall mean a governmental or similar requirement preventing Tenant's use of the Patio Area, an emergency, a safety reason, a default by Tenant under this Lease with respect to Tenant's failure to use the Patio Area in accordance with the provisions of this Lease (which default is not cured to Landlord's reasonable satisfaction within ten (10) days after Tenant's receipt of written notice thereof, without reference to any other notice or cure period provided for in this Lease).

ARTICLE 2

LEASE TERM

2.1 **General**. The terms and provisions of this Lease shall be effective as of the date of this Lease except for the provisions of this Lease relating to the payment of Rent. The term of this Lease (the "**Lease Term**") shall be as determined in accordance with Section 3.1 of the Summary, shall commence on the date determined in accordance with Section 3.3 of the Summary (the "**Lease Commencement Date**"), and shall terminate on the date determined in accordance with Section 3.3 of the Summary (the "**Lease Expiration Date**") unless this Lease is sooner terminated as hereinafter provided. The "**Delivery Date**" shall be date described in Section 3.2 of the Summary. For purposes of this Lease, the term "**Lease Year**" shall mean each consecutive twelve (12) month period during the Lease Term. This Lease shall not be void, voidable or subject to termination, nor shall Landlord be liable to Tenant for any loss or damage, resulting from Landlord's inability to deliver the Premises to Tenant by any particular date; provided that if Landlord fails to deliver possession of the Premises by January 1, 2018, as such

date may be extended by Force Majeure, as defined below (such date, as so extended, the "**Trigger Date**"), Tenant may, at Tenant's option, (i) terminate this Lease upon providing written notice to Landlord no later than ten (10) days after the Trigger Date, and upon such termination, Landlord shall promptly return all funds previously paid to Landlord by Tenant hereunder and, upon such reimbursement, this Lease shall terminate and neither party shall have further obligation to the other hereunder, or (ii) delay commencement of the Tenant Improvements (as defined below) until Landlord is able to deliver possession of the Premises, in which event the Lease Commencement Date and Lease Expiration Date shall each be extended day-for-day equal to the number days of Landlord's delay in delivering possession. At any time during the Lease Term, Landlord may deliver to Tenant, or Tenant may request from Landlord, a notice in the form as set forth in **Exhibit C**, attached hereto, as a confirmation only of the information set forth therein, which each party shall execute and return to Landlord within five (5) days of receipt thereof.

2.2 **Beneficial Occupancy**. Notwithstanding any provision to the contrary contained in this Lease, Tenant shall have the right to occupy all or any portion of the Premises for the conduct of its business prior to the Lease Commencement Date, provided that (i) Tenant shall give Landlord at least three (3) days' prior written notice of any such occupancy for the conduct of its business, (ii) governmental approval (including permit "sign-offs") permitting the occupancy of the Premises by Tenant shall have been issued by the appropriate governmental authorities for each such portion to be occupied, (iii) Tenant shall have delivered to Landlord satisfactory evidence of the insurance coverage required to be carried by Tenant in accordance with Article 10 below with respect to the applicable portion of the Premises, and (iv) all of the terms and conditions of this Lease shall apply, other than Tenant's obligation to pay Base Rent and Tenant's Share of Building Direct Expenses (as defined below), as though the Lease Commencement Date had occurred (although the Lease Commencement Date shall not actually occur until the occurrence of the same pursuant to the terms of Section 2.1).

2.3 **Renewal Option**.

2.3.1 **Option Right**. Landlord hereby grants to the original Tenant executing this Lease ("**Original Tenant**") and any Non-Transferee Assignee (as defined in Section 14.7 below) one (1) option to extend the Lease Term for a period of five (5) years (the "**Option Term**"), which option shall be exercisable only by written notice delivered by Tenant to Landlord as provided below, provided that the following conditions (the "**Option Conditions**") are satisfied: (i) as of the date of delivery of the Option Exercise Notice, this Lease remains in full force and effect, Tenant is not in Default under this Lease, and Original Tenant (and/or any Permitted Non-Transferee, as defined in Section 14.7 below) occupies the entire Premises; (ii) as of the end of the initial Lease Term, this Lease remains in full force and effect, Tenant is not in Default under this Lease; and (iii) Original Tenant (and/or any Permitted Non-Transferee) occupies the entire Premises at the time the option to extend is exercised and as of the commencement of the Option Term. Landlord may, at Landlord's option, exercised in Landlord's sole and absolute discretion, waive any of the Option Conditions in which case the option, if otherwise properly exercised by Tenant, shall remain in full force and effect. Upon the proper exercise of such option to extend, and provided that Tenant satisfies all of the Option Conditions (except those, if any, which are waived by Landlord), the Lease Term, as it applies to the Premises, shall be extended for a period of five (5) years. The rights contained in this Section 2.3 shall be personal to the Original Tenant and any Non-Transferee Assignee, and may be exercised only by the Original Tenant or any Non-Transferee Assignee (and not by any other assignee, sublessee or other "Transferee," as that term is defined in Section 14.1, below, of Tenant's interest in this Lease), unless otherwise agreed to by Landlord.

2.3.2 **Option Rent**. The annual Rent payable by Tenant during the Option Term (the "**Option Rent**") shall be the "Fair Rental Value," as that term is defined in Section 2.3.3 below, for the Premises for the Option Term.

2.3.3 **Fair Rental Value**. As used in this Lease, "**Fair Rental Value**" shall be equal to the rent (including additional rent and considering any "base year" or "expense stop" applicable thereto) on an annual per rentable square foot basis, including all escalations, at which, as of the commencement of the Option Term, tenants are leasing non-sublease, non-encumbered, non-equity space which is comparable in size, location and quality to, and used for similar uses as, the Premises, for a comparable lease term, in an arm's length transaction consummated during the twelve (12) month period prior to the date on which Landlord delivers the "Option Rent Notice," as that term is defined in Section 2.3.4, below, which comparable space is located in the Project, or if there are not a sufficient number of comparable transactions in the Project, then in comparable first-class institutionally-owned buildings which are comparable to the Building in terms of tenant mix, age (based upon the date of completion of construction or major renovation), quality of construction, level of services and amenities, size and appearance, and are located in Salt Lake City, Utah ("**Comparable Buildings**"), taking into consideration the value of the existing improvements in the subject space, such value to be based upon the age, condition, design, quality of finishes and layout of the improvements and the extent to which the same could be utilized by a general office user (but taking into consideration, as applicable, the fact that the precise tenant improvements existing in the Premises are specifically suitable to Tenant) and the following concessions (collectively, the "**Concessions**"): (a) rental abatement concessions, if any, being granted such tenants in connection with such comparable space; and (b) other reasonable monetary concessions being granted such tenants in connection with such comparable space; provided, however, that in calculating the Fair Rental Value, no consideration shall be given to (i) the fact that Landlord is or is not required to pay a real estate brokerage commission in connection with Tenant's exercise of its right to lease the subject space during the term thereof, or the fact that landlords are or are not paying real estate brokerage commissions in connection with such comparable space, (ii) any period of rental abatement, if any, granted to tenants in comparable transactions in connection with the design, permitting and construction of tenant improvements in such comparable spaces, and (iii) tenant improvements or allowances provided or to be provided for such comparable space. The Fair Rental Value shall additionally include a determination as to whether, and if so to what extent, Tenant must provide Landlord with financial security, such as a letter of credit or guaranty, for

Tenant's Rent obligations during the Option Term. Such Concessions, at Landlord's election, either (A) shall be reflected in the effective rental rate payable by Tenant (which effective rental rate shall take into consideration the total dollar value of such Concessions as amortized on a straight-line basis over the applicable term of the comparable transaction), in which case such Concessions evidenced in the effective rental rate shall not be granted to Tenant, or (B) shall be granted to Tenant in kind.

2.3.4 **Exercise of Option**. The option contained in this Section 2.3 shall be exercised by Tenant, if at all, only in the following manner: (i) Tenant shall deliver written notice (the "**Option Exercise Notice**") to Landlord not more than fifteen (15) months nor less than twelve (12) months prior to the expiration of the initial Lease Term, stating that Tenant is irrevocably exercising its option for the entire Premises then being leased by Tenant; (ii) Landlord, within thirty (30) days after receipt of the Option Exercise Notice, shall deliver notice (the "**Option Rent Notice**") to Tenant setting forth the proposed Option Rent, which Option Rent Notice shall state the basis upon which Landlord calculated the proposed Option Rent; and (iii) Tenant, within ten (10) days after Tenant's receipt of the Option Rent Notice, shall send written notice to Landlord either (A) confirming Tenant's agreement with the proposed Option Rent contained in the Option Rent Notice, or (B) objecting to the Option Rent contained in the Option Rent Notice. If Tenant timely objects to the Option Rent Notice or fails to timely respond to the Option Rent Notice, then the parties shall follow the procedure, and the Option Rent shall be determined, as set forth in Section 2.3.5 below.

2.3.5 **Determination of Option Rent**. In the event Tenant timely and appropriately objects to the Option Rent, Landlord and Tenant shall attempt to agree upon the Option Rent using their best good-faith efforts. If Landlord and Tenant fail to reach agreement within ten (10) business days following Tenant's objection to the Option Rent (the "**Outside Agreement Date**"), then each party shall make a separate determination of the Option Rent within five (5) business days, and such determinations shall be submitted to arbitration in accordance with Sections 2.3.5.1 through 2.3.5.7 below.

2.3.5.1 Landlord and Tenant shall each appoint one arbitrator who shall by profession be a real estate broker licensed in the State of Utah in good standing who shall have been active over the five (5) year period ending on the date of such appointment in the leasing of projects comparable to the Project located within the greater Salt Lake City market. The determination of the arbitrators shall be limited solely to the issue area of whether Landlord's or Tenant's submitted Option Rent is the closest to the actual Option Rent as determined by the arbitrators, taking into account the requirements of Section 2.3.3 of this Lease. Each such arbitrator shall be appointed within fifteen (15) days after the Outside Agreement Date.

2.3.5.2 The two arbitrators so appointed shall within ten (10) days of the date of the appointment of the last appointed arbitrator agree upon and appoint a third arbitrator who shall be qualified under the same criteria set forth hereinabove for qualification of the initial two arbitrators, provided that the third arbitrator shall not be then representing Landlord or Tenant.

2.3.5.3 The three arbitrators shall within thirty (30) days of the appointment of the third arbitrator reach a decision as to whether the parties shall use Landlord's or Tenant's submitted Option Rent and shall notify Landlord and Tenant thereof.

2.3.5.4 The decision of the majority of the three (3) arbitrators shall be binding upon Landlord and Tenant.

2.3.5.5 If either Landlord or Tenant fails to appoint an arbitrator within fifteen (15) days after the Outside Agreement Date, the arbitrator appointed by one of them shall reach a decision, notify Landlord and Tenant thereof, and such arbitrator's decision shall be binding upon Landlord and Tenant.

2.3.5.6 If the two (2) arbitrators fail to agree upon and appoint a third arbitrator, or if both parties fail to appoint an arbitrator, then the appointment of the third arbitrator or any arbitrator shall be dismissed and the matter to be decided shall be forthwith submitted to binding, final, non-appealable arbitration before a JAMS arbitrator mutually agreed upon by Landlord and Tenant. If Landlord and Tenant cannot agree on the arbitrator, the parties will so inform JAMS, who will then be authorized to select a JAMS judge to arbitrate the matter.

2.3.5.7 The cost of arbitration shall be paid by Landlord and Tenant equally.

2.4 **Termination Option**. Provided Tenant fully and completely satisfies each of the conditions set forth in this Section 2.4, the Original Tenant shall have the option ("**Termination Option**") to terminate this Lease effective as of the expiration of the sixtieth (60^{th}) full calendar month of the Lease Term (the "**Termination Date**"). In order to exercise the Termination Option, Tenant must fully and completely satisfy each and every one of the following conditions: (a) Tenant must give Landlord written notice ("**Termination Notice**") of its exercise of the Termination Option, which Termination Notice must be delivered to Landlord at least nine (9) months prior to the Termination Date; (b) at the time of the Termination Notice Tenant shall not be in Default under this Lease after expiration of applicable cure periods; and (c) concurrently with Tenant's delivery of the Termination Notice to Landlord, Tenant shall pay to Landlord a termination fee ("**Termination Fee**") equal to the unamortized balance, as of the Termination Date, of (i) the Tenant Improvement Allowance (and the Additional Allowance, if applicable), and (ii) the brokerage commissions paid by Landlord in connection with this Lease. Amortization pursuant to the foregoing, shall be calculated on a one hundred twenty (120) month amortization schedule commencing as of the Lease Commencement Date based upon equal monthly payments of principal and interest, with interest imputed on the outstanding principal balance at the rate of eight percent (8%) per annum. The rights contained in this Section 2.4 shall be personal to the Original Tenant, and may be exercised only by the Original Tenant (and not by

any assignee, sublessee or other Transferee of Tenant's interest in this Lease). If Tenant exercises Tenant's Termination Option, then, on or before the Termination Date, Tenant shall vacate and surrender the Premises to Landlord in the condition required by this Lease (as if the Termination Date were the original expiration date under the Lease).

ARTICLE 3

BASE RENT

3.1 **General**. Tenant shall pay, without prior notice or demand, to Landlord or Landlord's agent at the address set forth in Section 4.2 of the Summary, or, at Landlord's option, at such other place as Landlord may from time to time designate by delivering written notice to Tenant at Tenant's notice address as set forth herein, by a check or wire transfer for currency which, at the time of payment, is legal tender for private or public debts in the United States of America, base rent ("**Base Rent**") as set forth in Section 4 of the Summary, payable in equal monthly installments as set forth in Section 4 of the Summary in advance on or before the first day of each and every calendar month during the Lease Term, without any setoff or deduction whatsoever, except as otherwise expressly set forth in this Lease. The Base Rent for the first full month of the Lease Term which occurs after the expiration of any free rent period shall be paid at the time of Tenant's execution of this Lease. If any Rent payment date (including the Lease Commencement Date) falls on a day of the month other than the first day of such month or if any payment of Rent is for a period which is shorter than one month, the Rent for any fractional month shall accrue on a daily basis for the period from the date such payment is due to the end of such calendar month or to the end of the Lease Term at a rate per day which is equal to 1/365 of the applicable annual Rent. All other payments or adjustments required to be made under the terms of this Lease that require proration on a time basis shall be prorated on the same basis.

3.2 **Right to Purchase Reduced Rent Amount**. Notwithstanding anything to the contrary contained in Section 4.2 of the Summary, Landlord reserves the right, in its sole and absolute discretion, to elect to pay Tenant the entire Reduced Rent Amount or any such remaining Reduced Rent Amount, as applicable, in cash prior to the scheduled application of the same. If Landlord elects to pay Tenant the Reduced Rent Amount, or any portion thereof, then with respect to those portions of the Reduced Rent Amount that Landlord has so paid, from and after the date thereof, Tenant shall pay Base Rent pursuant the third column in the rental chart set forth in Section 4.1 of the Summary.

ARTICLE 4

ADDITIONAL RENT

4.1 **General Terms**. In addition to paying the Base Rent specified in Article 3 of this Lease, Tenant shall pay "**Tenant's Share**" of the annual "**Direct Expenses**," as those terms are defined in Sections 4.2.6 and 4.2.2 of this Lease, respectively, allocated to the tenants of the Building pursuant to Section 4.3.1 below, which are in excess of the amount of Direct Expenses applicable to the "Base Year," as that term is defined in Section 4.2.1, below, allocated to the tenants of the Building pursuant to Section 4.3.1 below; provided, however, that in no event shall any decrease in Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 below for any Expense Year below Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 below for the Base Year entitle Tenant to any decrease in Base Rent or any credit against sums due under this Lease, except as set forth in Section 4.4.1. Such payments by Tenant, together with any and all other amounts payable by Tenant to Landlord or Landlord's property manager pursuant to the terms of this Lease, are hereinafter collectively referred to as the "**Additional Rent**", and the Base Rent and the Additional Rent are herein collectively referred to as "**Rent**." All amounts due under this Article 4 as Additional Rent shall be payable for the same periods and in the same manner as the Base Rent. Without limitation on other obligations of Tenant which survive the expiration of the Lease Term, the obligations of Tenant to pay the Additional Rent provided for in this Article 4 shall survive the expiration of the Lease Term. As of the date hereof, the parties acknowledge and agree that Tenant is the sole tenant of the Building.

4.2 **Definitions of Key Terms Relating to Additional Rent**. As used in this Article 4, the following terms shall have the meanings hereinafter set forth:

4.2.1 "**Base Year**" shall mean the period set forth in Section 5 of the Summary.

4.2.2 "**Direct Expenses**" shall mean "Operating Expenses" and "Tax Expenses."

4.2.3 "**Expense Year**" shall mean each calendar year in which any portion of the Lease Term falls, through and including the calendar year in which the Lease Term expires.

4.2.4 "**Operating Expenses**" shall mean all actual expenses, costs and amounts of every kind and nature which Landlord pays or accrues during any Expense Year because of or in connection with the ownership, management, maintenance, security, repair, replacement, restoration or operation of the Project, or any portion thereof, including, without limitation, any and all of the following (excluding any Operating Expense Exclusions, as defined below): (i) the cost of supplying all utilities to the Common Areas (but not to the Premises), the cost of operating, repairing, maintaining, and renovating the utility, telephone, mechanical, sanitary, storm drainage, and elevator systems, and the cost of maintenance and service contracts in connection therewith; (ii) the cost of licenses, certificates, permits and inspections and the cost of contesting any governmental enactments which may affect Operating Expenses, and the costs incurred in connection with a transportation system management program or similar program; (iii) the cost of all insurance carried by Landlord or the property manager of Landlord

in connection with the Project in such amounts as Landlord may reasonably determine or as may be required by the Declarations, any mortgagees or the lessor of any underlying or ground lease affecting the Project and/or the Building; (iv) the cost of landscaping, relamping, all supplies, tools, equipment and materials used in the operation, repair and maintenance of the Project, or any portion thereof; (v) reasonable costs incurred in connection with the parking areas servicing the Project; (vi) reasonable fees and other costs, including management fees, consulting fees, legal fees and accounting fees, of all contractors and consultants in connection with the management, operation, maintenance or security of the Project, and employer's Social Security taxes, unemployment taxes or insurance, and any other taxes which may be levied on such wages, salaries, compensation and benefits; provided, that if any employees of Landlord provide services for more than one project of Landlord, then a prorated portion of such employees' wages, benefits and taxes shall be included in Operating Expenses based on the portion of their working time devoted to the Project; (vii) payments under any equipment rental agreements and the fair rental value of any management office space and the cost of furnishings in such management office space; (viii) wages, salaries and other compensation and benefits, including taxes levied thereon, of all persons engaged in the operation, maintenance and security of the Project; provided, that if any employees of Landlord provide services for more than one project of Landlord, then a prorated portion of such employees' wages, benefits and taxes shall be included in Operating Expenses based on the portion of their working time devoted to the Project; (ix) costs under any instrument pertaining to the sharing of costs by the Project; (x) operation, repair, maintenance and replacement of all systems and equipment and components thereof of the Building; (xi) the reasonable cost of janitorial for the Common Area (but not for the Premises), alarm, security and other services, replacement of wall and floor coverings, ceiling tiles and fixtures in common areas, maintenance and replacement of curbs and walkways, repair to roofs and re-roofing; (xii) amortization (including interest on the unamortized cost) of the cost of acquiring or the rental expense of personal property used in the maintenance, operation and repair of the Project, or any portion thereof; (xiii) the cost of capital improvements or other costs incurred in connection with the Project (A) which are intended to effect economies in the operation or maintenance of the Project, or any portion thereof, or (B) that are required under any governmental law or regulation; provided, however, that any capital expenditure shall be amortized with interest over the lesser of its useful life or, if applicable, the period of time in which the savings from such capital expenditure is equal to or greater than the cost of the capital expenditure, as Landlord shall reasonably determine in accordance with generally accepted property management practices and accounting principles; (xiv) costs, fees, charges or assessments imposed by, or resulting from any mandate imposed on Landlord by, any federal, state or local government for fire and police protection, trash removal, community services, or other services which do not constitute "Tax Expenses" as that term is defined in Section 4.2.5, below; and (xv) payments under any easement, license, operating agreement, declaration, restrictive covenant, or instrument pertaining to the sharing of costs by the Building (collectively, "**CC&R Payments**"), including, without limitation, all assessments levied against Landlord or the Project pursuant to the Declarations (whether or not the same would otherwise be includable in Operating Expenses pursuant to this Section 4.3).

If Landlord is not furnishing any particular work or service (the cost of which, if performed by Landlord, would be included in Operating Expenses) to a tenant who has undertaken to perform such work or service in lieu of the performance thereof by Landlord, Operating Expenses shall be deemed to be increased by an amount equal to the additional Operating Expenses which would reasonably have been incurred during such period by Landlord if it had at its own expense furnished such work or service to such tenant. If the Project is not at least ninety-five percent (95%) occupied during all or a portion of the Base Year or any Expense Year, Landlord may elect to make an appropriate and reasonable adjustment to the components of Operating Expenses for such year to determine the amount of Operating Expenses that would have been incurred had the Project been ninety-five percent (95%) occupied; and the amount so determined shall be deemed to have been the amount of Operating Expenses for such year. Only as provided below in items (1) and (2), below, in the event Landlord incurs costs or expenses associated with or relating to separate items or categories or subcategories of Operating Expenses which were not part of Operating Expenses during the entire Base Year, Operating Expenses for the Base Year shall be deemed increased by the amounts Landlord would have incurred during the Base Year with respect to such costs and expenses had such separate items or categories or subcategories of Operating Expenses been included in Operating Expenses during the entire Base Year. The foregoing shall only apply as follows: (1) in the event any portion of the Project is covered by a warranty at any time during the Base Year, Operating Expenses for the Base Year shall be deemed increased by such amount as Landlord would have incurred during the Base Year with respect to the items or matters covered by the subject warranty, had such warranty not been in effect at the time during the Base Year; and (2) any insurance premium resulting from any new forms of insurance including earthquake insurance shall be deemed to be included in Operating Expenses for the Base Year. Operating Expenses for the Base Year shall not include market-wide labor-rate increases due to extraordinary circumstances, including, but not limited to, acts of war or terrorism, boycotts and strikes, and utility rate increases due to extraordinary circumstances including, but not limited to, conservation surcharges, boycotts, embargoes or other shortages, or amortized costs relating to capital improvements; provided, however, that at such time as any such particular assessments, charges, costs or fees are no longer included in Operating Expenses, such particular assessments, charges, costs or fees shall be excluded from the Base Year calculation of Operating Expenses. Operating Expenses shall not, however, include any of the following (collectively, the "**Operating Expense Exclusions**"): (A) except as otherwise specifically provided in this Section 4.2, to the extent Landlord is reimbursed by insurance proceeds, the costs of repairs or other work occasioned by fire, windstorm or other casualty (other than those amounts within the deductible limits of insurance policies actually carried by Landlord, which amounts shall be includable as Operating Expenses so long as such deductibles are within the generally prevailing range of deductibles to policies carried by landlords of comparable first-class office buildings located in the vicinity of the Building); (B) costs of leasing commissions, attorneys' fees and other costs and expenses incurred in connection with negotiations or disputes with present or prospective tenants or other occupants of the Building; (C) except as otherwise specifically provided in this Section 4.2, costs incurred by Landlord in connection with the initial development of the Project and any costs for repairs, capital additions, alterations or replacements made or incurred to rectify or correct defects in design, materials or workmanship in connection with any portion of the Building; (D) costs (including permit, license and inspection costs) incurred in renovating or otherwise improving, decorating or redecorating rentable space for other tenants or vacant rentable space; (E) cost of utilities or services sold to Tenant or others for which Landlord is entitled to reimbursement (other

than through any operating cost reimbursement provision identical or substantially similar to the provisions set forth in this Lease); (F) except as otherwise specifically provided in this Section 4.2, costs incurred by Landlord for alterations to the Building which are considered capital improvements and replacements under sound real estate management and accounting principles, consistently applied; (G) costs of depreciation and amortization, except on materials, small tools and supplies purchased by Landlord to enable Landlord to supply services Landlord might otherwise contract for with a third party, where such depreciation and amortization would otherwise have been included in the charge for such third party services, all as determined in accordance with sound real estate management principles, consistently applied; (H) costs of services or other benefits which are not available to Tenant but which are provided to other tenants of the Project; (I) costs to procure tenants and marketing, negotiating and enforcing Project leases, including, without limitation, brokerage commissions, attorneys' fees, advertising and promotional expenses, and rent concessions, the costs incurred in removing and storing the property of former tenants of the Project, and any other costs incurred due to the violation by Landlord or any other tenant of the terms and conditions of any lease of space in the Building; (J) except as otherwise specifically provided in this Section 4.2, costs of debt service on debt or amortization on any mortgages, and rent and other charges, costs and expenses payable under any mortgage, if any, including, without limitation, costs for points, prepayment penalties, financing and refinancing costs, appraisal costs, title insurance and survey costs, and attorneys' fees; (K) the amount of the management fee paid by Landlord in connection with the management of the Building and the Project to the extent such management fee is not exclusive to the Project and is in excess of three percent (3%) of the gross revenues of the Project (which shall be grossed up by Landlord up to one hundred percent (100%) occupancy on an annual basis); (L) costs of any compensation and employee benefits paid to clerks, attendants or other persons in a commercial concession operated by Landlord, except the parking facilities for the Project; (M) costs of rentals and other related expenses incurred in leasing HVAC, elevators or other equipment ordinarily considered to be of a capital nature except equipment which is used in providing janitorial or similar services and which is not affixed to the Building; (N) costs of advertising and promotion; and (O) costs of electrical power or other utilities for which Tenant directly contracts with and pays a local public service company or other utility provider; (P) expenses (including, without limitation, penalties and interest) resulting from the violation of Laws (as defined below) or any contract by Landlord, Landlord's employees, agents or contractors or other tenants of the Project; (Q) Landlord's general corporate overhead; and (R) leasehold taxes on other tenants' personal property; (S) the cost of any abatement, removal, or other remedial activities with respect to Hazardous Materials (as defined below); provided, however, Operating Expenses may include the costs attributable to those actions taken by Landlord in connection with the routine and ordinary operation and maintenance of the Building, including costs incurred in removing limited amounts of Hazardous Materials from the Building when such removal or spill is directly related to such routine and ordinary maintenance and operation; (T) charitable, civic and political contributions and professional dues; (U) expenses for the use of the Project to accommodate events including, without limitation, shows, promotions, kiosks, displays, filming, photography, private events and parties and ceremonies; (V) costs of repairs to the Premises, the Building or the Project necessitated by Landlord's default hereunder or its willful misconduct, or gross negligence of Landlord or its employees or agents; (W) acquisition costs for sculpture, paintings or other objects of art or any extraordinary costs for the insuring, repair or maintenance thereof; and (X) bad debt and rent loss reserves.

4.2.5 **Taxes**.

4.2.5.1 "**Tax Expenses**" shall mean, subject to the provisions of Section 4.2.4 and 4.2.5.2, all federal, state, county, or local governmental or municipal taxes, fees, charges or other impositions of every kind and nature, whether general, special, ordinary or extraordinary (including, without limitation, real estate taxes, general and special assessments, transit taxes, leasehold taxes or taxes based upon the receipt of rent, including gross receipts or sales taxes applicable to the receipt of rent, unless required to be paid by Tenant, personal property taxes imposed upon the fixtures, machinery, equipment, apparatus, systems and equipment, appurtenances, furniture and other personal property used in connection with the Project, or any portion thereof), which shall be paid or accrued during any Expense Year (without regard to any different fiscal year used by such governmental or municipal authority) because of or in connection with the ownership, leasing and operation of the Project, or any portion thereof.

4.2.5.2 Any costs and expenses (including, without limitation, reasonable attorneys' fees) incurred in attempting to protest, reduce or minimize Tax Expenses shall be included in Tax Expenses in the Expense Year such expenses are paid. Refunds of Tax Expenses shall be credited against Tax Expenses and refunded to Tenant regardless of when received, based on the Expense Year to which the refund is applicable, provided that in no event shall the amount to be refunded to Tenant for any such Expense Year exceed the total amount paid by Tenant as Additional Rent under this Article 4 for such Expense Year. If Tax Expenses for any period during the Lease Term or any extension thereof are increased after payment thereof for any reason, including, without limitation, error or reassessment by applicable governmental or municipal authorities, Tenant shall pay Landlord within thirty (30)) days of written demand therefor, together with reasonable documentation of such expenses, Tenant's Share of any such increased Tax Expenses included by Landlord as Tax Expenses pursuant to the terms of this Lease. Notwithstanding anything to the contrary contained in this Section 4.2.5 (except as set forth in Section 4.2.5.1, above), there shall be excluded from Tax Expenses (i) all excess profits and income taxes, franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, federal and state income taxes, transfer and revenue taxes and other taxes applicable to Landlord's general or net income or imposed on or measured by gross income (as opposed to rents, receipts or income attributable to operations at the Project), (ii) any items included as Operating Expenses, (iii) any items paid by Tenant under Section 4.5 of this Lease, and (iv) any tax increment amounts applicable to the Project and paid by Landlord for which Landlord is reimbursed pursuant to any participation or similar agreement with a city agency.

4.2.5.3 If the Tax Expenses for the Base Year include special assessments from a prior period and such special assessments terminate during the Lease Term, then from and after the date of such

termination of the special assessment, the Tax Expenses for the Base Year shall be deemed to be reduced by the amount of such special assessment so that Tenant pays its full Tenant's Share of increases in the Tax Expenses during the Lease Term.

4.2.6 **"Tenant's Share"** shall be calculated as the percentage determined by dividing the number of rentable square feet of the Premises by the total rentable square feet in the Building (or the total rentable square feet leased in the Building if such total is greater than ninety-five percent (95%) of the total rentable square feet in the building).

4.3 **Allocation of Direct Expenses to Building; Cost Pools**.

4.3.1 **Allocation of Direct Expenses to Building**. The parties acknowledge that the Building is a part of a multi-building project, and that the costs and expenses incurred in connection with the Project (i.e., the Direct Expenses) shall be shared between the tenants of the Building and the tenants of the Other Buildings. Accordingly, as set forth in Sections 4.1 and 4.2 above, Direct Expenses are determined annually for the Project as a whole, and a portion of the Direct Expenses, which portion shall be determined by Landlord on an equitable basis, shall be allocated to the tenants of the Building (as opposed to the tenants of the Other Buildings), and such portion so allocated shall be the amount of Direct Expenses payable with respect to the Building upon which Tenant's Share shall be calculated. Such portion of the Direct Expenses allocated to the tenants of the Building shall include all Direct Expenses which are attributable solely to the Building, and an equitable portion of the Direct Expenses attributable to the Project as a whole.

4.3.2 **Cost Pools**. Subject and in addition to the provisions of Section 4.3.1 above, Landlord shall have the right, from time to time, in its discretion, to: (i) equitably allocate and prorate some or all of the Operating Expenses and/or Tax Expenses among different tenants and/or different buildings of the Project and/or on a building-by-building basis (collectively, the **"Cost Pools"**), which Cost Pools may include, without limitation, the office space tenants and retail space tenants, if any, of the buildings in the Project and/or the office buildings and retail buildings of the Project; and (ii) to include or exclude existing or future buildings in the Project for purposes of determining some or all of the Operating Expenses, Tax Expenses and/or the provision of various services and amenities thereto, including allocation of Operating Expenses and/or Tax Expenses in any such Cost Pools.

4.4 **Calculation and Payment of Additional Rent**. If for any Expense Year ending or commencing within the Lease Term, Tenant's Share of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above for such Expense Year exceeds Tenant's Share of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above for the Base Year, then Tenant shall pay to Landlord, in the manner set forth in Section 4.4.1, below, and as Additional Rent, an amount equal to the excess (the **"Excess"**). If for any Expense Year ending or commencing within the Lease Term, Tenant's Share of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above for such Expense Year is less than Tenant's Share of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above for the Base Year, then Tenant shall not be entitled to any refund.

4.4.1 **Statement of Actual Direct Expenses and Payment by Tenant**. Within one hundred twenty (120) days following the end of each Expense Year, Landlord shall give to Tenant a statement (the **"Statement"**) which shall state in reasonable detail the Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above incurred or accrued for such preceding Expense Year, and which shall indicate the amount of the Excess, if any. Notwithstanding the foregoing, Landlord and Tenant hereby acknowledge and agree that the failure of Landlord to timely furnish the Statement for any Expense Year shall not prejudice Landlord or Tenant from enforcing its rights under this Article 4; provided, however, Landlord shall not be entitled to collect from Tenant any Operating Expenses that are billed to Tenant for the first time more than two (2) years after the Expense Year in which such Operating Expenses arise (provided further that the foregoing waiver shall not apply with respect to, and Tenant shall remain responsible for, any Operating Expenses levied by any governmental authority or any public utility companies at any time following the expiration of the applicable Expense Year which are attributable to such Expense Year so long as Landlord delivers to Tenant any such bill for such amounts within the later of (i) two (2) calendar years after the end of a Expense Year or (ii) three (3) months following Landlord's receipt of the bill therefor). Upon receipt of the Statement for each Expense Year commencing or ending during the Lease Term, if an Excess is present, Tenant shall pay, at Tenant's election, with its next installment of Base Rent due or within thirty (30) days of Tenant's receipt of the Statement, the full amount of the Excess for such Expense Year, less the amounts, if any, paid during such Expense Year as **"Estimated Excess,"** as that term is defined in Section 4.4.2, below. Even though the Lease Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's Share of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above for the Expense Year in which this Lease terminates, if an Excess is present, Tenant shall pay to Landlord such amount within thirty (30) days following receipt by Tenant of the Statement setting forth the Excess. In the event that a Statement shall indicate that Tenant has paid more as Estimated Excess than Tenant's Share of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above in connection with any Expense Year or as determined in accordance with the provisions of Section 4.6 below (an **"Overage"**), Tenant shall receive a credit against the Rent next due under this Lease in the amount of such Overage (or, in the event that this Lease shall have terminated, Tenant shall receive a refund from Landlord in the amount of such Overage within thirty (30) days after Landlord delivers such Statement). The provisions of this Section 4.4.1 shall survive the expiration or earlier termination of the Lease Term.

4.4.2 **Statement of Estimated Direct Expenses**. In addition, Landlord shall give Tenant a yearly expense estimate statement (the **"Estimate Statement"**) which shall set forth, in reasonable detail, Landlord's reasonable estimate (the **"Estimate"**) of what the total amount of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above for the then-current Expense Year shall be and the estimated excess (the

"Estimated Excess") as calculated by comparing the Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above for such Expense Year, which shall be based upon the Estimate, to the amount of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above for the Base Year. The failure of Landlord to timely furnish the Estimate Statement for any Expense Year shall not preclude Landlord from enforcing its rights to collect any Estimated Excess under this Article 4, nor shall Landlord be prohibited from revising any Estimate Statement or Estimated Excess theretofore delivered to the extent necessary, but not more frequently than once per calendar year. Thereafter, Tenant shall pay, with its next installment of Base Rent due, a fraction of the Estimated Excess for the then-current Expense Year (reduced by any amounts already paid pursuant to the last sentence of this Section 4.4.2). Such fraction shall have as its numerator the number of months which have elapsed in such current Expense Year, including the month of such payment, and twelve (12) as its denominator. Until a new Estimate Statement is furnished in accordance with the provisions of this Section, Tenant shall pay monthly, with the monthly Base Rent installments, an amount equal to one-twelfth (1/12) of the total Estimated Excess set forth in the previous Estimate Statement delivered by Landlord to Tenant.

4.5 **Taxes and Other Charges for Which Tenant Is Directly Responsible**.

4.5.1 Tenant shall be liable for and shall pay before delinquency, taxes levied against Tenant's equipment, furniture, trade fixtures and any other personal property located in or about the Premises. If any such taxes on Tenant's equipment, furniture, fixtures and any other personal property are levied against Landlord or Landlord's property or if the assessed value of Landlord's property is increased by the inclusion therein of a value placed upon such equipment, furniture, fixtures or any other personal property and if Landlord pays the taxes based upon such increased assessment, which Landlord shall have the right to do regardless of the validity thereof but only under proper protest if requested by Tenant, Tenant shall within thirty (30) days of receipt of written demand repay to Landlord the taxes so levied against Landlord or the proportion of such taxes resulting from such increase in the assessment, as the case may be, so long as Landlord provides reasonable documentation of such increased assessment and payment by Landlord of the same.

4.5.2 If the tenant improvements in the Premises, whether installed and/or paid for by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, are assessed for real property tax purposes at a valuation higher than the valuation at which tenant improvements conforming to Landlord's "building standard" in other space in the Building are assessed, then the Tax Expenses levied against Landlord or the property by reason of such excess assessed valuation shall be deemed to be taxes levied against personal property of Tenant and shall be governed by the provisions of Section 4.5.1, above.

4.5.3 Notwithstanding any contrary provision herein and so long as Tenant receives from Landlord reasonable documentation of such taxes, Tenant shall pay prior to delinquency any (i) rent tax or sales tax, service tax, transfer tax or value added tax, or any other applicable tax on the rent or services herein or otherwise respecting this Lease, (ii) taxes assessed upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises or any portion of the Project, including the Project parking facility; or (iii) taxes assessed upon this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises.

4.6 **Landlord's Books and Records**. Within forty-five (45) days after receipt of a Statement by Tenant, if Tenant disputes the amount of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above and set forth in the Statement, an independent certified public accountant (which accountant is a member of a nationally or regionally recognized accounting firm and which accountant shall not be compensated on a contingency fee or similar basis related to the result of such audit) or other authorized representative (which representative shall not be compensated on a contingency fee or similar basis related to such audit), designated by Tenant, may, within ten (10) business days after Landlord's receipt of notice from Tenant and, in any event, only during normal business hours, inspect Landlord's records at Landlord's offices; provided that Tenant is not then in default under this Lease and Tenant has paid all amounts required to be paid under the applicable Statement; and further provided that such inspection must be completed within ten (10) business days after Landlord's full and complete records are made available to Tenant. Tenant agrees that any records of Landlord reviewed under this Section 4.6 shall constitute confidential information of Landlord, which Tenant shall not disclose, nor permit to be disclosed by Tenant or Tenant's accountant. If, within thirty (30) days after such inspection, Tenant notifies Landlord in writing that Tenant still disputes such Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above and included in the Statement, then a certification as to the proper amount shall be made, at Tenant's expense, by an independent certified public accountant selected by Landlord, which certification shall be final and conclusive; provided, however, if the actual amount of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above and due for that Expense Year, as determined by such certification, is determined to have been overstated by more than five percent (5%), then Landlord shall pay the costs associated with such certification and the costs of Tenant's inspection of Landlord's records. Tenant's failure (i) to take exception to any Statement within forty-five (45) days after Tenant's receipt of such Statement or (ii) to timely complete its inspection of Landlord's records or (iii) to timely notify Landlord of any remaining dispute after such inspection shall be deemed to be Tenant's approval of such Statement and Tenant, thereafter, waives the right or ability to dispute the amounts set forth in such Statement, which Statement shall be considered final and binding. Notwithstanding anything in this Section 4.6 to the contrary, Tenant may not inspect Landlord's records pursuant to this Section 4.6 more than once per Expense Year.

4.7 **Utilities**. During each calendar year or part thereof during the Lease Term, Tenant shall pay to Landlord, as Additional Rent, the actual cost incurred by Landlord with respect to all electricity, water, gas, fuel, steam, light, power and other utilities consumed within the Premises, as more particularly described in this Section 4.7 (all such costs payable by Tenant pursuant to this Section 4.7 shall be referred to as **"Tenant's Monthly Utility Charge"**, and all such amounts shall constitute rent hereunder). All electricity directly serving the Premises

("**Direct Electrical Costs**") shall be separately metered or submetered and Tenant shall pay the cost (without mark up by Landlord) of all such Direct Electrical Costs either to Landlord as a reimbursement, or, at Landlord's election, as a payment directly to the entity providing such electricity. With respect to all utility costs for the Premises other than Direct Electrical Costs (collectively, "**Other Utility Costs**"), Landlord shall have the right, from time to time, to equitably allocate some or all of such Other Utility Costs among cost pools for different portions or occupants of the Building, in Landlord's reasonable discretion. Such cost pools may include, but shall not be limited to, office space tenants and retail space tenants of the Building. The utility costs within each such cost pool shall be allocated and charged to the tenants within such cost pool in an equitable manner. With respect to Other Utility Costs that vary based on occupancy, such if the Building is not at least one hundred percent (100%) occupied during all or a portion of any month, Landlord shall elect to make an appropriate adjustment to the components of Other Utility Costs for such month to determine the amount of Other Utility Costs that would have been incurred had the Building been one hundred percent (100%) occupied; and the amount so determined shall be deemed to have been the amount of Other Utility Costs for such month. Payments on account of Tenant's Monthly Utility Charge are due and payable monthly together with the payment of Base Rent. Tenant's Monthly Utility Charges shall not be based upon the Base Year. Notwithstanding the foregoing, with respect to HVAC (as defined below), Landlord owns and operates a central plant which generates both hot and cold water to be used for artificial heating and cooling of building improvements in the Project, including, but not limited to, the Premises, and to heat culinary water used by the occupants and guests of the Project, including, but not limited to, the Premises. Landlord shall deliver hot and cold water to their respective points of connection to the Premises, with hot water being delivered at a temperature of not less than 180°F and chilled water being delivered at a temperature of no warmer than 45°F, or sufficiently hot/cool so as maintain 72°F air temperature in cooling mode and 70°F air temperature in heating mode in the Premises. Tenant, at Tenant's sole cost and expense, shall maintain all HVAC facilities from the point of connection to the Premises and Landlord shall maintain all HVAC facilities serving the Project generally, up to their point of connection to the Premises. Tenant shall pay Landlord, as additional rent, $1.26 per cooling per one hundred thousand BTU and $2.62 per heating per one hundred thousand BTU, which rates are subject to change from time to time based on increases in the utility costs charged to Landlord by the applicable utility companies.

ARTICLE 5

USE OF PREMISES

5.1 **Permitted Use.** Tenant shall use the Premises solely for general office purposes and wet and dry laboratory uses (collectively, "**Laboratory Use**"), together with all ancillary uses related thereto (including, without limitation, a café/cafeteria with food preparation for Tenant's internal use (subject to Section 5.4 below)), consistent with the character of the Building as a first-class office/laboratory building and Tenant shall not use or permit the Premises or the Project to be used for any other purpose or purposes whatsoever without the prior written consent of Landlord, which may be withheld in Landlord's sole discretion. With respect to Tenant's proposed lab use at the Premises, Tenant, at Tenant's sole cost and expense, shall obtain and maintain any and all approvals and permits required under applicable Laws. Subject to the terms of this Lease and Rules and Regulations set forth in **Exhibit D** and such security measures that Landlord may reasonably deem necessary or desirable for the safety and security of the Project, the Building or the Premises, Tenant shall have access to the Premises twenty-four (24) hours per day, seven (7) days per week, subject to full or partial closures which may be required from time to time in the event of an actual or threatened emergency or otherwise (in which case Landlord shall use its good faith efforts to reopen access to the Premises as soon as possible following such emergency, or for construction, maintenance, repairs, or other events or circumstances which make it reasonably necessary to temporarily restrict or limit access so long as Landlord provides Tenant with seven (7) days' advance written notice of such work and such work does not materially interfere with Tenant's access to, and use of, the Premises.

5.2 **Prohibited Uses.** The uses prohibited under this Lease shall include, without limitation, use of the Premises or a portion thereof for: (i) offices of any agency or bureau of the United States or any state or political subdivision thereof; (ii) offices or agencies of any foreign governmental or political subdivision thereof; (iii) intentionally omitted; (iv) schools or other training facilities which are not ancillary to corporate, executive or professional office use; (v) retail or restaurant uses (except as otherwise set forth in this Lease); (vi) communications firms such as radio and/or television stations, or (vii) an executive suites subleasing business or operation. Tenant shall not allow occupancy density of use of the Premises which is greater than one person per one hundred fifty (150) rentable square feet of the Premises. Tenant further covenants and agrees that Tenant shall not use, or suffer or permit any person or persons to use, the Premises or any part thereof for any use or purpose contrary to the provisions of the Rules and Regulations set forth in **Exhibit D**, attached hereto, as the same may be amended by Landlord from time to time so long as such amendments are commercially reasonable and Landlord provides written notice of such amendments to Tenant, or in violation of the laws, statutes, regulations, or other rules or requirements of the United States of America, the State of Utah, or the ordinances, rules, regulations or requirements of the local municipal or county governing body or other lawful authorities having jurisdiction over the Project, including, without limitation, any such laws, ordinances, regulations or requirements relating to Hazardous Materials (as defined below) or to the Americans with Disabilities Act of 1990 (collectively, the "**Laws**"). Tenant shall not do or permit anything to be done in or about the Premises which will in any way damage the reputation of the Project or obstruct or interfere with the rights of other tenants or occupants of the Building or the Other Buildings, or injure them or use or allow the Premises to be used for any unlawful or reasonably objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall comply with all recorded covenants, conditions, and restrictions now or hereafter affecting the Project.

5.3 **Hazardous Materials; Tenant.** Except for ordinary and general office supplies typically used in the ordinary course of business within office buildings, such as copier toner, liquid paper, glue, ink and common household cleaning materials (some or all of which may constitute "Hazardous Materials" as defined in this Lease), and except in connection with the operation of Tenant's Laboratory Use, Tenant agrees not to cause or knowingly

permit any Hazardous Materials to be brought upon, stored, used, handled, generated, released or disposed of on, in, under or about the Premises, the Building, the Common Areas or any other portion of the Project by Tenant, its agents, employees, subtenants, assignees, licensees, contractors or invitees (collectively, "**Tenant Parties**"), without the prior written consent of Landlord, which consent Landlord may withhold in its sole and absolute discretion. With respect to any material which Tenant or its agents brings onto the Premises in connection with Tenant's Laboratory Use that are Hazardous Materials, Tenant shall at all time handle and store such materials in compliance with all applicable Laws. Within twenty (20) days after Landlord's written request (but in no event more than once during any eighteen (18) month period), Tenant shall complete, to the best of Tenant's knowledge, the Landlord's then-current Hazardous Materials questionnaire, and shall provide Material Safety Data Sheets for any Hazardous Materials used on or brought to the Premises by Tenant. Upon the expiration or earlier termination of this Lease, Tenant agrees to promptly remove from the Premises, the Building and the Project, at its sole cost and expense, any and all Hazardous Materials, including any equipment or systems containing Hazardous Materials which are installed, brought upon, stored, used, generated or released upon, in, under or about the Premises, the Building and/or the Project or any portion thereof by Tenant or any of Tenant Parties. To the fullest extent permitted by law, Tenant agrees to promptly indemnify, protect, defend and hold harmless Landlord and Landlord's partners, officers, directors, employees, agents, successors and assigns (collectively, "**Landlord Indemnified Parties**") from and against any and all claims, damages, judgments, suits, causes of action, losses, liabilities, penalties, fines, expenses and costs (including, without limitation, clean-up, removal, remediation and restoration costs, sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees and court costs) which arise or result from the presence of Hazardous Materials on, in, under or about the Premises, the Building or any other portion of the Project and which are caused or permitted by Tenant or any of Tenant Parties. Tenant agrees to promptly notify Landlord of any release of Hazardous Materials at the Premises, the Building or any other portion of the Project which Tenant becomes aware of during the Lease Term, whether caused by Tenant or any other persons or entities. In the event of any release of Hazardous Materials caused or permitted by Tenant or any of Tenant Parties, Tenant shall immediately take all steps required under applicable Laws to remediate such release and prevent any similar future release to the satisfaction of Landlord and Landlord's mortgagee(s), acting reasonably. As used in this Lease, the term "**Hazardous Materials**" shall mean and include any hazardous or toxic materials, substances or wastes as now or hereafter designated under any law, statute, ordinance, rule, regulation, order or ruling of any agency of the State in which the Building is located, the United States Government or any local governmental authority, including, without limitation, asbestos, petroleum, petroleum hydrocarbons and petroleum based products, urea formaldehyde foam insulation, polychlorinated biphenyls ("PCBs"), and freon and other chlorofluorocarbons. The provisions of this Section 5.3 will survive the expiration or earlier termination of this Lease.

5.4 **Kitchen Use.** Subject to Landlord's prior written approval of the plans and specifications therefor, Tenant shall have the right to use a portion of the Premises for the operation of, and include in the Tenant Improvements (or subsequent Alterations) the construction of, a kitchen/cooking/dining facility (including a gas line of adequate capacity with gas lines stubbed to the Premises with a local shut-off valve and a gas meter connection) for Tenant's employees and guests only (in no event shall such kitchen/cooking/dining facility be open to or serve the general public), on and subject to the following terms and conditions: (i) Tenant shall be responsible, at its sole cost and expense (subject to the application of the Tenant Improvement Allowance), for obtaining all applicable permits, licenses and governmental approvals necessary for the use of the Premises for such kitchen/cooking/dining facility uses (including, without limitation, any necessary approvals from the applicable health and/or fire departments, permits required in connection with any venting or other air-removal/circulation system, and any required fire-suppression systems), copies of which shall be delivered to Landlord prior to Tenant's installation of any Tenant Improvements or other Alterations in the Premises in connection with such kitchen/cooking/dining facility uses; (ii) in the event such use requires any alterations or improvements to the Building structure and/or the Base Building (as defined below) (specifically including, without limitation, in connection with the installation of any venting or other air-removal/circulation system), Tenant shall be solely responsible for all costs incurred in connection therewith (subject to the application of the Tenant Improvement Allowance); (iii) Tenant shall take all reasonable actions and shall conduct its operations in the kitchen/cooking/dining areas of the Premises so as to reasonably ensure that no liquid seeps from the Premises to the space of any other tenant or to any other portion of the Building, including, without limitation, through the floor of the Premises; (iv) Tenant shall not permit any emission or emanation of any unreasonable noise, odors or vibrations from the kitchen/cooking/dining areas of the Premises affecting adjacent areas of the Project in violation of any applicable Laws; (v) the kitchen/cooking/dining areas of the Premises and the equipment contained therein must at all times be adequately ventilated and filtered, and any odors must be exhausted and dispersed, in a manner in compliance with all applicable Laws; (vi) if reasonably requested by Landlord, Tenant shall install grease traps of sufficient size and design to catch grease, fat and oils disposed into the sinks located in the Premises before entry into the Building's sewer system, and Tenant shall keep such grease traps clean and operational at all times; (vii) Tenant shall cause to be provided pest eradication and control services if and as necessary to control any pest infestation related to Tenant's kitchen/cooking/dining facility, as reasonably required by Landlord, with respect to the Premises; (viii) all trash generated from Tenant's kitchen/cooking/dining use shall be stored in covered containers to reduce the emission or emanation of odors from the Premises, shall be sealed in double plastic bags (or otherwise sealed in a manner prescribed by or acceptable to Landlord), and shall be deposited by Tenant daily and removed pursuant to Tenant's janitorial contract at commercially reasonable times in the areas of the Building designated for trash removal; and (ix) in connection with Tenant's kitchen/cooking/dining use of the Premises, Tenant shall maintain the Premises at all times in a clean and sanitary manner in compliance with all applicable health and sanitation Requirements and with any reasonable health and safety guidelines promulgated by Landlord.

ARTICLE 6

SERVICES AND UTILITIES

6.1 **Standard Tenant Services.** Landlord (or Landlord's property manager) shall provide the following services on all days (unless otherwise stated below) during the Lease Term.

6.1.1 Subject to Force Majeure (as defined below), limitations imposed by all governmental rules, regulations and guidelines applicable thereto and Tenant's payment to Landlord for the same pursuant to Section 4.7 above, Landlord shall provide heating and air conditioning by means of hot and cold water delivered to the Premises from the central plant at the temperatures specified in Section 4.7 ("**HVAC**") twenty-four (24) hours a day, seven (7) days a week.

6.1.2 Landlord shall provide adequate electrical wiring and facilities for normal general office use and electricity at levels consistent with normal general office use, as reasonably determined by Landlord. Tenant shall bear the cost of replacement of lamps, starters and ballasts for non-Building standard lighting fixtures within the Premises.

6.1.3 Landlord shall provide city water from the regular Building outlets for drinking, lavatory and toilet purposes and for any business office type kitchens in the Premises and the Common Areas.

Tenant shall cooperate fully with Landlord at all times and abide by all regulations and requirements that Landlord may reasonably prescribe for the proper functioning and protection of the HVAC, electrical, mechanical and plumbing systems.

6.2 **Overstandard Tenant Use.** If Tenant requires heating or cooling beyond that which Landlord is required to supply pursuant to Section 4.7 and/or 6.1 above (and so long as the same is consistent with the requirements of the central plant, as reasonably determined by Landlord), then Tenant, at Tenant's sole cost and expense, shall be responsible for any supplemental air conditioning units or other facilities serving the Premises necessary to satisfy such additional Tenant requirements. Tenant's use of electricity shall never exceed the capacity of the feeders to the Project or the risers or wiring installation, and subject to the terms of Section 29.32, below, Tenant shall not install or use or permit the installation or use of any computer or electronic data processing equipment in the Premises, without the prior written consent of Landlord.

6.3 **Interruption of Use.** Tenant agrees that Landlord (or Landlord's property manager) shall not be liable for damages, by abatement of Rent or otherwise, for failure to furnish or delay in furnishing any service (including telephone and telecommunication services), or for any diminution in the quality or quantity thereof, when such failure or delay or diminution is occasioned, in whole or in part, by breakage, repairs, replacements, or improvements, by any strike, lockout or other labor trouble, by inability to secure electricity, gas, water, or other fuel at the Building or Project after reasonable effort to do so, by any riot or other dangerous condition, emergency, accident or casualty whatsoever, by act or default of Tenant or other parties, or by any other cause (except to the extent due to Landlord's gross negligence or willful misconduct); and such failures or delays or diminution shall never be deemed to constitute an eviction or disturbance of Tenant's use and possession of the Premises or relieve Tenant from paying Rent or performing any of its obligations under this Lease. Furthermore, Landlord (or Landlord's property manager) shall not be liable under any circumstances for a loss of, or injury to, property or for injury to, or interference with, Tenant's business, including, without limitation, loss of profits, however occurring, through or in connection with or incidental to a failure to furnish any of the services or utilities as set forth in this Article 6. Landlord (or Landlord's property manager) may comply with voluntary controls or guidelines promulgated by any governmental entity relating to the use or conservation of energy, water, gas, light or electricity or the reduction of automobile or other emissions without creating any liability of Landlord (or Landlord's property manager) to Tenant under this Lease, provided that the Premises are not thereby rendered untenantable.

Notwithstanding the foregoing, if (i) Landlord fails to perform the obligations required of Landlord under this Lease, (ii) such failure causes all or a portion of the Premises to be untenantable and unusable by Tenant, and (iii) such failure relates to the nonfunctioning of the HVAC system in the Premises, or the failure to provide any of the services described in Section 6.1 above, or the nonfunctioning of the elevator service to the Premises, Tenant shall give Landlord Notice (the "**Initial Notice**"), specifying such failure to be performed by Landlord (the "**Abatement Event**"). If Landlord has not cured such Abatement Event within five (5) business days after the receipt of the Initial Notice (the "**Eligibility Period**"), then Tenant may abate Rent payable under this Lease for that portion of the Premises rendered untenantable and not used by Tenant, for the period beginning as of the date immediately after the expiration of the Eligibility Period and continuing until the earlier of the date Landlord cures such Abatement Event or the date Tenant recommences the use of such portion of the Premises. Such right to abate Rent shall be Tenant's sole and exclusive remedy at law or in equity to abate Rent for an Abatement Event. If the Abatement Event continues for sixty (60) consecutive days after Tenant's delivery of the Initial Notice, then Tenant shall have the right to terminate this Lease upon written notice to Landlord given at any time prior to the earlier of the date Landlord cures such Abatement Event or the date Tenant recommences the use of such portion of the Premises. The abatement provisions set forth above shall be inapplicable to any interruption in, or failure or inability to provide any of the services or utilities described above that is caused by (x) damage by fire or other casualty or a taking (it being acknowledged that such situations shall be governed by Article 11 and 13, respectively), or (y) the negligence or willful misconduct of Tenant or any other Tenant Parties (as defined below).

ARTICLE 7

REPAIRS

7.1 **Tenant's Repair Obligations.** Tenant shall, at Tenant's own expense, pursuant to the terms of this Lease, including, without limitation, Article 8 hereof, keep the Premises, including all improvements, fixtures and furnishings therein, in good order, repair and condition at all times during the Lease Term. In addition, Tenant shall, at Tenant's own expense (except to the extent caused by Landlord's gross negligence or intentional act), but under the supervision and subject to the prior approval of Landlord, and within any reasonable period of time specified by Landlord, pursuant to the terms of this Lease, including, without limitation, Article 8 hereof, promptly

and adequately repair all damage to the Premises and replace or repair all damaged, broken, or worn fixtures and appurtenances, except for damage caused by ordinary wear and tear or beyond the reasonable control of Tenant or to the extent due to Landlord's gross negligence or intentional act; provided however, that, at Landlord's option upon written notice to Tenant, or if Tenant fails to make such repairs, Landlord (or Landlord's property manager) may, but need not, make such repairs and replacements, and Tenant shall pay Landlord (or Landlord's property manager) within thirty (30) days after Tenant's receipt of written request for payment, together with reasonable documentation of such costs, Landlord's actual, out-of-pocket costs thereof. Landlord may, but shall not be required to, enter the Premises at all reasonable times to make such repairs, alterations, improvements or additions to the Premises or to the Project or to any equipment located in the Project as Landlord shall desire or deem necessary or as Landlord may be required to do by governmental or quasi-governmental authority or court order or decree. Landlord shall at all times when entering the Premises comply with Tenant's reasonable safety rules and regulations and laboratory protocols of which Landlord has knowledge of, and, at Tenant's option, shall be accompanied or escorted by Tenant's representative at all times when entering the Premises, so long as such representative is made available when Landlord or its agents need to enter the Premises. Tenant shall be responsible for supplying its own janitorial services for the Premises using contractors and subcontractors who are licensed in the State of Utah and bonded and who must be approved by Landlord, such approval not to be unreasonably withheld, conditioned or delayed. Tenant agrees not to employ any person, entity or contractor for any janitorial services in the Premises whose presence may give rise to a labor or other disturbance in the Building. Landlord shall have the right to require that Tenant cause any of its janitorial service providers to obtain and maintain insurance as reasonably determined by Landlord and as to which Landlord and such other parties designated by Landlord shall be additional insureds. Except as expressly set forth in this Lease, Tenant hereby waives and releases its right to make repairs at Landlord's expense under any applicable law, statute, or ordinance now or hereafter in effect.

7.2 **Landlord's Repair Obligations.** Notwithstanding anything to the contrary in this Lease, Landlord shall make all necessary structural and exterior repairs to the Premises, the Building and the Project and shall be responsible for all repairs and maintenance of the Base Building and the Common Areas, and any costs associated with such repairs shall be deemed an Operating Expense; provided, however, that if any such repairs or maintenance are required by reason of the special requirements, acts, or negligence of Tenant or of the agents, employees, patients, or invitees of Tenant, including, without limitation, any equipment required or installed by Tenant and, then, only serving the Premises (as the same may be adjusted hereunder), then Landlord shall make the necessary repairs at the sole expense of Tenant. In this connection, Landlord shall maintain or cause to be maintained, as an Operating Expense, the Base Building in good condition and repair, and in accordance with all applicable Laws and all insurance companies of Landlord insuring all or any part of the Common Areas and/or the Project. To the extent that any Hazardous Materials, including, without limitation, mold or carbon monoxide, are or become present in, or migrate onto or under, the Building, the Premises, or the Project, and the presence or migration of such Hazardous Materials is not caused by Tenant's use of or occupancy of the Premises, then Landlord shall promptly cause such Hazardous Materials to be removed and/or remediated in accordance with all applicable Laws and in a manner that minimizes disruption to Tenant's access to and use of the Premises to the extent reasonably practicable. Notwithstanding anything to the contrary in this Lease, Tenant shall have no liability of any kind for any pre-existing Hazardous Materials located in, on, or under the Building, the Premises, or the Project as of the date of this Lease or for any Hazardous Materials that migrate onto or under, or otherwise become present at, the Building, Premises, or the Project as a result of activities of anyone other than Tenant or the Tenant Parties, except to the extent that Tenant or any Tenant Parties exacerbates any such pre-existing conditions.

ARTICLE 8

ADDITIONS AND ALTERATIONS

8.1 **Landlord's Consent to Alterations.** Tenant may not make any improvements, alterations, additions or changes to the Premises or any mechanical, plumbing or HVAC facilities or systems pertaining to the Premises (collectively, the "**Alterations**") without first procuring the prior written consent of Landlord to such Alterations, which consent shall be requested by Tenant not less than thirty (30) days prior to the commencement thereof, and which consent shall not be unreasonably withheld by Landlord, provided it shall be deemed reasonable for Landlord to withhold its consent to any Alteration which adversely affects the structural portions or the systems or equipment of the Building or is visible from the exterior of the Premises (other than any Back-Up Generator, as defined in Section 29.35). The construction of the initial improvements to the Premises shall be governed by the terms of the Tenant Work Letter and not the terms of this Article 8. Notwithstanding anything to the contrary contained herein, Tenant may make non-structural alterations to the Premises ("**Permitted Alterations**"), without Landlord's consent, provided that the aggregate cost of any such changes does not exceed $25,000.00 per instance (up to $75,000.00 in any twelve (12) month period), and further provided that such changes do not (i) require any structural modifications to the Premises or Building, (ii) affect the exterior of the Building (nor visible from the exterior of the Building), (iii) trigger any Law which would require either party to make any alteration or improvement to the Premises, the Building or the Project, or (iv) result in the voiding of Landlord's insurance. Tenant shall give Landlord at least ten (10) days prior notice of such Permitted Alterations, which notice shall be accompanied by a reasonably detailed description of the Permitted Alteration and reasonably adequate evidence that such changes meet the criteria contained in this Section 8.1 to qualify as a Permitted Alteration. Except as otherwise provided, the term "Alterations" shall include Permitted Alterations.

8.2 **Manner of Construction.** Landlord may impose, as a condition of its consent to any and all Alterations or repairs of the Premises or about the Premises, such requirements as Landlord in its sole discretion may deem desirable, including, but not limited to, the requirement that Tenant utilize for such purposes only contractors, subcontractors, materials, mechanics and materialmen selected by Tenant from a list provided and approved by Landlord, the requirement that upon Landlord's request given at the time of Landlord's approval of the Alteration, Tenant shall, at Tenant's expense, remove such Alterations upon the expiration or any early termination

of the Lease Term, and the requirement that all Alterations conform in terms of quality and style to the building's standards established by Landlord. If such Alterations will involve the use of or disturb hazardous materials or substances existing in the Premises, Tenant shall comply with Landlord's reasonable rules and regulations concerning such hazardous materials or substances. Landlord's approval of the plans, specifications and working drawings for Tenant's Alterations shall create no responsibility or liability on the part of Landlord for their completeness, design sufficiency, or compliance with all Laws. Tenant shall construct such Alterations and perform such repairs in a good and workmanlike manner, in conformance with any and all applicable Laws and pursuant to a valid building permit, issued by Salt Lake City, all in conformance with Landlord's construction rules and regulations and the plans and specifications previously approved by Landlord. In the event Tenant performs any Alterations in the Premises which require or give rise to governmentally required changes to the "Base Building," as that term is defined below, then Landlord (or Landlord's property manager) shall, at Tenant's expense, make such changes to the Base Building. The **"Base Building"** shall mean the (i) Building's roof and roof membrane, elevator shafts, footings, foundations, structural portions of load-bearing walls, structural floors and subfloors, structural columns and beams, and curtain walls, and (ii) Building's core HVAC, life-safety, plumbing, electrical, mechanical and elevator systems. In performing the work of any such Alterations, Tenant shall have the work performed in such manner so as not to obstruct access to the Project or any portion thereof, by any other tenant of the Project, and so as not to obstruct the business of Landlord or other tenants in the Project. Tenant shall not use (and upon notice from Landlord shall cease using) contractors, services, workmen, labor, materials or equipment that, in Landlord's reasonable judgment, would disturb labor harmony with the workforce or trades engaged in performing other work, labor or services in or about the Project and in that respect, Landlord shall have the right, in connection with the construction of any Alterations and/or any tenant improvements constructed in the Premises pursuant to the terms of the Tenant Work Letter, to require that all subcontractors, laborers, materialmen, and suppliers retained directly by Tenant and/or Landlord (unless Landlord elects otherwise) be union labor in compliance with the then existing master labor agreements. In addition to Tenant's obligations under Article 9 of this Lease, upon completion of any Alterations, Tenant agrees to deliver to the Project management office a reproducible copy of the "as built" drawings of the Alterations as well as all permits, approvals and other documents issued by any governmental agency in connection with the Alterations.

8.3 **Payment for Improvements.** If payment is made directly to contractors, Tenant shall comply with Landlord's reasonable requirements for final lien releases and waivers in connection with Tenant's payment for work to contractors for contracts in excess of $5,000.00. Whether or not Tenant orders any work directly from Landlord (or Landlord's property manager), Tenant shall pay to Landlord (or Landlord's property manager) a percentage of the cost of such work sufficient to compensate Landlord (or Landlord's property manager) for all overhead, general conditions, fees and other costs and expenses arising from Landlord's (or Landlord's property manager's) involvement with such work, in an amount of one percent (1%) of the cost of such work, excluding any Permitted Alterations; provided that if Landlord manages the construction of the Alterations on behalf of Tenant, then the construction management fee payable by Tenant to Landlord shall be three percent (3%) of the cost of such work, excluding any Permitted Alterations.

8.4 **Construction Insurance.** In addition to the requirements of Article 10 of this Lease, in the event that Tenant makes any Alterations, prior to the commencement of such Alterations, Tenant shall provide Landlord with evidence that Tenant carries **"Builder's All Risk"** insurance in an amount approved by Landlord covering the construction of such Alterations, and such other insurance as Landlord may require, it being understood and agreed that all of such Alterations shall be insured by Tenant pursuant to Article 10 of this Lease immediately upon completion thereof. In addition, Landlord may, in its reasonable discretion, require Tenant to obtain a lien and completion bond or some alternate form of security satisfactory to Landlord in an amount sufficient to ensure the lien-free completion of such Alterations and naming Landlord as a co-obligee.

8.5 **Landlord's Property.** All Alterations, improvements, fixtures, equipment and/or appurtenances which may be installed or placed in or about the Premises, from time to time, shall be at the sole cost of Tenant and, other than Tenant's equipment, which shall remain Tenant's sole property, shall be and become the property of Landlord. Landlord may, however, by written notice to Tenant prior to the end of the Lease Term, or given following any earlier termination of this Lease, require Tenant, at Tenant's expense, to (i) remove any Alterations or improvements in the Premises, and/or (ii) remove any "Above Standard Tenant Improvements," as that term is defined in Section 2.4 of the Tenant Work Letter, located within the Premises and replace the same with then existing "Building Standard Tenant Improvements," as that term is defined in Section 2.3 of the Tenant Work Letter, and to repair any damage to the Premises and Building caused by such removal and return the affected portion of the Premises to a building standard tenant improved condition as determined by Landlord. If Tenant fails to complete such removal and/or to repair any damage caused by the removal of any Alterations or improvements in the Premises, and return the affected portion of the Premises to a building standard tenant improved condition as determined by Landlord, then at Landlord's option, either (A) Tenant shall be deemed to be holding over in the Premises and Rent shall continue to accrue in accordance with the terms of Article 16, below, until such work shall be completed, or (B) Landlord may do so and may charge the cost thereof to Tenant. Tenant hereby protects, defends, indemnifies and holds Landlord harmless from any liability, cost, obligation, expense or claim of lien in any manner relating to the installation, placement, removal or financing of any such Alterations, improvements, fixtures and/or equipment in, on or about the Premises, which obligations of Tenant shall survive the expiration or earlier termination of this Lease.

ARTICLE 9

COVENANT AGAINST LIENS

Tenant shall keep the Project and Premises free from any liens or encumbrances arising out of the work performed, materials furnished or obligations incurred by or on behalf of Tenant, and shall protect, defend,

indemnify and hold Landlord harmless from and against any claims, liabilities, judgments or costs (including, without limitation, reasonable attorneys' fees and costs) arising out of same or in connection therewith. Tenant shall give Landlord notice at least twenty (20) days prior to the commencement of any Alterations on the Premises (or such additional time as may be necessary under applicable Laws) to afford Landlord the opportunity of posting and recording appropriate notices of non-responsibility. If a lien is recorded against the Building, Premises or Project relating to any work performed by or under Tenant, Tenant shall remove any such lien or encumbrance by bond or otherwise within fifteen (15) days after receipt of written notice by Landlord, and if Tenant shall fail to do so, Landlord may pay the amount necessary to remove such lien or encumbrance, without being responsible for investigating the validity thereof. The amount so paid shall be deemed Additional Rent under this Lease payable upon demand, without limitation as to other remedies available to Landlord under this Lease. Nothing contained in this Lease shall authorize Tenant to do any act which shall subject Landlord's title to the Project, Building or Premises to any liens or encumbrances whether claimed by operation of law or express or implied contract. Any claim to a lien or encumbrance upon the Project, Building or Premises arising in connection with any such work or respecting the Premises not performed by or at the request of Landlord shall be null and void, or at Landlord's option shall attach only against Tenant's interest in the Premises and shall in all respects be subordinate to Landlord's title to the Project, Building and Premises.

ARTICLE 10

INSURANCE

10.1 **Indemnification and Waiver.** Tenant hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises from any cause whatsoever (other than Landlord's gross negligence or willful misconduct) and agrees that Landlord, its partners, subpartners and their respective officers, agents, servants, and employees (collectively, "**Landlord Parties**") shall not be liable for, and are hereby released from any responsibility for, any damage either to person or property or resulting from the loss of use thereof, which damage is sustained by Tenant or by other persons claiming through Tenant, except to the extent due to Landlord's gross negligence or willful misconduct. Tenant shall indemnify, defend, protect, and hold harmless the Landlord Parties from any and all losses, costs, damages, expenses and liabilities (including without limitation court costs and reasonable attorneys' fees) incurred in connection with or arising from any cause in, on or about the Premises, any violation of any of any applicable Laws, any acts, omissions or negligence of Tenant or of any person claiming by, through or under Tenant, or the Tenant Parties, in, on or about the Project or any breach of the terms of this Lease by Tenant, either prior to, during, or after the expiration of the Lease Term, provided that the terms of the foregoing indemnity shall not apply to the negligence or willful misconduct of the Landlord Parties. Should Landlord be named as a defendant in any suit brought against Tenant in connection with or arising out of Tenant's occupancy of the Premises, Tenant shall pay to Landlord its costs and expenses incurred in such suit, including without limitation, its actual professional fees such as appraisers', accountants' and attorneys' fees. Further, Tenant's agreement to indemnify Landlord pursuant to this Section 10.1 is not intended to and shall not relieve any insurance carrier of its obligations under policies required to be carried by Tenant pursuant to the provisions of this Lease, to the extent such policies cover the matters subject to Tenant's indemnification obligations; nor shall they supersede any inconsistent agreement of the parties set forth in any other provision of this Lease. The provisions of this Section 10.1 shall survive the expiration or sooner termination of this Lease with respect to any claims or liability arising in connection with any event occurring prior to such expiration or termination.

Subject to Section 10.5 below, Landlord shall indemnify, defend, protect, and hold harmless Tenant and the Tenant Parties from any and all losses, costs, damages, expenses and liabilities (including, without limitation, court costs and reasonable attorneys' fees) incurred in connection with or arising from any accident, injury or damage to any person or the property of any person (i) in or about the Common Areas (specifically excluding the Premises) to the extent attributable to the negligence or willful misconduct of Landlord or the Landlord Parties and (ii) in or about the Premises to the extent attributable to the gross negligence or willful misconduct of Landlord or the Landlord Parties, provided that the terms of the foregoing indemnity shall not apply to the negligence or willful misconduct of the Tenant Parties. Should Landlord be named as a defendant in any suit brought against Tenant in connection with or arising out of Tenant's occupancy of the Premises, Tenant shall pay to Landlord its costs and expenses incurred in such suit, including without limitation, its actual professional fees such as appraisers', accountants' and attorneys' fees. Further, Landlord's agreement to indemnify Tenant pursuant to this Section 10.1 is not intended to and shall not relieve any insurance carrier of its obligations under policies required to be carried by Landlord pursuant to the provisions of this Lease, to the extent such policies cover the matters subject to Landlord's indemnification obligations; nor shall they supersede any inconsistent agreement of the parties set forth in any other provision of this Lease. The provisions of this Section 10.1 shall survive the expiration or sooner termination of this Lease with respect to any claims or liability arising in connection with any event occurring prior to such expiration or termination.

10.2 **Tenant's Compliance with Landlord's Fire and Casualty Insurance**. Tenant shall, at Tenant's expense, comply with all customary insurance company requirements pertaining to the use of the Premises. If Tenant's conduct or use of the Premises causes any increase in the premium for such insurance policies then Tenant shall reimburse Landlord for any such increase. Tenant, at Tenant's expense, shall comply with all rules, orders, regulations or requirements of the American Insurance Association (formerly the National Board of Fire Underwriters) and with any similar body.

10.3 **Tenant's Insurance.** Tenant shall maintain the following coverages in the following amounts.

10.3.1 Commercial General Liability Insurance covering the insured against claims of bodily injury, personal injury and property damage (including loss of use thereof) arising out of Tenant's operations, and contractual liabilities (covering the performance by Tenant of its indemnity agreements) including a Broad Form

endorsement covering the insuring provisions of this Lease and the performance by Tenant of the indemnity agreements set forth in Section 10.1 of this Lease, for limits of liability not less than:

Bodily Injury and Property Damage Liability	$2,000,000 each occurrence $3,000,000 annual aggregate
Personal Injury Liability	$2,000,000 each occurrence $3,000,000 annual aggregate 0% Insured's participation

10.3.2 Special Form (Causes of Loss) Property Insurance covering (i) all office furniture, business and trade fixtures, office equipment, free-standing cabinet work, movable partitions, merchandise and all other items of Tenant's property on the Premises installed by, for, or at the expense of Tenant, (ii) the "Tenant Improvements," as that term is defined in Section 2.1 of the Tenant Work Letter, and any other improvements which exist in the Premises as of the Lease Commencement Date (excluding the Base Building) (the "**Original Improvements**"), and (iii) all Alterations. Such insurance shall be for the full replacement cost (subject to reasonable deductible amounts) new without deduction for depreciation of the covered items and in amounts that meet any co-insurance clauses of the policies of insurance and shall include coverage for damage or other loss caused by fire or other peril including, but not limited to, vandalism and malicious mischief, theft, water damage of any type, including sprinkler leakage, bursting or stoppage of pipes, and explosion, and providing business interruption coverage for a period of one year.

10.3.3 Worker's Compensation and Employer's Liability or other similar insurance pursuant to all applicable state and local statutes and regulations.

10.3.4 Business interruption, loss-of-income and extra expense insurance in such amounts as will reimburse Tenant for direct or indirect loss of earnings attributable to all perils commonly insured against and payable to Landlord, insuring the loss of the full rent for up to twelve (12) months.

10.4 **Form of Policies.** The minimum limits of policies of insurance required of Tenant under this Lease shall in no event limit the liability of Tenant under this Lease. Such insurance shall (i) name Landlord, Landlord's lender, and any other party the Landlord so specifies, as an additional insured, including Landlord's managing agent, if any; (ii) specifically cover the liability assumed by Tenant under this Lease, including, but not limited to, Tenant's obligations under Section 10.1 of this Lease; (iii) be issued by an insurance company having a rating of not less than A-:VIII in Best's Insurance Guide or which is otherwise acceptable to Landlord and licensed to do business in the State of Utah; (iv) be primary insurance as to all claims thereunder and provide that any insurance carried by Landlord is excess and is non-contributing with any insurance requirement of Tenant; (v) be in form and content reasonably acceptable to Landlord; and (vi) contain a cross-liability endorsement or severability of interest clause acceptable to Landlord; and (vii) provide that said insurance shall not be canceled or coverage changed unless thirty (30) days' prior written notice shall have been given to Landlord and any mortgagee of Landlord. Tenant shall deliver said policy or policies or certificates thereof to Landlord on or before the Lease Commencement Date and at least thirty (30) days before the expiration dates thereof. In the event Tenant shall fail to procure such insurance, or to deliver such policies or certificate, Landlord may, at its option, procure such policies for the account of Tenant, and the cost thereof shall be paid to Landlord within five (5) days after delivery to Tenant of bills therefor.

10.5 **Subrogation.** Landlord and Tenant intend that their respective property loss risks shall be borne by reasonable insurance carriers to the extent above provided, and Landlord and Tenant hereby agree to look solely to, and seek recovery only from, their respective insurance carriers in the event of a property loss to the extent that such loss is the result of a risk insurable under the policies of property damage insurance which such party was required to maintain under this Lease (whether or not such party actually maintained the same), or which such party actually maintains at the time of such property loss. Notwithstanding anything to the contrary in this Lease, the parties each hereby waive all rights and claims against each other for such losses, and waive all rights of subrogation of their respective insurers, provided such waiver of subrogation shall not affect the right to the insured to recover thereunder. The parties agree that their respective insurance policies are now, or shall be, endorsed such that the waiver of subrogation shall not affect the right of the insured to recover thereunder, so long as no material additional premium is charged therefor.

10.6 **Additional Insurance Obligations.** Tenant shall carry and maintain during the entire Lease Term, at Tenant's sole cost and expense, increased amounts of the insurance required to be carried by Tenant pursuant to this Article 10 and such other reasonable types of insurance coverage and in such reasonable amounts covering the Premises and Tenant's operations therein, as may be reasonably requested by Landlord.

10.7 **Landlord's Insurance Obligations**. Landlord shall maintain comprehensive public liability insurance coverage against claims for personal injury, death, or property damage resulting from any act or omission of Landlord occurring in or upon the Building, Premises, the Common Areas and the Project with a combined single limit for bodily injury and property damage of not less than $1,000,000 per occurrence and $2,000,000 in the aggregate, and at least a $5,000,000 umbrella. Landlord shall procure and maintain, throughout the Term of this Lease, a policy or policies of "all risk" and/or other comparable hazard and casualty property insurance, insuring the Building and the Project against loss by fire or, as determined by Landlord, other casualties in an amount equal to the replacement cost basis for the full insurable valuable of the Project. Landlord shall also carry rental loss insurance insuring the loss of all Rent required to be paid by Tenant hereunder for up to twelve (12) months. In addition, property insurance coverage will be maintained by Landlord upon the Building and the Project, inclusive of the Premises. In no event shall any such insurance requirement be deemed to constitute an obligation by

Landlord to provide insurance coverage beyond the scope of that required hereunder or, if a coverage amount is not specified herein, coverage amounts in excess of those customarily maintained by owners of similarly configured office buildings situated in Salt Lake County, Utah. Without limiting the foregoing, Landlord also shall, at all times during the Lease Term, procure and maintain any insurance required by Law for the protection of employees of Landlord working in or around the Project (including, without limitation, worker's compensation insurance) with no less than the minimum limits required by Law.

ARTICLE 11

DAMAGE AND DESTRUCTION

11.1 **Repair of Damage to Premises by Landlord.** Tenant shall promptly notify Landlord of any damage to the Premises resulting from fire or any other casualty. If the Premises or any Common Areas serving or providing access to the Premises is damaged by fire or other casualty, Landlord shall promptly and diligently, subject to reasonable delays for insurance adjustment or other matters beyond Landlord's reasonable control, and subject to all other terms of this Article 11, restore the Base Building and such Common Areas. Such restoration shall be to substantially the same condition of the Base Building and the Common Areas prior to the casualty, except for modifications required by zoning and building codes and other applicable Laws or by the holder of a mortgage on the Building or Project or any other modifications to the Common Areas deemed desirable by Landlord, provided that Tenant's access to and use of the Premises and any common restrooms serving the Premises shall not be materially impaired. If the Premises are damaged and Landlord does not elect to terminate this Lease pursuant to Landlord's termination right as provided in Section 11.2 below, Landlord shall provide to Tenant as soon as reasonably practicable, but in no event later than forty-five (45) days after the occurrence of such damage, the reasonable estimate of Landlord's architect or contractor of the estimated time required to complete the requisite repairs (the "**Landlord Repair Notice**"). If such repairs cannot, according to the Landlord Repair Notice, be completed within two hundred seventy (270) days from the date of such damage or ninety (90) days after the date on which such damage occurs if such damage occurs within the last twelve (12) months of the Lease Term, Tenant may elect to terminate this Lease by written notice to Landlord given within thirty (30) days after Tenant receive the Landlord Repair Notice, with such termination effective as of the date specified in the notice, which date shall not be less than thirty (30) days nor more than sixty (60) days after the date such notice is given by Tenant. If neither Landlord nor Tenant elect to terminate this Lease pursuant to a termination right provided in this Article 11, Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds payable to Tenant under Tenant's insurance required under Section 10.3 of this Lease, and Landlord shall repair any injury or damage to the Tenant Improvements and the Original Improvements installed in the Premises and shall return such Tenant Improvements and Original Improvements to their original condition; provided that if the cost of such repair by Landlord exceeds the amount of insurance proceeds received by Landlord from Tenant's insurance carrier, as assigned by Tenant, the cost of such repairs shall be paid by Tenant to Landlord within thirty (30) days of Landlord's written request therefor, together with reasonable documentation of such expenses. Except to the extent due to Landlord's gross negligence or intentional act or omission, Landlord shall not be liable for any inconvenience or annoyance to Tenant or its visitors, or injury to Tenant's business resulting in any way from such damage or the repair thereof; provided, however, that if such fire or other casualty shall have damaged the Premises or portions of the Common Areas necessary to Tenant's occupancy, Landlord shall allow Tenant a proportionate abatement of Base Rent and Tenant's Share of increases in Direct Expenses during the time and to the extent the Premises are unfit for occupancy for the Permitted Use, and not occupied by Tenant as a result thereof; provided, further, however, that if the damage or destruction is due to the negligence or willful misconduct of Tenant or any of its agents, employees, contractors, invitees or guests, Tenant shall be responsible for any reasonable, applicable insurance deductible (which shall be payable to Landlord upon demand) and there shall be no rent abatement.

11.2 **Landlord's Option to Repair.** Notwithstanding the terms of Section 11.1 of this Lease, Landlord may elect not to rebuild and/or restore the Premises, Building and/or Project, and instead terminate this Lease, by notifying Tenant in writing of such termination within forty-five (45) days after the date of discovery of the damage, such notice to include a termination date giving Tenant sixty (60) days to vacate the Premises, but Landlord may so elect only if the Building is damaged by fire or other casualty or cause, whether or not the Premises are affected, and one or more of the following conditions is present: (i) in the reasonable judgment of Landlord's architect or general contractor, such repairs cannot reasonably be completed within two hundred fifty (250) days after the date of discovery of the damage (when such repairs are made without the payment of overtime or other premiums); (ii) the holder of any mortgage on the Building or Project or ground lessor with respect to the Building or Project shall require that the insurance proceeds or any portion thereof be used to retire the mortgage debt, or shall terminate the ground lease, as the case may be; (iii) the cost to repair such damage exceeds the amount of insurance proceeds available to Landlord under the insurance policies Landlord is required to carry under Section 10.7 of this Lease or otherwise by at least five percent (5%) of the replacement cost of the Building (excluding any applicable deductible amount) for reasons beyond Landlord's control (excluding Landlord's failure to carry such insurance policies); or (iv) the damage occurs during the last twelve (12) months of the Lease Term.

11.3 **Waiver of Statutory Provisions.** The provisions of this Lease, including this Article 11, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, the Building or the Project, and any statute or regulation of the State of Utah with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises, the Building or the Project.

ARTICLE 12

NONWAIVER

No provision of this Lease shall be deemed waived by either party hereto unless expressly waived in a writing signed thereby. The waiver by either party hereto of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of same or any other term, covenant or condition herein contained. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No acceptance of a lesser amount than the Rent herein stipulated shall be deemed a waiver of Landlord's right to receive the full amount due, nor shall any endorsement or statement on any check or payment or any letter accompanying such check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the full amount due. No receipt of monies by Landlord from Tenant after the termination of this Lease shall in any way alter the length of the Lease Term or of Tenant's right of possession hereunder, or after the giving of any notice shall reinstate, continue or extend the Lease Term or affect any notice given Tenant prior to the receipt of such monies, it being agreed that after the service of notice or the commencement of a suit, or after final judgment for possession of the Premises, Landlord may receive and collect any Rent due, and the payment of said Rent shall not waive or affect said notice, suit or judgment.

ARTICLE 13

CONDEMNATION

If the whole of the Premises is taken by power of eminent domain or condemned by any competent authority for any public or quasi-public use or purpose, or if Landlord grants a deed or other instrument in lieu of such taking by eminent domain or condemnation for such taking, this Lease shall automatically terminate as of the date possession is required to be surrendered to the authority. If part, but not all, of the Premise, Building, or Project is taken, either Party may terminate as set forth in this Article 13. If more than twenty-five percent (25%) of the rentable square feet of the Premises, or any material part of the Building (excluding the Premises) shall be so taken, or if any adjacent property or street shall be so taken, or reconfigured or vacated by such authority in such manner as to require the use, reconstruction or remodeling of more than twenty-five percent (25%) of the Building, Landlord shall have the option to terminate this Lease effective as of the date possession is required to be surrendered to the authority. If more (i) than twenty-five percent (25%) of the rentable square feet of the Premises is taken, or (ii) a material part of the Project outside of the Premises is taken and as a result thereof, Tenant will not have reasonable access to the Premises or to sufficient off-street parking for Tenant's use of the Premises, Tenant shall have the option to terminate this Lease effective as of the date possession is required to be surrendered to the authority. Tenant shall not because of such taking assert any claim against Landlord or the authority for any compensation because of such taking and Landlord shall be entitled to the entire award or payment in connection therewith, except that Tenant shall have the right to file any separate claim available to Tenant for any taking of Tenant's personal property and fixtures belonging to Tenant and removable by Tenant upon expiration of the Lease Term pursuant to the terms of this Lease, and for moving expenses, so long as such claim is payable separately to Tenant. All Rent shall be apportioned as of the date of such termination. If any part of the Premises shall be taken, and this Lease shall not be so terminated, the Base Rent and Tenant's Share of Direct Expenses shall be proportionately abated. This Article 13 shall be Tenant's sole and exclusive remedy in the event of any taking and Tenant hereby waives any rights and the benefits of any statute granting Tenant specific rights in the event of a taking which are inconsistent with the provisions of this Article 13. Notwithstanding anything to the contrary contained in this Article 13, in the event of a temporary taking of all or any portion of the Premises for a period of one hundred eighty (180) days or less, then this Lease shall not terminate but the Base Rent and the Additional Rent shall be abated for the period of such taking in proportion to the ratio that the amount of rentable square feet of the Premises taken bears to the total rentable square feet of the Premises. Landlord shall be entitled to receive the entire award made in connection with any such temporary taking.

ARTICLE 14

ASSIGNMENT AND SUBLETTING

14.1 **Transfers.** Tenant shall not, without the prior written consent of Landlord, assign, mortgage, pledge, hypothecate, encumber, or permit any lien to attach to, or otherwise transfer, this Lease or any interest hereunder, permit any assignment, or other transfer of this Lease or any interest hereunder by operation of law, sublet the Premises or any part thereof, or enter into any license or concession agreements or otherwise permit the occupancy or use of the Premises or any part thereof by any persons other than Tenant and its employees and contractors (all of the foregoing are hereinafter sometimes referred to collectively as **"Transfers"** and any person to whom any Transfer is made or sought to be made is hereinafter sometimes referred to as a **"Transferee"**). If Tenant desires Landlord's consent to any Transfer, Tenant shall notify Landlord in writing, which notice (the **"Transfer Notice"**) shall include (i) the proposed effective date of the Transfer, which shall not be less than thirty (30) days nor more than one hundred eighty (180) days after the date of delivery of the Transfer Notice, (ii) a description of the portion of the Premises to be transferred (the **"Subject Space"**), (iii) all of the terms of the proposed Transfer and the consideration therefor, including calculation of the **"Transfer Premium"**, as that term is defined in Section 14.3 below, in connection with such Transfer, the name and address of the proposed Transferee, and an executed copy of all documentation effectuating the proposed Transfer, including all operative documents to evidence such Transfer and all agreements incidental or related to such Transfer, provided that Landlord shall have the right to require Tenant to utilize Landlord's standard Transfer documents in connection with the documentation of such Transfer,

and provided further that the terms of the proposed Transfer shall provide that such proposed Transferee shall not be permitted to further assign or sublease its interest in the Subject Space and/or Lease, (iv) current financial statements of the proposed Transferee certified by an officer, partner or owner thereof, business credit and personal references and history of the proposed Transferee and any other information required by Landlord which will enable Landlord to determine the financial responsibility, character, and reputation of the proposed Transferee, nature of such Transferee's business and proposed use of the Subject Space and (v) an executed estoppel certificate from Tenant stating the information set forth in items (a) through (d) in Article 17 below. Any Transfer made without Landlord's prior written consent shall, at Landlord's option, be null, void and of no effect, and shall, at Landlord's option, constitute a default by Tenant under this Lease. Whether or not Landlord consents to any proposed Transfer, Tenant shall pay Landlord's (or Landlord's property manager's) review and processing fees (which currently equal $1,500.00 for each proposed Transfer), as well as any reasonable professional fees (including, without limitation, attorneys', accountants', architects', engineers' and consultants' fees) incurred by Landlord (or Landlord's property manager), within thirty (30) days after written request by Landlord; provided that Tenant's reimbursement for Landlord's fees pursuant to this sentence shall not exceed $5,000.00 in connection with any one Transfer.

14.2 **Landlord's Consent.** Notwithstanding anything to the contrary herein, Landlord shall not unreasonably withhold its consent to any proposed Transfer of the Subject Space to the Transferee on the terms specified in the Transfer Notice. Without limitation as to other reasonable grounds for withholding consent, the parties hereby agree that it shall be reasonable under this Lease and under any applicable law for Landlord to withhold consent to any proposed Transfer where one or more of the following apply:

14.2.1 The Transferee is of a character or reputation or engaged in a business which is not consistent with the quality of the Building or the Project;

14.2.2 The Transferee intends to use the Subject Space for purposes which are not permitted under this Lease;

14.2.3 The Transferee is either a governmental agency or instrumentality thereof;

14.2.4 The Transferee is not a party of reasonable financial worth and/or financial stability in light of the responsibilities to be undertaken in connection with the Transfer on the date consent is requested;

14.2.5 The proposed Transfer would cause a violation of another lease for space in the Project, or would give an occupant of the Project a right to cancel its lease;

14.2.6 The terms of the proposed Transfer will allow the Transferee to exercise a right of renewal, right of expansion, right of first offer, or other similar right held by Tenant (or will allow the Transferee to occupy space leased by Tenant pursuant to any such right);

14.2.7 Either the proposed Transferee, or any person or entity which directly or indirectly, controls, is controlled by, or is under common control with, the proposed Transferee, (i) occupies space in the Project at the time of the request for consent, or (ii) is negotiating with Landlord (which for purposes of this item (ii) and (iii), below, shall be evidenced by the transmittal of one or more letters of intent, draft proposals or lease documents by such Transferee to Landlord or Landlord to such Transferee) to lease space in the Project at such time, or (iii) has actively negotiated with Landlord to lease space within the Project during the six (6)-month period immediately preceding the Transfer Notice (with **"actively negotiated"** meaning, at least, written correspondence and negotiation for the lease of space within the Project, but excluding, without more, the mere delivery of leasing or property information relating to the Project); provided, however, that Landlord shall not unreasonably withhold, condition or delay its consent to an assignment of this Lease or a sublease of the Premises to a proposed assignee or subtenant under the foregoing portion of this subsection (iii) if Landlord is not willing and able to accommodate the space needs of such assignee or subtenant within the Project, and Tenant is able to do so by such assignment or sublease;

14.2.8 The Transferee does not intend to occupy the entire Subject Space and conduct its business therefrom for a substantial portion of the term of the Transfer; or

14.2.9 The portion of the Premises to be sublet or assigned is irregular in shape with inadequate means of ingress and/or egress.

Notwithstanding anything to the contrary contained herein, in no event shall Tenant enter into any Transfer for the possession, use, occupancy or utilization (collectively, "**use**") of the part of the Premises which (i) provides for a rental or other payment for such use based in whole or in part on the income or profits derived by any person from the Premises (other than an amount based on a fixed percentage or percentages of gross receipts or sales), and Tenant agrees that all Transfers of any part of the Premises shall provide that the person having an interest in the use of the Premises shall not enter into any lease or sublease which provides for a rental or other payment for such use based in whole or in part on the income or profits derived by any person from the Premises (other than an amount based on a fixed percentage or percentages of gross receipts of sales), or (ii) would cause any portion of the amounts payable to Landlord hereunder to not constitute "rents from real property" within the meaning of Section 512(b)(3) of the Internal Revenue Code of 1986, and any such purported Transfer shall be absolutely void and ineffective as a conveyance of any right or interest in the possession, use, occupancy or utilization of any part of the Premises.

If Landlord consents to any Transfer pursuant to the terms of this Section 14.2 (and does not exercise any recapture rights Landlord may have under Section 14.4 of this Lease), Tenant may enter into such Transfer of the

Subject Space, upon substantially the same terms and conditions as are set forth in the Transfer Notice furnished by Tenant to Landlord pursuant to Section 14.1 of this Lease, provided that if there are any changes in the terms and conditions from those specified in the Transfer Notice (i) such that Landlord would initially have been entitled to refuse its consent to such Transfer under this Section 14.2, or (ii) which would cause the proposed Transfer to be more favorable to the Transferee than the terms set forth in Tenant's original Transfer Notice, Tenant shall again submit the Transfer to Landlord for its approval and other action under this Article 14 (including Landlord's right of recapture, if any, under Section 14.4 of this Lease). Notwithstanding anything to the contrary in this Lease, if Tenant or any proposed Transferee claims that Landlord has unreasonably withheld or delayed its consent under Section 14.2 or otherwise has breached or acted unreasonably under this Article 14, their sole remedies shall be a declaratory judgment and an injunction for the relief sought without any monetary damages, and Tenant hereby waives all other remedies, including, without limitation, any right at law or equity to terminate this Lease, on its own behalf and, to the extent permitted under all applicable Laws, on behalf of the proposed Transferee.

14.3 **Transfer Premium.** If Landlord consents to a Transfer, as a condition thereto which the parties hereby agree is reasonable, Tenant shall pay to Landlord fifty percent (50%) of any "Transfer Premium," as that term is defined in this Section 14.3, received by Tenant from such Transferee in any particular calendar month, which amount shall be paid to Landlord immediately following Tenant's receipt of the same. "**Transfer Premium**" shall mean all rent, additional rent or other consideration (including, without limitation, key money, bonus money or other cash consideration but excluding any payment for assets, inventory, equipment or furniture transferred by Tenant to Transferee in connection with such Transfer) payable by such Transferee in connection with the Transfer in excess of the Rent and Additional Rent payable by Tenant under this Lease during the term of the Transfer on a per rentable square foot basis if less than all of the Premises is transferred, after deducting the reasonable expenses incurred by Tenant for (i) any changes, alterations and improvements to the Premises in connection with the Transfer, and (ii) any market rate, third party brokerage commissions incurred in connection with the Transfer (collectively, the "**Subleasing Costs**"); provided, however, that if, at the time of any such sublease or assignment, Landlord determines that the foregoing "Transfer Premium" formula may result in the receipt by Landlord of amounts that the Landlord may not be permitted to receive pursuant to any requirements, obligation or understanding applicable to Landlord, the parties agree to enter into an amendment to this Lease which revises the "Transfer Premium" formula in a manner that (x) is mutually agreed to by the parties and (y) does not result in any material increase in the expected costs or benefits to either party under this Section 14.3.

14.4 **Landlord's Option as to Subject Space**. Notwithstanding anything to the contrary contained in this Article 14, Landlord shall have the option, by giving written notice to Tenant within thirty (30) days after receipt of any Transfer Notice, to recapture the Subject Space for the remainder of the Lease Term. Such recapture notice shall cancel and terminate this Lease with respect to the Subject Space as of the date stated in the Transfer Notice as the effective date of the proposed Transfer (or at Landlord's option, shall cause the Transfer to be made to Landlord or its agent, in which case the parties shall execute the Transfer documentation promptly thereafter); provided, however, Tenant may, within ten (10) business days after receipt of Landlord's notice of intent to recapture the Subject Space, withdraw its request for consent to the Transfer if the Subject Space is less than all or substantially all of the Premises. In that event, Landlord's election to terminate this Lease as to the Subject Space shall be null and void and of no force and effect. In the event of a recapture by Landlord, if this Lease shall be canceled with respect to less than the entire Premises, the Base Rent and Tenant's Share of increases in Direct Expenses reserved herein shall be prorated on the basis of the number of rentable square feet retained by Tenant in proportion to the number of rentable square feet contained in the Premises, and this Lease as so amended shall continue thereafter in full force and effect, and upon request of either party, the parties shall execute written confirmation of the same. If Landlord declines, or fails to elect in a timely manner to recapture the Subject Space under this Section 14.4, then, provided Landlord has consented to the proposed Transfer, Tenant shall be entitled to proceed to transfer the Subject Space to the proposed Transferee, subject to provisions of this Article 14.

14.5 **Effect of Transfer.** If Landlord consents to a Transfer, (i) the terms and conditions of this Lease shall in no way be deemed to have been waived or modified, (ii) such consent shall not be deemed consent to any further Transfer by either Tenant or a Transferee, (iii) Tenant shall deliver to Landlord, promptly after execution, an original executed copy of all documentation pertaining to the Transfer in form reasonably acceptable to Landlord, (iv) Tenant shall furnish upon Landlord's request a complete statement, certified by an independent certified public accountant, or Tenant's chief financial officer, setting forth in detail the computation of any Transfer Premium Tenant has derived and shall derive from such Transfer, and (v) no Transfer relating to this Lease or agreement entered into with respect thereto, whether with or without Landlord's consent, shall relieve Tenant or any guarantor of the Lease from any liability under this Lease, including, without limitation, in connection with the Subject Space. In no event shall any Transferee assign, sublease or otherwise encumber its interest in this Lease or further sublet any portion of the Subject Space, or otherwise suffer or permit any portion of the Subject Space to be used or occupied by others, except in accordance with this Section 14. Landlord or its authorized representatives shall have the right at all reasonable times during normal business hours, but not more than once for each Transfer, to audit the books, records and papers of Tenant relating to any Transfer. Landlord agrees to and shall keep and maintain the books, records, and papers of Tenant strictly confidential and shall not disclose such confidential information to any person or entity other than Landlord's financial or legal consultants or Landlord's mortgagee. If the Transfer Premium respecting any Transfer shall be found understated, Tenant shall, within thirty (30) days after demand, pay the deficiency, and if understated by more than five percent (5%), Tenant shall pay Landlord's reasonable costs of such audit.

14.6 **Additional Transfers.** For purposes of this Lease, the term "**Transfer**" shall also include (i) if Tenant is a partnership, the withdrawal or change, voluntary, involuntary or by operation of law, of fifty percent (50%) or more of the partners, or transfer of fifty percent (50%) or more of partnership interests, within a twelve (12)-month period, or the dissolution of the partnership without immediate reconstitution thereof, and (ii) if Tenant is a closely held corporation (*i.e.*, whose stock is not publicly held and not traded through an exchange or over the

counter), (A) the dissolution, merger, consolidation or other reorganization of Tenant or (B) the sale or other transfer of an aggregate of fifty percent (50%) or more of the voting shares of Tenant (other than to immediate family members by reason of gift or death), within a twelve (12)-month period, or (C) the sale, mortgage, hypothecation or pledge of an aggregate of fifty percent (50%) or more of the value of the unencumbered assets of Tenant within a twelve (12)-month period.

14.7 **Non-Transfers**. Notwithstanding anything to the contrary contained in this Article 14 and so long as any such Permitted Non-Transfer (as defined herein) is not a subterfuge by Tenant to avoid its obligations under this Lease, any of the following transfers shall not be deemed a Transfer under this Article 14 (each of which are hereinafter referred to as a "**Permitted Non-Transfer**" and any such assignee or sublessee pursuant to a Permitted Non-Transfer hereinafter referred to as a "**Permitted Non-Transferee**"): (i) an assignment of Tenant's interest in this Lease, or a subletting of all or a portion of the Premises, to an affiliate of Tenant (i.e., an entity which is controlled by, controls, or is under common control with, Tenant) or any parent of Tenant, (ii) an assignment of Tenant's interest in this Lease to an entity which acquires all or substantially all of the assets of Tenant, (iii) an assignment of Tenant's interest in this Lease to an entity which is the resulting entity of a stock acquisition, merger or consolidation of Tenant during the Lease Term; (iv) any sale of stock for capital raising purposes in which Tenant is the surviving corporation, or the sale of stock or other equity interests in Tenant on a public stock exchange (e.g., NYSE or NASDAQ), whether in connection with an initial public offering or thereafter; (v) or any merger effected exclusively to change the domicile of Tenant; or (vi) any assignment of Tenants' interest in the Lease in connection with any financing or refinancing of Tenant's business, whether such financing or refinancing takes the form of debt or equity investments through publicly or privately traded equity or any other form, including, without limitation, any transaction whereby an equity investor directly or indirectly provides financing or refinancing for Tenant and/or purchases ownership interests of Tenant, its parent or any affiliate of Tenant. Each Permitted Non-Transferee shall have a valuation immediately following such transaction that (A) is the greater of (1) the valuation of Tenant immediately prior to such Permitted Non-Transfer or (2) the valuation of Original Tenant on the date of this Lease, and (B) is otherwise reasonably sufficient to satisfy the financial obligations under this Lease or sublease, as the case may be. For each Permitted Non-Transfer, Tenant shall notify Landlord of the same and promptly supply Landlord with any commercially reasonable documents or information reasonably requested by Landlord regarding such Permitted Non-Transfer or such Permitted Non-Transferee. An assignee of Original Tenant's entire interest in this Lease which assignee is a Permitted Non-Transferee may also be referred to herein as a "**Non-Transferee Assignee**." As used in this Section 14.7, "control" shall mean the ownership, directly or indirectly, of at least fifty-one percent (51%) of the voting securities of, or possession of the right to vote, in the ordinary direction of its affairs, of at least fifty-one percent (51%) of the voting interest in, any person or entity.

14.8 **Occurrence of Default.** Any Transfer hereunder shall be subordinate and subject to the provisions of this Lease, and if this Lease shall be terminated during the term of any such Transfer, Landlord shall have the right to: (i) treat such Transfer as cancelled and repossess the Subject Space by any lawful means, or (ii) require that such Transferee attorn to and recognize Landlord as its landlord under any such Transfer. If Tenant shall be in default under this Lease, Landlord is hereby irrevocably authorized, as Tenant's agent and attorney-in-fact, to direct any Transferee to make all payments under or in connection with such Transfer directly to Landlord (which Landlord shall apply towards Tenant's obligations under this Lease) until such default is cured. Such Transferee shall rely on any representation by Landlord that Tenant is in default hereunder, without any need for confirmation thereof by Tenant. Upon any assignment of Tenant's interest in this Lease, the assignee shall assume in writing all obligations and covenants of Tenant thereafter to be performed or observed under this Lease. No collection or acceptance of rent by Landlord from any Transferee shall be deemed a waiver of any provision of this Article 14 or the approval of any Transferee or a release of Tenant from any obligation under this Lease, whether theretofore or thereafter accruing. In no event shall Landlord's enforcement of any provision of this Lease against any Transferee be deemed a waiver of Landlord's right to enforce any term of this Lease against Tenant or any other person. If Tenant's obligations hereunder have been guaranteed, Landlord's consent to any Transfer shall not be effective unless the guarantor also consents to such Transfer.

ARTICLE 15

SURRENDER OF PREMISES; OWNERSHIP AND REMOVAL OF TRADE FIXTURES

15.1 **Surrender of Premises.** No act or thing done by Landlord or any agent or employee of Landlord during the Lease Term shall be deemed to constitute an acceptance by Landlord of a surrender of the Premises unless such intent is specifically acknowledged in writing by Landlord. The delivery of keys to the Premises to Landlord or any agent or employee of Landlord shall not constitute a surrender of the Premises or effect a termination of this Lease, whether or not the keys are thereafter retained by Landlord, and notwithstanding such delivery Tenant shall be entitled to the return of such keys at any reasonable time upon request until this Lease shall have been properly terminated. The voluntary or other surrender of this Lease by Tenant, whether accepted by Landlord or not, or a mutual termination hereof, shall not work a merger, and at the option of Landlord shall operate as an assignment to Landlord of all subleases or subtenancies affecting the Premises or terminate any or all such sublessees or subtenancies.

15.2 **Removal of Tenant Property by Tenant.** Upon the expiration of the Lease Term, or upon any earlier termination of this Lease, Tenant shall, subject to the provisions of this Article 15, quit and surrender possession of the Premises to Landlord in as good order and condition as when Tenant took possession and as thereafter improved by Landlord and/or Tenant, reasonable wear and tear and repairs which are specifically made the responsibility of Landlord hereunder excepted. Upon such expiration or termination, Tenant shall, without expense to Landlord, remove or cause to be removed from the Premises all debris and rubbish, and such items of furniture, equipment, business and trade fixtures, free-standing cabinet work, movable partitions, cabling installed

by or at the request of Tenant that is not contained in protective conduit or metal raceway and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises, and such similar articles of any other persons claiming under Tenant, as Landlord may, in its sole discretion, require to be removed, and Tenant shall repair at its own expense all damage to the Premises and Building resulting from such removal.

ARTICLE 16

HOLDING OVER

If Tenant holds over after the expiration of the Lease Term or earlier termination thereof, with or without the express or implied consent of Landlord, such tenancy shall be from month-to-month only, and shall not constitute a renewal hereof or an extension for any further term, and in such case Rent shall be payable at a monthly rate equal to the product of 150% of the Rent applicable during the last rental period of the Lease Term under this Lease. Such month-to-month tenancy shall be subject to every other applicable term, covenant and agreement contained herein. For purposes of this Article 16, a holding over shall include Tenant's remaining in the Premises after the expiration or earlier termination of the Lease Term, as required pursuant to the terms of this Lease or the Tenant Work Letter, to remove any Alterations or Above Building Standard Tenant Improvements located within the Premises and replace the same with Building Standard Tenant Improvements. Nothing contained in this Article 16 shall be construed as consent by Landlord to any holding over by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease upon the expiration or other termination of this Lease. The provisions of this Article 16 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law. If Tenant fails to surrender the Premises upon the termination or expiration of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from all losses, costs (including reasonable attorneys' fees) and liabilities resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any succeeding tenant founded upon such failure to surrender and any lost profits to Landlord resulting therefrom.

ARTICLE 17

ESTOPPEL CERTIFICATES

Within fifteen (15) days following a request in writing by Landlord, Tenant shall execute, acknowledge and deliver to Landlord an estoppel certificate in the form of **Exhibit H** attached hereto. Any such certificate may be relied upon by any current or prospective mortgagee or purchaser of all or any portion of the Project. Tenant shall execute and deliver whatever other instruments may be reasonably required for such purposes. At any time during the Lease Term (but in no event more than once during any calendar year except in connection with a sale or refinancing of the Building), Landlord may require Tenant, and to the extent applicable, any guarantor(s), to provide Landlord with a current audited financial statement and audited financial statements of the two (2) years prior to the current financial statement year. Such statements shall be delivered by Tenant and such guarantor(s) to Landlord within thirty (30) days after Landlord's written request therefor and be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Tenant or such guarantor(s), shall be audited by an independent certified public accountant with copies of the auditor's statement, reflecting Tenant's or such guarantor(s)', as applicable, then-current financial condition in such form and detail as Landlord may reasonably request. Any such financial statements obtained by Landlord shall be kept strictly confidential Tenant and Landlord shall not disclose such confidential information to any person or entity other than Landlord's financial and legal consultants and Landlord's mortgagee's without Tenant's prior written consent, which may be withheld in Tenant's sole discretion. At any time and from time to time, in the context of a sale of Tenant's business or a financing thereof only, and upon not less than fifteen (15) days' prior notice from Tenant, Landlord shall execute and deliver to Tenant a statement certifying (i) the titles and dates of the documents then comprising this Lease, (ii) the current amounts of and the dates to which the Base Rent and Additional Rent have been paid, (iii) to the best of Landlord's knowledge that Tenant is not in default under this Lease (or if Tenant is in default, specifying the nature of such default), and (iv) such other information reasonably requested by Tenant for such purposes. The failure of either party and any such guarantor(s) to timely execute, acknowledge and deliver such estoppel certificate shall constitute an acknowledgment by such party and such guarantor(s) that statements included in the estoppel certificate are true and correct, without exception.

ARTICLE 18

SUBORDINATION

This Lease shall be subject and subordinate to all present and future ground or underlying leases of the Building or Project and to the lien of any mortgage, trust deed or other encumbrances now or hereafter in force against the Building or Project or any part thereof, if any, and to all renewals, extensions, modifications, consolidations and replacements thereof, and to all advances made or hereafter to be made upon the security of such mortgages or trust deeds, unless the holders of such mortgages, trust deeds or other encumbrances, or the lessors under such ground lease or underlying leases, require in writing that this Lease be superior thereto. Tenant covenants and agrees in the event any proceedings are brought for the foreclosure of any such mortgage or deed in lieu thereof (or if any ground lease is terminated), to attorn, without any deductions or set-offs whatsoever, to the lienholder or purchaser or any successors thereto upon any such foreclosure sale or deed in lieu thereof (or to the ground lessor), if so requested to do so by such purchaser or lienholder or ground lessor, and to recognize such purchaser or lienholder or ground lessor as the lessor under this Lease, provided such lienholder or purchaser or ground lessor agrees in writing to accept this Lease and agrees not disturb Tenant's occupancy, so long as Tenant timely pays the Rent and observes and performs the terms, covenants and conditions of this Lease to be observed

and performed by Tenant. Landlord's interest herein may be assigned as security at any time to any lienholder. Tenant shall, within fifteen (15) days of request by Landlord, execute such further instruments or assurances as Landlord may reasonably deem necessary to evidence or confirm the subordination or superiority of this Lease to any such mortgages, trust deeds, ground leases or underlying leases so long as Tenant's rights under this Lease are not adversely affected thereby. So long as the requirements of this Section are satisfied, Tenant waives the provisions of any current or future statute, rule or law which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease and the obligations of the Tenant hereunder in the event of any foreclosure proceeding or sale.

ARTICLE 19

DEFAULTS; REMEDIES

19.1 **Events of Default.** The occurrence of any of the following shall constitute a default of this Lease ("**Default**") by Tenant:

19.1.1 Any failure by Tenant to pay any Rent or any other charge required to be paid under this Lease, or any part thereof, within five (5) days when due and such failure continues for five (5) days after written notice thereof from Landlord, except that Landlord shall only be required to give one (1) such notice in any calendar year, and after any such notice is given any failure by Tenant in such calendar year to pay any Rent due hereunder within five (5) days when due shall itself constitute a Default, without the requirement of notice from Landlord of such failure; or

19.1.2 Except where a specific time period is otherwise set forth for Tenant's performance in this Lease, in which event the failure to perform by Tenant within such time period shall be a default by Tenant under this Section 19.1.2, any failure by Tenant to observe or perform any other provision, covenant or condition of this Lease to be observed or performed by Tenant where such failure continues for twenty (20) days after written notice thereof from Landlord to Tenant; provided that if the nature of such default is such that the same cannot reasonably be cured within such 20-day period, Tenant shall not be deemed to be in default if it diligently commences such cure within such period and thereafter diligently proceeds to rectify and cure such default, but in no event exceeding a period of time in excess of thirty (30) days after written notice thereof from Landlord to Tenant; or

19.1.3 The failure by Tenant to observe or perform according to the provisions of Articles 5, 14, 17 or 18 of this Lease where such failure continues for more than five (5) business days after notice from Landlord; or

19.1.4 Tenant's failure to comply with the terms of the Declarations within ten (10) days following Tenant's receipt of written notice of such failure; or

19.1.5 To the extent permitted by law, a general assignment by Tenant or any guarantor of this Lease for the benefit of creditors, or the taking of any corporate action in furtherance of bankruptcy or dissolution whether or not there exists any proceeding under an insolvency or bankruptcy law, or the filing by or against Tenant or any guarantor of any proceeding under an insolvency or bankruptcy law, unless in the case of a proceeding filed against Tenant or any guarantor the same is dismissed within sixty (60) days, or the appointment of a trustee or receiver to take possession of all or substantially all of the assets of Tenant or any guarantor, unless possession is restored to Tenant or such guarantor within thirty (30) days, or any execution or other judicially authorized seizure of all or substantially all of Tenant's assets located upon the Premises or of Tenant's interest in this Lease, unless such seizure is discharged within thirty (30) days; or

19.1.6 Tenant's failure to occupy the Premises for business operations for more than thirty (30) consecutive days at any time during the Lease Term (or any applicable Option Term); or

19.1.7 Tenant's failure to occupy the Premises within ten (10) business days after the Lease Commencement Date.

The notice periods provided herein are in lieu of, and not in addition to, any notice periods provided by law.

19.2 **Remedies Upon Default.** Upon the occurrence of any event of default by Tenant, Landlord shall have, in addition to any other remedies available to Landlord at law or in equity (all of which remedies shall be distinct, separate and cumulative), the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever.

19.2.1 Terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim or damages therefor; and Landlord may recover from Tenant the following:

(i) The worth at the time of award of any unpaid rent which has been earned at the time of such termination; plus

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant demonstrates could have been reasonably avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant demonstrates could have been reasonably avoided; plus

(iv) Any other reasonable amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including but not limited to, reasonable brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant (whether performed by Landlord or Landlord's property manager), whether for the same or a different use, and any special concessions made to obtain a new tenant; provided, however, that for purposes of Tenant's liability under the foregoing portion of this sentence, such costs of reletting and commissions (only) shall be amortized over the initial term of such new lease, with interest thereon at the Interest Rate (as defined below), and Tenant shall be liable only for that portion so amortized falling within the remaining portion of the Term; and

(v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The term "**rent**" as used in this Section 19.2 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in Paragraphs 19.2.1(i) and (ii), above, the "worth at the time of award" shall be computed by allowing interest at the rate set forth in Article 25 of this Lease, but in no case greater than the maximum amount of such interest permitted by law. As used in Paragraph 19.2.1(iii) above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

19.2.2 Terminate Tenant's right to possess the Premises by any lawful means with or without terminating this Lease, in which event Tenant will immediately surrender possession of the Premises to Landlord within ten (10) days of receipt of written notice from Landlord. In such event, this Lease continues in full force and effect (except for Tenant's right to possess the Premises) and Tenant continues to be obligated for and must pay all Rent as and when due under this Lease. Unless Landlord specifically states that it is terminating this Lease, Landlord's termination of Tenant's right to possess the Premises is not to be construed as an election by Landlord to terminate this Lease or Tenant's obligations and liabilities under this Lease. If Landlord terminates Tenant's right to possess the Premises, Landlord is not obligated to, but upon providing written notice to Tenant, may re-enter the Premises and remove all persons and property from the Premises if Tenant fails to do so within such 10-day period. Landlord may store any property Landlord removes from the Premises in a public warehouse or elsewhere at the cost and for the account of Tenant, and if Tenant fails to pay the storage charges therefor within ten (10) days of Tenant's receipt of written request therefor, Landlord may deem such property abandoned and cause such property to be sold or otherwise disposed of without further obligation or any accounting to Tenant. Upon such re-entry, Landlord shall, to the extent required by applicable Laws, use commercially reasonable efforts to relet the Premises to a third party or parties for Tenant's account. Tenant shall be liable to Landlord for all Costs of Re-Letting (as defined below) and shall pay Landlord the same within thirty (30) days after Landlord's written notice to Tenant. Landlord may relet the Premises for a period shorter or longer than the remaining Lease Term. If Landlord relets all or any part of the Premises, Tenant remains obligated to pay all Rent when due under this Lease; provided that Landlord will, on a monthly basis, credit any Net Re-Letting Proceeds (as defined below) received for the current month against Tenant's Rent obligation for the next succeeding month. If the Net Re-Letting Proceeds received for any month exceeds Tenant's Rent obligation for the succeeding month, Landlord may retain the surplus.

As used herein, "Net Re-Letting Proceeds" shall mean the total amount of rent and other consideration paid by any Replacement Tenants (as defined below), less all Costs of Re-Letting, during a given period of time. "Costs of Re-Letting" shall include without limitation, all commercially reasonable costs and expenses incurred by Landlord for any repairs, maintenance, changes, alterations and improvements to the Premises, brokerage commissions, advertising costs, attorneys' fees, any reasonable and customary free rent periods or credits, tenant improvement allowances, take-over lease obligations and other reasonable and customary economic incentives required to enter leases with Replacement Tenants. "Replacement Tenants" shall mean any individual, trust, partnership, company, joint venture, association, corporation, or any other entity to whom Landlord relets the Premises or any portion thereof pursuant to this Section 19.2.2.

19.3 **Form of Payment After Default.** Following the occurrence of an event of default by Tenant, Landlord shall have the right to require that any or all subsequent amounts paid by Tenant to Landlord hereunder, whether to cure the default in question or otherwise, be paid in the form of cash, money order, cashier's or certified check drawn on an institution acceptable to Landlord, or by other commercially reasonable means approved by Landlord, notwithstanding any prior practice of accepting payments in any different form.

19.4 **Efforts to Relet.** No re-entry or repossession, repairs, maintenance, changes, alterations and additions, reletting, appointment of a receiver to protect Landlord's interests hereunder, or any other action or omission by Landlord shall be construed as an election by Landlord to terminate this Lease or Tenant's right to possession, or to accept a surrender of the Premises, nor shall same operate to release Tenant in whole or in part from any of Tenant's obligations hereunder, unless express written notice of such intention is sent by Landlord to Tenant. Tenant hereby irrevocably waives any right otherwise available under any law to redeem or reinstate this Lease.

19.5 **Subleases of Tenant**. Whether or not Landlord elects to terminate this Lease on account of any default by Tenant, as set forth in this Article 19, Landlord shall have the right to terminate any and all subleases, licenses, concessions or other consensual arrangements for possession entered into by Tenant and affecting the Premises or may, in Landlord's sole discretion, succeed to Tenant's interest in such subleases, licenses, concessions or arrangements. In the event of Landlord's election to succeed to Tenant's interest in any such subleases, licenses, concessions or arrangements, Tenant shall, as of the date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

19.6 **Landlord's Default/Tenant's Remedies.** Upon the occurrence of any failure by Landlord to observe or perform any term, covenant or condition of this Lease to be observed or performed by Landlord, if such failure shall continue for thirty (30) days after receipt of written notice thereof to Landlord, Landlord shall be in default under this Lease; provided, however, that if the nature of the default is such that the same cannot be reasonably cured within said thirty (30) day period, Landlord shall not be in default hereunder if Landlord shall within such period commence such cure and shall thereafter diligently prosecute the same to completion; provided that, if longer than ninety (90) days, Landlord shall notify Tenant of the reasons for such extended time period and of the projected completion date.

19.7 **Remedies Generally.** Except as otherwise specified in this Lease, Landlord's remedies and Tenant's remedies set forth in this Lease shall not be exclusive, but shall be cumulative and shall be in addition to, and not in lieu of, any other remedies now or hereafter allowed by law or in equity, including, without limitation, injunctive relief, specific performance and consequential damages. Notwithstanding anything to the contrary herein, in the event of a default by Tenant, Landlord shall use its commercially reasonable efforts to mitigate its damages in accordance with applicable Laws; provided that those efforts shall not require Landlord to relet the Premises in preference to any other space in the Project, relet the Premises to any party that Landlord could reasonably reject as a transferee pursuant to Article 14, or incur any out-of-pocket construction costs or brokerage commissions in connection with such efforts (other than such costs that amortize over the term of a new lease for the Premises).

ARTICLE 20

COVENANT OF QUIET ENJOYMENT

Landlord covenants that Tenant, on paying the Rent, charges for services and other payments herein reserved and on keeping, observing and performing all the other terms, covenants, conditions, provisions and agreements herein contained on the part of Tenant to be kept, observed and performed, shall, during the Lease Term, peaceably and quietly have, hold and enjoy the Premises subject to the terms, covenants, conditions, provisions and agreements hereof, without interference by any persons lawfully claiming by or through Landlord. The foregoing covenant is in lieu of any other covenant express or implied.

ARTICLE 21

LETTER OF CREDIT

21.1 **Delivery of Letter of Credit**. Tenant shall deliver to Landlord, within ninety (90) days of the Effective Date, an unconditional, clean, irrevocable letter of credit (the "**L-C**") in the amount set forth in Section 7 of the Summary (the "**L-C Amount**"), which L-C shall be issued by either Silicon Valley Bank, a subsidiary of SVB Financial Group; Pacific Western Bank or an affiliate or division thereof; or a money-center, solvent and nationally recognized bank (a bank which accepts deposits, maintains accounts, has a local office in Salt Lake City, Utah that will negotiate a letter of credit, and whose deposits are insured by the FDIC) reasonably acceptable to Landlord (such approved, issuing bank being referred to herein as the "**Bank**"), which Bank must have a short term Fitch Rating which is not less than "F1", and a long term Fitch Rating which is not less than "A" (or in the event such Fitch Ratings are no longer available, a comparable rating from Standard and Poor's Professional Rating Service or Moody's Professional Rating Service) (collectively, the "**Bank's Credit Rating Threshold**"), and which L-C shall be in the form of **Exhibit E**, attached hereto. Tenant shall pay all expenses, points and/or fees incurred by Tenant in obtaining the L-C. The L-C shall (i) be "callable" at sight, irrevocable and unconditional, (ii) be maintained in effect, whether through renewal or extension, for the period commencing on the date of this Lease and continuing until the date (the "**L-C Expiration Date**") that is no less than one hundred twenty (120) days after the expiration of the Lease Term, as the same may be extended, and Tenant shall deliver a new L-C or certificate of renewal or extension to Landlord at least sixty (60) days prior to the expiration of the L-C then held by Landlord, without any action whatsoever on the part of Landlord, (iii) be fully assignable by Landlord, its successors and assigns, (iv) permit partial draws and multiple presentations and drawings, and (v) be otherwise subject to the International Standby Practices-ISP 98, International Chamber of Commerce Publication #590. Landlord, or its then managing agent, shall have the right to draw down an amount up to the face amount of the L-C if any of the following shall have occurred or be applicable: (A) such amount is due to Landlord under the terms and conditions of this Lease (following the expiration of all applicable payment and default cure periods) or (B) Tenant has filed a voluntary petition under the U. S. Bankruptcy Code or any state bankruptcy code (collectively, "**Bankruptcy Code**"), or (C) an involuntary petition has been filed against Tenant under the Bankruptcy Code, or (D) the Bank has notified Landlord that the L-C will not be renewed or extended through the L-C Expiration Date, or (E) Tenant is placed into receivership or conservatorship, or becomes subject to similar proceedings under Federal or State law, or (F) Tenant executes an assignment for the benefit of creditors, or (G) if (1) any of the Bank's Fitch Ratings (or other comparable ratings to the extent the Fitch Ratings are no longer available) have been reduced below the Bank's Credit Rating Threshold, or (2) there is otherwise a material adverse change in the financial condition of the Bank, and Tenant has failed to provide Landlord with a replacement letter of credit within thirty (30) days following receipt of Landlord's written request therefor, conforming in all respects to the requirements of this Article 21 (including, but not limited to, the requirements placed on the issuing Bank more particularly set forth in this

Section 21.1 above), in the amount of the applicable L-C Amount, within ten (10) days following Landlord's written demand therefor (with no other notice or cure or grace period being applicable thereto, notwithstanding anything in this Lease to the contrary) (each of the foregoing being an "**L-C Draw Event**"). The L-C shall be honored by the Bank regardless of whether Tenant disputes Landlord's right to draw upon the L-C. In addition, in the event the Bank is placed into receivership or conservatorship by the Federal Deposit Insurance Corporation or any successor or similar entity, then, effective as of the date such receivership or conservatorship occurs, said L-C shall be deemed to fail to meet the requirements of this Article 21, and, within ten (10) days following Landlord's notice to Tenant of such receivership or conservatorship (the "**L-C FDIC Replacement Notice**"), Tenant shall replace such L-C with a substitute letter of credit from a different issuer (which issuer shall meet or exceed the Bank's Credit Rating Threshold and shall otherwise be acceptable to Landlord in its reasonable discretion) and that complies in all respects with the requirements of this Article 21. If Tenant fails to replace such L-C with such conforming, substitute letter of credit pursuant to the terms and conditions of this Section 21.1, then, notwithstanding anything in this Lease to the contrary, Landlord shall have the right to declare Tenant in default of this Lease for which there shall be no notice or grace or cure periods being applicable thereto (other than the aforesaid ten (10) day period). Tenant shall be responsible for the payment of any and all costs incurred with the review of any replacement L-C (including without limitation Landlord's reasonable attorneys' fees), which replacement is required pursuant to this Section or is otherwise requested by Tenant.

Notwithstanding anything to the contrary contained in this Lease, Landlord shall not be required to disburse any portion of the Tenant Improvement Allowance to Tenant until Tenant has provided Landlord with the L-C described in this Article 21.

21.2 **Application of L-C**. Tenant hereby acknowledges and agrees that Landlord is entering into this Lease in material reliance upon the ability of Landlord to draw upon the L-C upon the occurrence of any L-C Draw Event. In the event of any L-C Draw Event, Landlord may, but without obligation to do so, and without notice to Tenant, draw upon the L-C, in part or in whole, to cure any such L-C Draw Event and/or to compensate Landlord for any and all damages of any kind or nature sustained or which Landlord reasonably estimates that it will sustain resulting from Tenant's breach or default of the Lease or other L-C Draw Event and/or to compensate Landlord for any and all damages arising out of, or incurred in connection with, the termination of this Lease, subject to the provisions of Article 19 hereof. The use, application or retention of the L-C, or any portion thereof, by Landlord shall not prevent Landlord from exercising any other right or remedy provided by this Lease or by any applicable Laws, it being intended that Landlord shall not first be required to proceed against the L-C, and such L-C shall not operate as a limitation on any recovery to which Landlord may otherwise be entitled. No condition or term of this Lease shall be deemed to render the L-C conditional to justify the issuer of the L-C in failing to honor a drawing upon such L-C in a timely manner. Tenant agrees and acknowledges that (i) the L-C constitutes a separate and independent contract between Landlord and the Bank, (ii) Tenant is not a third party beneficiary of such contract, (iii) Tenant has no property interest whatsoever in the L-C or the proceeds thereof, and (iv) in the event Tenant becomes a debtor under any chapter of the Bankruptcy Code, Tenant is placed into receivership or conservatorship, and/or there is an event of a receivership, conservatorship or a bankruptcy filing by, or on behalf of, Tenant, neither Tenant, any trustee, nor Tenant's bankruptcy estate shall have any right to restrict or limit Landlord's claim and/or rights to the L-C and/or the proceeds thereof by application of Section 502(b)(6) of the U. S. Bankruptcy Code or otherwise. In the event of an assignment by Tenant of its interest in this Lease (and irrespective of whether Landlord's consent is required for such assignment), the acceptance of any replacement or substitute L-C by Landlord from the assignee shall be subject to Landlord's prior written approval, in Landlord's reasonable discretion, and the actual and reasonable attorney's fees incurred by Landlord in connection with such determination shall be payable by Tenant to Landlord within ten (10) days of billing.

21.3 **L-C Amount; Maintenance of L-C by Tenant**. If, as a result of any drawing by Landlord of all or any portion of the L-C, the amount of the L-C shall be less than the L-C Amount, Tenant shall, within five (5) days thereafter, provide Landlord with additional letter(s) of credit in an amount equal to the deficiency, and any such additional letter(s) of credit shall comply with all of the provisions of this Article 21. Tenant further covenants and warrants that it will neither assign nor encumber the L-C or any part thereof and that neither Landlord nor its successors or assigns will be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance. Without limiting the generality of the foregoing, if the L-C expires earlier than the L-C Expiration Date, Landlord will accept a renewal thereof (such renewal letter of credit to be in effect and delivered to Landlord, as applicable, not later than ninety (90) days prior to the expiration of the L-C), which shall be irrevocable and automatically renewable as above provided through the L-C Expiration Date upon the same terms as the expiring L-C or such other terms as may be acceptable to Landlord in its sole discretion. If the L-C is not timely renewed, or if Tenant fails to maintain the L-C in the amount and in accordance with the terms set forth in this Article 21, Landlord shall have the right to present the L-C to the Bank in accordance with the terms of this Article 21, and the proceeds of the L-C may be applied by Landlord against any rent payable by Tenant under this Lease that is not paid when due and/or to pay for all losses and damages that Landlord has suffered or that Landlord reasonably estimates that it will suffer as a result of any breach or default by Tenant under this Lease. In the event Landlord elects to exercise its rights under the preceding sentence, (x) any unused proceeds shall constitute the property of Landlord (and not Tenant's property or, in the event of a receivership, conservatorship, or a bankruptcy filing by Tenant, property of such receivership, conservatorship or Tenant's bankruptcy estate) and need not be segregated from Landlord's other assets, and (y) Landlord agrees to pay to Tenant within thirty (30) days after the L-C Expiration Date the amount of any proceeds of the L-C received by Landlord and not applied against any rent payable by Tenant under this Lease that was not paid when due or used to pay for any losses and/or damages suffered by Landlord (or reasonably estimated by Landlord that it will suffer) as a result of any breach or default by Tenant under this Lease; provided, however, that if prior to the L-C Expiration Date a voluntary petition is filed by Tenant, or an involuntary petition is filed against Tenant by any of Tenant's creditors, under the Bankruptcy Code, then Landlord shall not be obligated to make such payment in the amount of the unused L-C proceeds until either all preference issues relating to payments under this Lease have been resolved in such bankruptcy or reorganization case or such bankruptcy or reorganization case has been dismissed.

21.4 **Transfer and Encumbrance**. The L-C shall also provide that Landlord may, at any time and without notice to Tenant and without first obtaining Tenant's consent thereto, transfer (one or more times) all or any portion of its interest in and to the L-C to another party, person or entity, regardless of whether or not such transfer is from or as a part of the assignment by Landlord of its rights and interests in and to this Lease. In the event of a transfer of Landlord's interest in under this Lease, Landlord shall transfer the L-C, in whole or in part, to the transferee and thereupon Landlord shall, without any further agreement between the parties, be released by Tenant from all liability therefor, and it is agreed that the provisions hereof shall apply to every transfer or assignment of the whole of said L-C to a new landlord. In connection with any such transfer of the L-C by Landlord, Tenant shall, at Tenant's sole cost and expense, execute and submit to the Bank such applications, documents and instruments as may be necessary to effectuate such transfer and, Tenant shall be responsible for paying the Bank's transfer and processing fees in connection therewith.

21.5 **L-C Not a Security Deposit**. Landlord and Tenant (1) acknowledge and agree that in no event or circumstance shall the L-C or any renewal thereof or substitute therefor or any proceeds thereof be deemed to be or treated as a "security deposit" under any law applicable to security deposits in the commercial context (the "**Security Deposit Laws**"), (2) acknowledge and agree that the L-C (including any renewal thereof or substitute therefor or any proceeds thereof) is not intended to serve as a security deposit, and the Security Deposit Laws shall have no applicability or relevancy thereto, and (c) waive any and all rights, duties and obligations that any such party may now, or in the future will, have relating to or arising from the Security Deposit Laws. Tenant hereby irrevocably waives and relinquishes any statue, and all other provisions of law, now or hereafter in effect, which (x) establish the time frame by which a landlord must refund a security deposit under a lease, and/or (y) provide that a landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by a tenant or to clean the premises, it being agreed that Landlord may, in addition, claim those sums specified in this Article 21 and/or those sums reasonably necessary to (a) compensate Landlord for any loss or damage caused by Tenant's breach of this Lease, including any damages Landlord suffers following termination of this Lease, and/or (b) compensate Landlord for any and all damages arising out of, or incurred in connection with, the termination of this Lease.

21.6 **Non-Interference By Tenant**. Subject to the provisions of Sections 21.1 and 21.8, Tenant agrees not to interfere in any way with any payment to Landlord of the proceeds of the L-C, either prior to or following a "draw" by Landlord of all or any portion of the L-C, regardless of whether any dispute exists between Tenant and Landlord as to Landlord's right to draw down all or any portion of the L-C. No condition or term of this Lease shall be deemed to render the L-C conditional and thereby afford the Bank a justification for failing to honor a drawing upon such L-C in a timely manner.

21.7 **Waiver of Certain Relief**. Tenant unconditionally and irrevocably waives (and as an independent covenant hereunder, covenants not to assert) any right to claim or obtain any of the following relief in connection with the L-C:

21.7.1 A temporary restraining order, temporary injunction, permanent injunction, or other order that would prevent, restrain or restrict the presentment of sight drafts drawn under any L-C or the Bank's honoring or payment of sight draft(s); or

21.7.2 Any attachment, garnishment, or levy in any manner upon either the proceeds of any L-C or the obligations of the Bank (either before or after the presentment to the Bank of sight drafts drawn under such L-C) based on any theory whatever.

21.8 **Remedy for Improper Drafts**. Tenant's sole remedy in connection with the improper presentment or payment of sight drafts drawn under any L-C shall be the right to obtain from Landlord a refund of the amount of any sight draft(s) that were improperly presented or the proceeds of which were misapplied, together with interest at the Interest Rate and reasonable actual costs incurred by Tenant, including, without limitation, attorneys' fees, within ten (10) days of Tenant's demand therefor, provided that at the time of such refund, Tenant increases the amount of such L-C to the amount (if any) then required under the applicable provisions of this Lease. Tenant acknowledges that the presentment of sight drafts drawn under any L-C, or the Bank's payment of sight drafts drawn under such L-C, could not under any circumstances cause Tenant injury that could not be remedied by an award of money damages, and that the recovery of money damages would be an adequate remedy therefor. In the event Tenant shall be entitled to a refund as aforesaid and Landlord shall fail to make such payment within ten (10) business days after demand, Tenant shall have the right to deduct the amount thereof together with interest thereon at the Interest Rate from the next installment(s) of Base Rent.

21.9 **Notices to Bank**. Tenant shall not request or instruct the Bank of any L-C to refrain from paying sight draft(s) drawn under such L-C.

21.10 **Reduction in L-C Amount**. Notwithstanding the foregoing, the L-C Amount required hereunder shall reduce to the following amounts on the following dates (each such date, a "**Reduction Date**"): (i) on the expiration of the thirty-sixth (36th) full calendar month of the Lease Term, the L-C Amount shall reduce to $3,040,705.00; (ii) on the expiration of the forty-eighth (48th) full calendar month of the Lease Term, the L-C Amount shall reduce to $2,280,529.00; (iii) on the expiration of the sixtieth (60th) full calendar month of the Lease Term, the L-C Amount shall reduce to $1,520,353.00; and (iv) on the expiration of the seventy-second (72nd) full calendar month of the Lease Term, the L-C Amount shall reduce to $1,229,271.00; provided, however, that if on or prior to any Reduction Date, a Default by Tenant shall have occurred and remain uncured, the L-C Amount shall not reduce on such date and shall not thereafter reduce until the next Reduction Date if such Default has been cured; provided further that in no event shall the L-C Amount reduce below $1,229,271.00. If Tenant is entitled to any such reduction, then Landlord shall cooperate in a commercially reasonable manner with Tenant upon Tenant's

request to replace or amend the then existing L-C to reflect the reduced L-C Amount. In no event shall any such reduction of the L-C Amount be construed as an admission by Landlord that Tenant has performed all of its covenants and obligations hereunder.

ARTICLE 22

INTENTIONALLY OMITTED

ARTICLE 23

SIGNS

23.1 **Full Floors.** Subject to Landlord's prior written approval, not to be unreasonably withheld, conditioned or delayed, and provided all signs are in keeping with the quality, design and style of the Building and Project, Tenant, if the Premises comprise an entire floor of the Building, at its sole cost and expense, may install identification signage anywhere in the Premises including in the elevator lobby of the Premises.

23.2 **Multi-Tenant Floors.** If other tenants occupy space on the floor on which the Premises is located, Tenant's identifying signage shall be provided by Landlord, at Tenant's cost, and such signage shall be comparable to that used by Landlord for other similar floors in the Building and shall comply with Landlord's Building standard signage program.

23.3 **Building Directory**. Tenant shall be entitled, at no charge, to one line on the Building directory to display Tenant's name and location in the Building. The location, quality, design, style, and size of such signage shall be consistent with the Landlord's Building standard signage program. Any changes to Tenant's directory signage after the initial placement of the same shall be at Tenant's sole cost and expense.

23.4 **Prohibited Signage and Other Items.** Any signs, notices, logos, pictures, names or advertisements which are installed and that have not been separately approved by Landlord may be removed without notice by Landlord at the sole expense of Tenant. Tenant may not install any signs on the exterior or roof of the Project or the Common Areas. Any signs, window coverings, or blinds (even if the same are located behind the Landlord-approved window coverings for the Building), or other items visible from the exterior of the Premises or Building, shall be subject to the prior approval of Landlord, in its sole discretion.

23.5 **Exterior Building Signage**.

23.5.1 Subject to the terms of this Section 23.5, as a part of the Tenant Improvements in accordance with terms of the Tenant Work Letter or as Alterations in accordance with Article 8 above, Tenant shall have the right to install signage on the exterior of the Building, identifying the name and/or logo of the Original Tenant (i.e., "Recursion Pharmaceuticals") in the approximate locations shown and as depicted on **Exhibit F** attached hereto (the "**Exterior Building Signage**"). The graphics, materials, color, design, lettering, size, quality and specifications of the Exterior Building Signage shall be subject to the prior written approval of Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. The Exterior Building Signage shall also comply with and be subject to all applicable Laws, including, but not limited to, all requirements of the City of Salt Lake City ("**City**") (or other applicable governmental authorities), all applicable Declarations (as defined below), and Landlord's signage criteria; provided, however, that in no event shall the approval by the City (or other applicable governmental authorities) of the Exterior Building Signage be deemed a condition precedent to the effectiveness of this Lease, and if such approval is not obtained, Landlord's and Tenant's other obligations under this Lease shall not be affected thereby. Landlord shall, at no out-of-pocket cost to Landlord, reasonably cooperate with Tenant in obtaining applicable permits from the City in connection with the installation of the Exterior Building Signage. Following the initial construction and installation of the Exterior Building Signage, Tenant shall be entitled to modify the name and/or logo for such signage, at Tenant's sole cost and expense, to the new name and/or logo adopted by Original Tenant, provided that the new name and/or logo shall not be an Objectionable Name or Logo (defined below). "**Objectionable Name or Logo**" shall mean any name or logo which relates to an entity which is of a character or reputation, or is associated with a political orientation or faction, which is inconsistent with the quality of the Building as a first-class office building. Tenant shall, at its sole cost and expense, maintain the Exterior Building Signage in good condition and repair. The signage rights granted to Tenant under this Section 23.5 are personal to the Original Tenant and may only be exercised by the Original Tenant (and not any assignee, or any sublessee or other Transferee of the Original Tenant's interest in this Lease). Notwithstanding anything to the contrary contained in this Section 23.5, in no event shall Tenant have any right to the Exterior Building Signage if the Original Tenant is not leasing and occupying at least 49,586 rentable square feet in the Building (the "**Occupancy Threshold**").

23.5.2 Upon the expiration or earlier termination of this Lease or Tenant's right to possession of the Premises, or the earlier termination of Tenant's right to the Exterior Building Signage by reason of Tenant's failure to meet the requirements applicable thereto pursuant to this Section 23.5, or by Landlord's written notice to Tenant by reason of Tenant's failure to meet the Occupancy Threshold, Tenant shall remove the Exterior Building Signage, at Tenant's sole cost and expense and repair and restore to good condition the areas of the Building on which the Exterior Building Signage was located or that was otherwise affected by such signage or the removal thereof, or at Landlord's election with prior written notice thereof to Tenant, Landlord may perform any such removal and/or repair and restoration and Tenant shall pay Landlord the reasonable cost thereof within thirty (30) days after Landlord's demand from time to time.

ARTICLE 24

COMPLIANCE WITH LAW

Tenant shall not do anything or suffer anything to be done in or about the Premises or the Project which will in any way conflict with any applicable **Laws**. At its sole cost and expense, Tenant shall promptly comply with all such Laws, including, without limitation, the making of any alterations and improvements to the Premises. Notwithstanding the foregoing to the contrary, Landlord shall be responsible, as part of Operating Expenses to the extent permitted under Article 4 above, for making all alterations to the following portions of the Building and Project required by applicable Laws: (i) structural portions of the Premises and Building, but not including Tenant Improvements or any Alterations installed by or at the request of Tenant; and (ii) those portions of the Building and Project located outside the Premises; provided, however, Tenant shall reimburse Landlord (or Landlord's property manager), within thirty (30) days after invoice, for the reasonable, out-of-pocket costs of any such improvements and alterations and other compliance costs to the extent necessitated by or resulting from (A) any Alterations or Tenant Improvements installed by or on behalf of Tenant, (B) the negligence or willful misconduct of Tenant or any Tenant Parties that is not covered by insurance obtained by Landlord and as to which the waiver of subrogation applies, and/or (C) Tenant's specific manner of use of the Premises (as distinguished from general office use).

ARTICLE 25

LATE CHARGES

If any installment of Rent or any other sum due from Tenant shall not be received by Landlord or Landlord's designee within ten (10) days after said amount is due, then Tenant shall pay to Landlord a late charge equal to five percent (5%) of the overdue amount plus any attorneys' fees incurred by Landlord by reason of Tenant's failure to pay Rent and/or other charges when due hereunder. The late charge shall be deemed Additional Rent and the right to require it shall be in addition to all of Landlord's other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner. In addition to the late charge described above, any Rent or other amounts owing hereunder which are not paid within thirty days after that the date they are due shall bear interest from the date when due until paid at a rate per annum equal to the lesser of (i) the annual "**Bank Prime Loan**" rate cited in the Federal Reserve Statistical Release Publication G.13(415), published on the first Tuesday of each calendar month (or such other comparable index as Landlord and Tenant shall reasonably agree upon if such rate ceases to be published) plus four (4) percentage points, and (ii) the highest rate permitted by applicable law (the "**Interest Rate**").

ARTICLE 26

RIGHT TO CURE DEFAULT; PAYMENTS BY TENANT

26.1 **Landlord's Cure.** All covenants and agreements to be kept or performed by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any reduction of Rent, except to the extent, if any, otherwise expressly provided herein. If Tenant shall fail to perform any obligation under this Lease, and, except in case of an emergency, such failure shall continue in excess of the time allowed under Section 19.1.2, above, unless a specific time period is otherwise stated in this Lease, Landlord may, but shall not be obligated to, make any such payment or perform any such act on Tenant's part without waiving its rights based upon any default of Tenant and without releasing Tenant from any obligations hereunder.

26.2 **Tenant's Cure.** In the event of any default under this Lease by Landlord as described in Section 19.6 above (for failure to maintain or repair the Building) and such failure materially adversely affects use of or operation of business from the Premises, Tenant shall have the right upon ten (10) days' prior written notice to Landlord (with a reasonably detailed description of the cure to be undertaken by Tenant by reason of any such default) to cure the default at Landlord's expense. If, however, Landlord delivers to Tenant, within five (5) days after receipt of Tenant's notice described in the preceding notice, a written objection to the necessity or scope of Tenant's intended actions, setting forth with reasonable particularity Landlord's reasons for its claim that such actions do not need to be taken by Landlord pursuant to this Lease, then Tenant shall not then be entitled to proceed hereunder until such matter is resolved by agreement, mediation, or a court of competent jurisdiction. Notwithstanding the foregoing, any repairs and/or maintenance performed by Tenant pursuant to this Section 26.2 shall be subject to the following: (i) Tenant shall not unreasonably disturb any other tenant of the Project, (ii) affect the safety or structural integrity of the Building, (iii) make any alterations, modifications, or improvements or cause any damage to any part of the Project outside the Premises, or (iv) if Tenant is not the sole tenant of the Building, affect any portion of the Base Building. If Tenant takes any such action, Tenant may use any contractors, subcontractors, materials, mechanics and materialmen Tenant previously used to complete the Tenant Improvements (so long as the same does not void any warranty with respect to the roof of the Building) or such other contractors, subcontractors, materials, mechanics and materialmen selected by Tenant from a list previously provided and approved by Landlord. If such contractors are unwilling or unable to perform, or timely perform such work, Tenant may utilize the services of any other qualified contractor which normally and regularly performs similar work in comparable buildings in Salt Lake City, Utah. In such event, to the extent that Tenant pays any sum or incurs any expense in curing the default, Tenant shall provide Landlord with a written statement along with copies of all documentation supporting such costs and the actions taken by Tenant. Within thirty (30) days after receipt of the statement from Tenant, Landlord shall reimburse Tenant for the amount of such payment or expense. If Landlord fails to pay such amount due to Tenant by the due date, interest at the Interest Rate shall accrue on the past due amount from the due date until the date the amount is paid. Nothing herein contained shall relieve Landlord from its obligations hereunder, nor shall this subsection be construed to obligate Tenant to perform Landlord's repair obligations.

26.3 **Tenant's Reimbursement.** Except as may be specifically provided to the contrary in this Lease, Tenant shall pay to Landlord (or Landlord's property manager), upon delivery by Landlord to Tenant of statements therefor: (i) sums equal to expenditures reasonably made and obligations incurred by Landlord in connection with the remedying by Landlord of Tenant's defaults pursuant to the provisions of Section 26.1; (ii) sums equal to all losses, costs, liabilities, damages and expenses referred to in Article 10 of this Lease; and (iii) sums equal to all expenditures made and obligations incurred by Landlord in collecting or attempting to collect the Rent or in enforcing or attempting to enforce any rights of Landlord under this Lease or pursuant to law, including, without limitation, all legal fees and other amounts so expended. Tenant's obligations under this Section 26.2 shall survive the expiration or sooner termination of the Lease Term.

ARTICLE 27

ENTRY BY LANDLORD

Landlord (or Landlord's property manager) reserves the right at all commercially reasonable times and upon providing one (1) business days' advance notice to Tenant (except in the case of an emergency) to enter the Premises to (i) inspect them; (ii) show the Premises to prospective purchasers, mortgagees or tenants, or to current or prospective mortgagees, ground or underlying lessors or insurers; (iii) post notices of nonresponsibility; or (iv) alter, improve or repair the Premises or the Building, or for structural alterations, repairs or improvements to the Building or the Building's systems and equipment. Notwithstanding anything to the contrary contained in this Article 27, Landlord (or Landlord's property manager) may enter the Premises at any time to (A) perform services required of Landlord, including janitorial service; (B) take possession due to any breach of this Lease in the manner provided herein; and (C) perform any covenants of Tenant which Tenant fails to perform. Landlord shall at all times when entering the Premises comply with Tenant's reasonable safety rules and regulations and laboratory protocols of which Landlord has knowledge of, and, at Tenant's option, shall be accompanied or escorted by Tenant's representative at all times when entering the Premises, so long as such representative is made available when Landlord or its agents need to enter the Premises. Subject to the provisions of this Section, Landlord (or Landlord's property manager) may make any such entries without the abatement of Rent and may take such reasonable steps as required to accomplish the stated purposes. Tenant hereby waives any claims for damages or for any injuries or inconvenience to or interference with Tenant's business, lost profits, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned thereby. For each of the above purposes, Landlord shall at all times have a key with which to unlock all the doors in the Premises, excluding Tenant's laboratories, vaults, safes and special security areas designated in advance by Tenant. In an emergency, Landlord shall have the right to use any means that Landlord may deem proper to open the doors in and to the Premises. Any entry into the Premises by Landlord in the manner hereinbefore described shall not be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an actual or constructive eviction of Tenant from any portion of the Premises. No provision of this Lease shall be construed as obligating Landlord to perform any repairs, alterations or decorations except as otherwise expressly agreed to be performed by Landlord herein.

ARTICLE 28

TENANT PARKING

28.1 **Tenant Parking Passes**. Tenant shall rent from Landlord, commencing on the Lease Commencement Date, up to the number of parking passes set forth in Section 8 of the Summary, on a monthly basis throughout the Lease Term, which parking passes shall pertain to the those certain portions of the Project parking facility designated by Landlord and shall entitle Tenant and/or its personnel to park one (1) vehicle in one (1) parking space per pass rented. Any such passes for reserved parking spaces shall be at locations in the Project which are described in **Exhibit I** attached hereto (the "**Reserved Parking Area**"). Any such passes for unreserved parking spaces shall be on a first-come, first-serve basis. Tenant's continued right to use the parking passes is conditioned upon Tenant abiding by all reasonable rules and regulations which are prescribed from time to time for the orderly operation and use of the parking facility where the parking passes are located, including any sticker or other identification system established by Landlord (so long as Tenant is provided with at least thirty (30) days' advance written notice of any such rules and regulations so prescribed and such rules and regulations do not materially interfere with Tenant's use of or access to the Premises or its rights under this Lease), Tenant's reasonable cooperation in seeing that Tenant's employees and visitors also comply with such rules and regulations. In addition, Tenant shall comply with all applicable Laws. Accordingly, Tenant hereby agrees that Tenant shall not charge its employees for the parking passes utilized by such employees at the Project (notwithstanding any charge which may be imposed upon Tenant for such parking passes pursuant to the terms of this Lease). Landlord shall not reduce or relocate the Reserved Parking Area without Tenant's advance written consent, which may be granted or withheld in Tenant's sole discretion.

At any time during the Term, Tenant may request additional parking passes for additional reserved parking spaces above the maximum number set forth in Section 8 of the Summary, which Landlord shall provide within thirty (30) days of receipt of Tenant's request, subject to availability of such additional parking. Tenant shall pay Landlord on a monthly basis the prevailing rate charged from time to time for each month of the Lease Term for each such additional parking pass provided to Tenant pursuant to the provisions hereof.

Prior to the expiration of the twenty-fourth (24th) full calendar month of the Lease Term, Tenant shall provide Landlord with at least thirty (30) days prior written notice if Tenant needs additional parking passes (up to the maximum number set forth in Section 8 of the Summary). Notwithstanding anything contained herein to the contrary, commencing on the first day of the twenty-fifth (25th) full calendar month of the Lease Term and continuing thereafter during the Lease Term, Tenant shall be required to take all two hundred eighty-eight (288)

parking passes. Once Tenant has elected to take (or been required to take) any parking passes pursuant to this Article 28, Tenant shall not be permitted to release such parking passes back to Landlord during the Lease Term.

28.2 **Other Terms**. Landlord specifically reserves the right to change the size, configuration, design, layout and all other aspects of the Project parking facility at any time and Tenant acknowledges and agrees that Landlord may, without incurring any liability to Tenant and without any abatement of Rent under this Lease, from time to time, temporarily close-off or restrict access to the Project parking facility (for a period of time not to exceed sixty (60) days) for purposes of permitting or facilitating any such construction, alteration or improvements; provided that if any such alterations or additions will have a material adverse effect on Tenant's use of or access to the Premises, Landlord shall provide Tenant with at least seven (7) days prior written notice of the same (except in the event of an emergency, in which case prior written notice is not required, but Landlord shall use commercially reasonable efforts to notify Tenant as promptly as possible under the circumstances) and in no event shall any such changes reduce or relocate the Reserved Parking Area or otherwise reduce the number of unreserved parking spaces available to Tenant within the parking garage located below the Building. Tenant agrees that Landlord shall not be liable for damages, by abatement of Rent or otherwise, for failure to provide any parking, including any failure to provide reserved parking spaces, when such failure is occasioned, in whole or in part, by construction, alteration, improvements, repairs or replacements (subject to the provisions of this Section 28.2), by any strike, lockout or other labor trouble, by inability to resolve any dispute with any other party to the Declarations after reasonable effort to do so, by any riot or other dangerous condition, emergency, accident or casualty whatsoever, by act or default of Tenant or other parties, or by any other cause (except to the extent due to Landlord's gross negligence or willful misconduct); and, subject to the provisions of this Section, such failures shall never be deemed to constitute an eviction or disturbance of Tenant's use and possession of the Premises or relieve Tenant from paying Rent or performing any of its obligations under this Lease. Furthermore, Landlord shall not be liable under any circumstances for a loss of, or injury to, property or for injury to, or interference with, Tenant's business, including, without limitation, loss of profits, however occurring, through or in connection with or incidental to a failure to furnish any parking as set forth in this Article 28 (except to the extent due to Landlord's gross negligence or willful misconduct). The parking passes rented by Tenant pursuant to this Article 28 are provided to Tenant solely for use by Tenant's own personnel, visitors and guests and such passes may not be transferred, assigned, subleased or otherwise alienated by Tenant without Landlord's prior approval. Tenant may validate visitor parking by such method or methods as may be established from time to time, at the validation rate from time to time generally applicable to visitor parking.

28.3 **Parking Procedures**. Except with respect to those parking passes which apply to the Reserved Parking Area, the parking passes initially will not be separately identified but will apply to the parking garage located beneath the Building; however Landlord reserves the right in its sole and absolute discretion to separately identify by signs or other markings the area to which Tenant's parking passes relate within such parking garage. Landlord shall have no obligation to monitor the use of such parking facility, nor shall Landlord be responsible for any loss or damage to any vehicle or other property or for any injury to any person. Tenant's parking passes shall be used only for parking of automobiles no larger than full size passenger automobiles, sport utility vehicles, vans or pick-up trucks in connection with Tenant's business operations at the Premises at any time during the hours that Tenant and/or its personnel, visitors or guests are conducting business operations from the Premises, which may include overnight parking and parking on evenings and weekends consistent with Tenant's business operations, subject to Tenant's and/or its personnel's compliance with Landlord's rules related to such overnight parking. Tenant shall comply with all reasonable rules and regulations which may be prescribed from time to time with respect to parking and/or the parking facilities servicing the Project so long as Tenant receives written notice of such rules and regulations and such rules and regulations are not inconsistent with Tenant's rights under this Lease. Tenant shall not at any time use more parking spaces in the Project parking facility than the number of parking passes so allocated to Tenant or park its vehicles or the vehicles of others in any portion of the Project parking facility not designated by Landlord as a non-exclusive parking area. If any unauthorized vehicle uses any parking passes allocated to the Reserved Parking Area, Landlord shall, upon notice from Tenant, use commercially reasonable efforts to cause the removal of the same in accordance with Landlord's rules and regulations with respect to parking. If any person or entity has the exclusive right to use any particular parking space(s) and such parking spaces are so designated by signage or other markings indicating the same, Tenant shall not use such spaces. All trucks (other than pick-up trucks) and delivery vehicles shall be (i) parked at the designated areas of the surface parking lot (which designated areas are subject to change by Landlord at any time), (ii) loaded and unloaded in a manner which does not interfere with the businesses of other occupants of the Project, and (iii) permitted to remain on the Project only so long as is reasonably necessary to complete loading and unloading. In the event Landlord elects in its sole and absolute discretion or is required by any Law or by the Declarations to limit or control parking, whether by validation of parking tickets or any other method of assessment, Tenant agrees to participate in such validation or assessment program under such reasonable rules and regulations as are from time to time established by Landlord so long as Tenant is provided with at least thirty (30) days' advance written notice of any such changes and such changes do not materially interfere with Tenant's use of or access to the Premises or its rights under this Lease.

28.4 **Parking Fees**. Of the parking passes provided to Tenant pursuant to Section 8 of the Summary, the parking fees for one hundred forty-four (144) of such parking passes shall be abated during the initial Lease Term, but excluding any renewal term. With respect to the remaining one hundred forty-four (144) parking passes provided to Tenant pursuant to Section 8 of the Summary, the parking charges for such passes shall be as follows: (i) during the period commencing on the Lease Commencement Date and ending on the expiration of the twenty-fourth (24th) full calendar month of the Lease Term, Tenant shall pay to Landlord on a monthly basis the prevailing rate charged from time to time at the location of such parking passes; (ii) during the period commencing on the first day of the twenty-fifth (25th) full calendar month of the Lease Term and ending on the expiration of the eighty-fourth (84th) full calendar month of the Lease Term, the parking fees for parking passes shall be abated; and (iii) commencing on the first day of the eighty-fifth (85th) full calendar month of the Lease Term and continuing thereafter (including during any Option Term), Tenant shall pay to Landlord on a monthly basis the prevailing rate charged from time to time at the location of such parking passes; provided that (A) during the first two (2) years of

the Lease Term, in no event may parking rates increase by more than five percent (5%) over the parking rates charged during the preceding year, and (B) after the first two (2) years of the Lease Term, the prevailing parking rates charged to Tenant shall not be higher than the prevailing parking rates charged by Landlord to other tenants of the Project. As of the date hereof, the prevailing parking rate at the Project is $85.00 per parking pass per month. In addition, Tenant shall be responsible for the full amount of any taxes imposed by any governmental authority in connection with the renting of such parking passes by Tenant or the use of the parking facility by Tenant. The amount of parking fees that is abated pursuant to this paragraph is referred to as the "**Reduced Parking Amount**".

Notwithstanding anything to the contrary contained above in Section 28.4, Landlord reserves the right, in its sole and absolute discretion, to elect to pay Tenant the entire Reduced Parking Amount or any such remaining Reduced Parking Amount, as applicable, in cash prior to the scheduled application of the same. If Landlord elects to pay Tenant the Reduced Parking Amount, or any portion thereof, then with respect to those portions of the Reduced Parking Amount that Landlord has so paid, from and after the date thereof, Tenant shall pay to Landlord on a monthly basis the prevailing rate charged from time to time at the location of such parking passes.

ARTICLE 29

MISCELLANEOUS PROVISIONS

29.1 **Terms; Captions.** The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. The necessary grammatical changes required to make the provisions hereof apply either to corporations or partnerships or individuals, men or women, as the case may require, shall in all cases be assumed as though in each case fully expressed. The captions of Articles and Sections are for convenience only and shall not be deemed to limit, construe, affect or alter the meaning of such Articles and Sections.

29.2 **Binding Effect.** Subject to all other provisions of this Lease, each of the covenants, conditions and provisions of this Lease shall extend to and shall, as the case may require, bind or inure to the benefit not only of Landlord and of Tenant, but also of their respective heirs, personal representatives, successors or assigns, provided this clause shall not permit any assignment by Tenant contrary to the provisions of Article 14 of this Lease.

29.3 **No Air Rights.** No rights to any view or to light or air over any property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease. If at any time any windows of the Premises are temporarily darkened or the light or view therefrom is obstructed by reason of any repairs, improvements, maintenance or cleaning in or about the Project, the same shall be without liability to Landlord and without any reduction or diminution of Tenant's obligations under this Lease.

29.4 **Modification of Lease.** Should any current or prospective mortgagee or ground lessor for the Building or Project require a modification of this Lease, which modification will not cause an increased cost or expense to Tenant or in any other way materially and adversely change the rights and obligations of Tenant hereunder, then and in such event, Tenant agrees that this Lease may be so modified and agrees to execute such commercially reasonable documents are reasonably required therefor, subject to Tenant's review and approval of the same, and to deliver the same to Landlord within thirty (30) days following a request therefor. At the request of Landlord or any mortgagee or ground lessor, Tenant agrees to execute a short form of Lease and deliver the same to Landlord within thirty (30) days following the request therefor.

29.5 **Transfer of Landlord's Interest.** Tenant acknowledges that Landlord has the right to transfer all or any portion of its interest in the Project or Building and in this Lease, and Tenant agrees that in the event of any such transfer, Landlord shall be released from all liability under this Lease as long as such transferee assumes in writing the obligations of Landlord hereunder and Tenant agrees to look solely to such transferee for the performance of Landlord's obligations hereunder after the date of transfer and such transferee shall be deemed to have fully assumed and be liable for all obligations of this Lease to be performed by Landlord from and after such date, including the return of any Security Deposit, and Tenant shall attorn to such transferee. Tenant further acknowledges that Landlord may assign its interest in this Lease to a mortgage lender as additional security and agrees that such an assignment shall not release Landlord from its obligations hereunder and that Tenant shall continue to look to Landlord for the performance of its obligations hereunder.

29.6 **Prohibition Against Recording.** Except as provided in Section 29.4 of this Lease, neither this Lease, nor any memorandum, affidavit or other writing with respect thereto, shall be recorded by Tenant or by anyone acting through, under or on behalf of Tenant.

29.7 **Landlord's Title.** Landlord's title is and always shall be paramount to the title of Tenant. Nothing herein contained shall empower Tenant to do any act which can, shall or may encumber the title of Landlord.

29.8 **Relationship of Parties.** Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venturer or any association between Landlord and Tenant.

29.9 **Application of Payments.** Landlord shall have the right to apply payments received from Tenant pursuant to this Lease, regardless of Tenant's designation of such payments, to satisfy any obligations of Tenant hereunder, in such order and amounts as Landlord, in its sole discretion, may elect.

29.10 **Time of Essence.** Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

29.11 **Partial Invalidity**. If any term, provision or condition contained in this Lease shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other term, provision and condition of this Lease shall be valid and enforceable to the fullest extent possible permitted by law.

29.12 **No Warranty**. In executing and delivering this Lease, Tenant has not relied on any representations, including, but not limited to, any representation as to the amount of any item comprising Additional Rent or the amount of the Additional Rent in the aggregate or that Landlord is furnishing the same services to other tenants, at all, on the same level or on the same basis, or any warranty or any statement of Landlord which is not set forth herein or in one or more of the exhibits attached hereto.

29.13 **Limitations on Liability**. The liability of Landlord or the Landlord Parties to Tenant for any default by Landlord under this Lease or arising in connection herewith or with Landlord's operation, management, leasing, repair, renovation, alteration or any other matter relating to the Project or the Premises shall be limited solely and exclusively to the interest of Landlord in the Building, provided that in no event shall such liability extend to any sales or insurance proceeds received by Landlord or the Landlord Parties in connection with the Project, Building or Premises. In the case of Landlord and Tenant, no personal liability shall at any time be asserted or enforceable against the Landlord Parties or the Tenant Parties, respectively, on account of any of Landlord's or Tenant's respective obligations or actions under this Lease, unless otherwise agreed to in writing by such party. The limitations of liability contained in this Section 29.13 shall inure to the benefit of Landlord's and the Landlord Parties' present and future partners, beneficiaries, officers, directors, trustees, shareholders, members, agents and employees, and their respective partners, heirs, successors and assigns and Tenant's and the Tenant Parties' present and future partners, beneficiaries, officers, directors, trustees, shareholders, members, agents and employees, and their respective partners, heirs, successors and assigns. Under no circumstances shall any present or future partner of either party (if such party is a partnership), member of either party (if such party is a limited liability company), or trustee or beneficiary (if such partner or any partner of such party is a trust), have any liability for the performance of such party's obligations under this Lease. Notwithstanding any contrary provision herein, neither Landlord nor the Landlord Parties shall be liable under any circumstances for injury or damage to, or interference with, Tenant's business, including but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring.

29.14 **Entire Agreement**. It is understood and acknowledged that there are no oral agreements between the parties hereto affecting this Lease and this Lease constitutes the parties' entire agreement with respect to the leasing of the Premises and supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease. None of the terms, covenants, conditions or provisions of this Lease can be modified, deleted or added to except in writing signed by the parties hereto.

29.15 **Right to Lease**. Landlord reserves the absolute right to effect such other tenancies in the Project as Landlord in the exercise of its sole business judgment shall determine to best promote the interests of the Building or Project. Tenant does not rely on the fact, nor does Landlord represent, that any specific tenant or type or number of tenants shall, during the Lease Term, occupy any space in the Building or Project.

29.16 **Force Majeure**. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, acts of war, acts of terrorism, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, civil commotions, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform, except with respect to the obligations imposed with regard to Rent and other charges to be paid by Tenant pursuant to this Lease and except as to Tenant's obligations under Articles 5 and 24 of this Lease (collectively, a "**Force Majeure**"), notwithstanding anything to the contrary contained in this Lease, shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party's performance caused by a Force Majeure.

29.17 **Waiver of Redemption by Tenant**. Tenant hereby waives, for Tenant and for all those claiming under Tenant, any and all rights now or hereafter existing to redeem by order or judgment of any court or by any legal process or writ, Tenant's right of occupancy of the Premises after any termination of this Lease.

29.18 **Notices**. All notices, demands, statements, designations, approvals or other communications (collectively, "**Notices**") given or required to be given by either party to the other hereunder or by law shall be in writing, shall be (A) sent by United States certified or registered mail, postage prepaid, return receipt requested ("**Mail**"), (B) transmitted by confirmed electronic mail (except for (i) any notice of default, (ii) any notice required under Section 2.3, (iii) any notice required under Section 2.4, (iv) any notice required under Section 4.6, (v) any notice required under Section 6.3, (vi) any notice required under Article 11, (vii) any notice required under Article 14, (viii) any notice required under Article 19, or (ix) any notice required under Section 26.2), (C) delivered by a nationally recognized overnight courier, or (D) delivered personally. Any Notice shall be sent, transmitted, or delivered, as the case may be, to Tenant at the appropriate address set forth in Section 9 of the Summary, or to such other place as Tenant may from time to time designate in a Notice to Landlord, or to Landlord at the addresses set forth in Section 10 of the Summary, or to such other places as Landlord may from time to time designate in a Notice to Tenant. Any Notice will be deemed given (i) three (3) days after the date it is posted if sent by Mail, (ii) the date the electronic mail is transmitted, (iii) the date the overnight courier delivery is made, or (iv) the date personal delivery is made or attempted to be made. If Tenant is notified of the identity and address of Landlord's mortgagee or ground or underlying lessor, Tenant shall give to such mortgagee or ground or underlying lessor written notice of any default by Landlord under the terms of this Lease by registered or certified mail, and such mortgagee or ground

or underlying lessor shall be given a reasonable opportunity to cure such default (not to exceed thirty (30) days beyond any applicable cure period) prior to Tenant's exercising any remedy available to Tenant.

29.19 **Joint and Several.** If there is more than one Tenant, the obligations imposed upon Tenant under this Lease shall be joint and several.

29.20 **Authority; Tenant Representation.** If Tenant is a corporation, trust, partnership or limited liability company, each individual executing this Lease on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in the State of Utah and that Tenant has full right and authority to execute and deliver this Lease and that each person signing on behalf of Tenant is authorized to do so. In such event, Tenant shall, within ten (10) days after execution of this Lease, deliver to Landlord satisfactory evidence of such authority and, upon demand by Landlord, also deliver to Landlord satisfactory evidence of (i) good standing in Tenant's state of formation and (ii) qualification to do business in the State of Utah. Tenant hereby represents to Landlord that neither Tenant nor any members, partners, subpartners, parent organization, affiliate or subsidiary, or their respective officers, directors, contractors, agents, servants, employees, invitees or licensees (collectively, "**Tenant Individuals**"), to Tenant's current actual knowledge, appears on any of the following lists (collectively, "**Government Lists**") maintained by the United States government:

29.20.1 The two (2) lists maintained by the United States Department of Commerce (Denied Persons and Entities; the Denied Persons list can be found at http://www.bis.doc.gov/dpl/thedeniallist.asp; the Entity List can be found at http://www.bis.doc.gov/entities/default.htm);

29.20.2 The list maintained by the United States Department of Treasury (Specially Designated Nationals and Blocked Persons, which can be found at http://www.ustreas.gov/ofac/t11sdn.pdf);

29.20.3 The two (2) lists maintained by the United States Department of State (Terrorist Organizations and Debarred Parties; the State Department List of Terrorists can be found at http://www.state.gov/s/ct/rls/other/des/123085.html; the List of Debarred Parties can be found at http://www.pmddtc.state.gov/compliance/debar.html); and

29.20.4 Any other list of terrorists, terrorist, organizations or narcotics traffickers maintained pursuant to any of the rules and regulations of the Office of Foreign Assets Control, United States Department of Treasury, or by any other government or agency thereof.

29.20.5 Should any Tenant Individuals appear on any Government Lists at any time during the Lease Term, Landlord shall be entitled to terminate this Lease by written notice to Tenant effective as of the date specified in such notice.

29.21 **Attorneys' Fees.** In the event that either Landlord or Tenant should bring suit for the possession of the Premises, for the recovery of any sum due under this Lease, or because of the breach of any provision of this Lease or for any other relief against the other, then all costs and expenses, including reasonable attorneys', experts' and arbitrators' fees and costs, incurred by the substantially prevailing party therein shall be paid by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or not the action is prosecuted to judgment.

29.22 **Governing Law; WAIVER OF TRIAL BY JURY.** This Lease shall be construed and enforced in accordance with the laws of the State of Utah. IN ANY ACTION OR PROCEEDING ARISING HEREFROM, LANDLORD AND TENANT HEREBY CONSENT TO (I) THE JURISDICTION OF ANY COMPETENT COURT WITHIN SALT LAKE COUNTY, UTAH, (II) SERVICE OF PROCESS BY ANY MEANS AUTHORIZED BY UTAH LAW, AND (III) IN THE INTEREST OF SAVING TIME AND EXPENSE, TRIAL WITHOUT A JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER OR THEIR SUCCESSORS IN RESPECT OF ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM FOR INJURY OR DAMAGE, OR ANY EMERGENCY OR STATUTORY REMEDY. IN THE EVENT LANDLORD COMMENCES ANY SUMMARY PROCEEDINGS OR ACTION FOR NONPAYMENT OF BASE RENT OR ADDITIONAL RENT, TENANT SHALL NOT INTERPOSE ANY COUNTERCLAIM OF ANY NATURE OR DESCRIPTION (UNLESS SUCH COUNTERCLAIM SHALL BE MANDATORY) IN ANY SUCH PROCEEDING OR ACTION, BUT SHALL BE RELEGATED TO AN INDEPENDENT ACTION AT LAW.

29.23 **Submission of Lease.** Submission of this instrument for examination or signature by Tenant does not constitute a reservation of, option for or option to lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

29.24 **Brokers.** Landlord and Tenant each hereby represents and warrants to the other that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the real estate brokers or agents specified in Section 11 of the Summary (the "**Brokers**"), and that it knows of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing in connection with this Lease on account of any dealings with any real estate broker or agent, other than the Brokers, occurring by, through, or under the indemnifying party.

29.25 **Independent Covenants.** This Lease shall be construed as though the covenants herein between Landlord and Tenant are independent and not dependent and Tenant hereby expressly waives the benefit of any statute to the contrary and agrees that if Landlord fails to perform its obligations set forth herein, Tenant shall not be entitled to make any repairs or perform any acts hereunder at Landlord's expense or to any setoff of the Rent or other amounts owing hereunder against Landlord.

29.26 **Project or Building Name and Signage.** Landlord shall have the right at any time to change the name of the Project and to install, affix and maintain any and all signs on the exterior and on the interior of the Project as Landlord may, in Landlord's sole discretion, desire. Tenant shall not use the name of the Project or use pictures or illustrations of the Project in advertising or other publicity or for any purpose other than as the address of the business to be conducted by Tenant in the Premises, without the prior written consent of Landlord, which shall not be unreasonably withheld, conditioned, or delayed.

29.27 **Counterparts.** This Lease may be executed in counterparts with the same effect as if both parties hereto had executed the same document. Both counterparts shall be construed together and shall constitute a single lease.

29.28 **Confidentiality.** Tenant and Landlord acknowledges that the content of this Lease and any related documents, and any documents delivered to the other party in connection with this Lease so identified by such party as confidential, are confidential information. Each party shall keep such confidential information strictly confidential and shall not disclose such confidential information of the other party to any person or entity other than such party's financial, legal, and space planning consultants without the prior written consent of the other party.

29.29 **Transportation Management**. Tenant shall fully comply with all present or future government-mandated programs intended to manage parking, transportation or traffic in and around the Building, and in connection therewith, Tenant shall take responsible action for the transportation planning and management of all employees located at the Premises by working directly with Landlord, any governmental transportation management organization or any other transportation-related committees or entities.

29.30 **No Violation.** Tenant and Landlord each hereby warrants and represents that neither its execution of nor performance under this Lease shall cause such party to be in violation of any agreement, instrument, contract, law, rule or regulation by which such party is bound, and each party shall protect, defend, indemnify and hold the other party harmless against any claims, demands, losses, damages, liabilities, costs and expenses, including, without limitation, reasonable attorneys' fees and costs, arising from such party's breach of this warranty and representation.

29.31 **Communications and Computer Lines.** Tenant may at any time install, maintain, replace, remove or use any communications fiber optics and/or computer wires and cables (collectively, the "**Lines**") at, under or through the Project in or serving the Premises, provided that (i) Tenant shall obtain Landlord's prior written consent, use an experienced and qualified contractor approved in writing by Landlord, and comply with all of the other provisions of Articles 7 and 8 of this Lease, (ii) an acceptable number of spare Lines and space for additional Lines shall be maintained for existing and future occupants of the Project, as determined in Landlord's reasonable opinion, (iii) the Lines therefor (including riser cables) shall be appropriately insulated to prevent excessive electromagnetic fields or radiation, and shall be surrounded by a protective conduit(iv) any new or existing Lines servicing the Premises shall comply with all applicable Laws, (v) as a condition to permitting the installation of new Lines, Landlord may require that Tenant remove existing Lines located in or serving the Premises and repair any damage in connection with such removal, and (vi) Tenant shall pay all costs in connection therewith, including any fees charged by Landlord for Tenant's use of the Building's telecommunications capacity in excess of Tenant's pro rata share thereof. Landlord reserves the right to require that Tenant remove any Lines located in or serving the Premises which are installed in violation of these provisions, or which are at any time in violation of any applicable Laws or represent a dangerous or potentially dangerous condition.

29.32 **Office and Communications Services**.

29.32.1 **The Provider**. Landlord has advised Tenant that certain office and communications services may be offered to tenants of the Building by a concessionaire under contract to Landlord ("**Provider**"). Tenant may contract with Provider for the provision of any or all of such services on such terms and conditions as Tenant and Provider may agree. Nothing herein shall be construed as requiring Tenant to contract with Provider and Tenant may and reserves the right to contract directly with any such other provider of such services at Tenant's sole discretion. If any such provider requires the installation of equipment on, in or near the Building in connection with the delivery of services to Tenant, Tenant shall obtain Landlord's prior written approval, not to be unreasonably withheld, conditioned or delayed, prior to such installation.

29.32.2 **Other Terms**. Tenant acknowledges and agrees that: (i) Landlord has made no warranty or representation to Tenant with respect to the availability of any such services, or the quality, reliability or suitability thereof; (ii) the Provider is not acting as the agent or representative of Landlord in the provision of such services, and Landlord shall have no liability or responsibility for any failure or inadequacy of such services, or any equipment or facilities used in the furnishing thereof, or any act or omission of Provider, or its agents, employees, representatives, officers or contractors; (iii) Landlord shall have no responsibility or liability for the installation, alteration, repair, maintenance, furnishing, operation, adjustment or removal of any such services, equipment or facilities; and (iv) any contract or other agreement between Tenant and Provider shall be independent of this Lease, the obligations of Tenant hereunder, and the rights of Landlord hereunder, and, without limiting the foregoing, no default or failure of Provider with respect to any such services, equipment or facilities, or under any contract or agreement relating thereto, shall have any effect on this Lease or give to Tenant any offset or defense to the full and

timely performance of its obligations hereunder, or entitle Tenant to any abatement of rent or additional rent or any other payment required to be made by Tenant hereunder, or constitute any accrual or constructive eviction of Tenant, or otherwise give rise to any other claim of any nature against Landlord.

29.33 **Declarations**. This Lease and the terms hereof shall be subject in all respects to the provisions of the Declarations (as defined in **Exhibit G** attached hereto). Tenant shall comply with all of the terms and conditions of the Declaration of Condominium (as defined below) and the Bylaws of the Block B Condominium Association. Tenant shall not allow or commit any nuisance, waste, unlawful or illegal act upon the Project. Landlord and Tenant acknowledge that (i) the Association (as defined in the Declaration of Condominium) is an intended third party beneficiary of this Lease, (ii) the Association shall have the right to enforce compliance with the Declaration of Condominium and the Bylaws of the Block B Condominium Association and to abate any nuisance, waste, unlawful or illegal activity upon the Premises, and (iii) the Association shall be entitled to exercise all of Landlord's rights and remedies under this Lease to effect the foregoing. As used herein, the "**Declaration of Condominium**" means that certain Declaration of Condominium, Gateway Block B Condominium Project, recorded 2/26/2001 as Entry No. 7828971 in Book 8427 at Page 4752 in the official records of Salt Lake County, as amended.

29.34 **Building Renovations**. It is specifically understood and agreed that Landlord has made no representation or warranty to Tenant and has no obligation and has made no promises to alter, remodel, improve, renovate, repair or decorate the Premises, Building, or any part thereof and that no representations respecting the condition of the Premises or the Building have been made by Landlord to Tenant except as specifically set forth herein or in the Tenant Work Letter. However, Tenant hereby acknowledges that Landlord may during the Lease Term renovate, improve, alter, or modify (collectively, the "**Renovations**") the Project, the Building and/or the Premises including, without limitation, the parking structure, Common Areas, systems and equipment, roof, and structural portions of the same, which Renovations may include, without limitation, (i) installing sprinklers in the Building Common Areas and tenant spaces, (ii) modifying the Common Areas and tenant spaces to comply with applicable Laws, including regulations relating to the physically disabled, seismic conditions, and building safety and security, and (iii) installing new floor covering, lighting, and wall coverings in the Building Common Areas, and in connection with any Renovations, Landlord may, among other things, erect scaffolding or other necessary structures in the Building, limit or eliminate access to portions of the Project, including portions of the Common Areas, or perform work in the Building, which work may create noise, dust or leave debris in the Building. Tenant hereby agrees that such Renovations and Landlord's actions in connection with such Renovations shall in no way constitute a constructive eviction of Tenant nor entitle Tenant to any abatement of Rent so long as Landlord provides Tenant with seven (7) days' advance written notice of such work an such work does not materially interfere with Tenant's business operations or use of, or access to, the Premises. Except to the extent due to Landlord's gross negligence or willful misconduct, Landlord shall have no responsibility or for any reason be liable to Tenant for any direct or indirect injury to or interference with Tenant's business arising from the Renovations, nor shall Tenant be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises or of Tenant's personal property or improvements resulting from the Renovations or Landlord's actions in connection with such Renovations, or for any inconvenience or annoyance occasioned by such Renovations or Landlord's actions.

29.35 **Installation of Back-Up Generator**. Tenant shall have the right, at Tenant's sole cost and expense, at any time to install up to two (2) emergency or backup power systems serving the Premises (the "**Back-Up Generator**"). The Back-Up Generator shall be located wholly within the Building and/or on the roof of the Building and/or in the parking garage, in a location reasonably acceptable to Landlord. If Tenant elects to install a Back-Up Generator, then Tenant, at its sole cost and expense, shall perform all work required in connection with such installation (all such work being referred to herein, collectively, as the "**Back-Up Generator Alterations**"). Tenant shall have the right (but not the obligation) to install a Back-Up Generator concurrently with Tenant's construction of the Tenant Improvements, in which case, except as otherwise expressly provided in this Section 29.35, the Back-Up Generator Alterations shall be subject to all of the requirements of the Tenant Work Letter. If Tenant elects to install a Back-Up Generator separate and apart from Tenant's construction of the Tenant Improvements, then, except as otherwise expressly provided in this Section 29.35, the Back-Up Generator Alterations shall be subject to all of the requirements of Article 8. Notwithstanding the foregoing, Landlord shall have the right in any event to review and approve Tenant's plans and specifications for the Back-Up Generator and the Back-Up Generator Alterations (including, without limitation, the manner in which the Back-Up Generator, and any ventilation and exhaust system shall be installed and the measures that shall be taken to mitigate any vibrations or sound disturbances from the operation of the Back-Up Generator), which approval shall not be unreasonably withheld, conditioned or delayed. Tenant shall have the obligation to maintain the Back-Up Generator in good working order and condition and in accordance with all applicable Laws and all permits and approvals of any governmental authorities. Tenant, at its sole cost and expense, shall procure and maintain in full force and effect, a contract (the "**Service Contract**") for the service, maintenance, repair and replacement of the Back-Up Generator with an electrical generator service and maintenance contracting firm reasonably acceptable to Landlord. Tenant shall follow all reasonable recommendations of said contractor for the use, maintenance, repair and replacement of the Back-Up Generator. A copy of the then current Service Contract shall be delivered to Landlord annually. Tenant, at its sole cost and expense, shall also procure insurance coverage adequate to cover the full replacement value of the Back-Up Generator. A copy of the then-current insurance certificate shall be delivered to Landlord prior to the installation of the Back-Up Generator and thereafter annually. Tenant shall pay for all electricity and other utilities provided to the Back-Up Generator by separate charge in accordance with Section 4.7 above. Except to the extent due to Landlord's gross negligence or intentional act or omission, Tenant hereby agrees to indemnify and hold Landlord and all Landlord Parties harmless from all liability, losses, claims, penalties, and expenses, including, without limitation, reasonable attorneys' fees, resulting from or arising out of Tenant's connection to, or use or operation, of, the Back-Up Generator. Tenant hereby agrees that Tenant's use of the Back-Up Generator is at Tenant's sole risk, and Tenant hereby agrees that Landlord and the Landlord Parties shall not be liable for, and Tenant hereby waives, all claims for loss or damage to Tenant's business or damage to person or property sustained by Tenant or any Tenant Parties resulting from Tenant's use of the Back-Up Generator or connection to the same,

the failure of the Back-Up Generator to operate properly, or the interruption or cessation of electrical service from the Back-Up Generator, except to the extent due to by Landlord's gross negligence or intentional act or omission.

29.36 **Landlord's Representations**. In connection with Tenant's lease of the Premises from Landlord pursuant to the terms hereof, Landlord represents, warrants, and certifies to Tenant that (a) Landlord is the fee owner of Retail Unit 2 and Parking Unit 1 contained within the Gateway Block B Condominium Project as the same is identified in the Record of Survey Map recorded in Salt Lake County, Utah, on February 26, 2001, as Entry No. 7828970 and in the Declaration of Condominium, together with the undivided ownership interest in said Project's Common Elements that are appurtenant to said Unit as more particularly described in the Declaration; (b) no additional approvals of any third party are required under any of the Declarations in connection with the lease of the Premises to Tenant or in connection with Tenant's completion of the Tenant Improvements (other than any and all building permits and approvals required under applicable Law); (c) Landlord is the "Declarant" under that certain Declaration and Establishment of Protective Covenants, Conditions and Restrictions and Grant of Easements, recorded 12/27/2000 as Entry No. 7787948 in Book 8410 at Page 8311, as amended (the "**Master Declaration**"), and that, while the proposed use of the Premises as described in Article 5 of this Lease is not expressly permitted by the terms of said Master Declaration, Landlord, both in its capacity as owner of the Building and as Declarant under the Master Declaration, hereby approves of Tenant's proposed use of the Premises described in Article 5 of this Lease and acknowledges and agrees not to allege that Tenant is violating the terms of the Master Declaration solely as a result of Tenant's proposed use of the Premises as described in Article 5 of this Lease; (d) the issuance of the parking passes and Tenant's exclusive use of the Reserved Parking Area in accordance with the provisions of Article 28 will not conflict with any of the Declarations or the rights of any third party in and to the same; (e) to the best of Landlord's knowledge, there exists no breach, default, event or condition which, with the giving of notice or the passage of time or both, would constitute a breach or default by any party to or under the Declarations; (f) the Declarations have not been amended, altered, supplemented or otherwise modified as of the effective date of this Lease, except to the extent expressly set forth on attached **Exhibit G**; and (g) there are no outstanding assessments or other amounts due by Landlord under any of the Declarations.

[Signatures appear on the following page]

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed the day and date first above written.

LANDLORD:

VESTAR GATEWAY, LLC,
a Delaware limited liability company

By: SLC Gateway Retail, LLC,
a Delaware limited liability company,
its Sole Member

By: VGSLM, LLC,
a Delaware limited liability company,
its Managing Member

By: _____
Name: Edward J. Reading
Title: Manager Manager

Signature Date: 11-22-17

TENANT:

RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation

By: _____
Name: Christopher C. Gibson
Its: CFO

By: _____
Name: _____
Its: _____

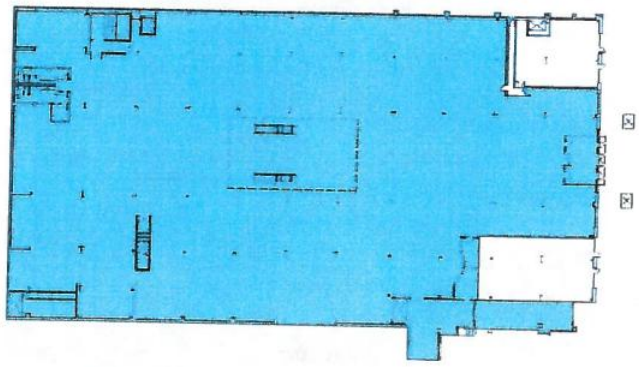
Signature Date: 11-20-17

(This date shall be inserted as of the Date of this Lease in **Article 1**).

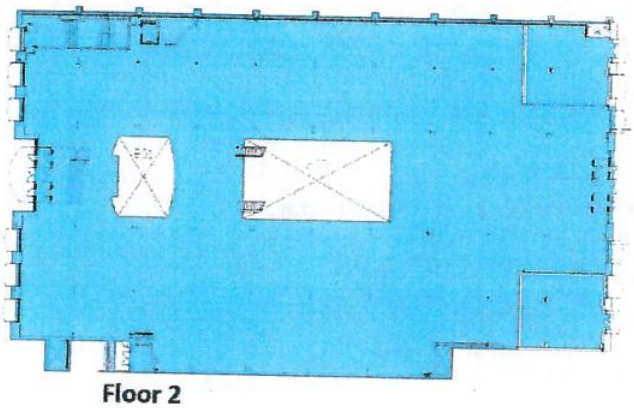
If Tenant is a CORPORATION, the authorized officers must sign on behalf of the corporation and indicate the capacity in which they are signing. The Lease must be executed by the president or vice president and the secretary or assistant secretary, unless the bylaws or a resolution of the board of directors shall otherwise provide, in which event, the bylaws or a certified copy of the resolution, as the case may be, must be attached to this Lease.

EXHIBIT A

CONCEPTUAL OUTLINE OF PREMISES



Floor 1



Floor 2

EXHIBIT A-1

DEPICTION OF PROJECT

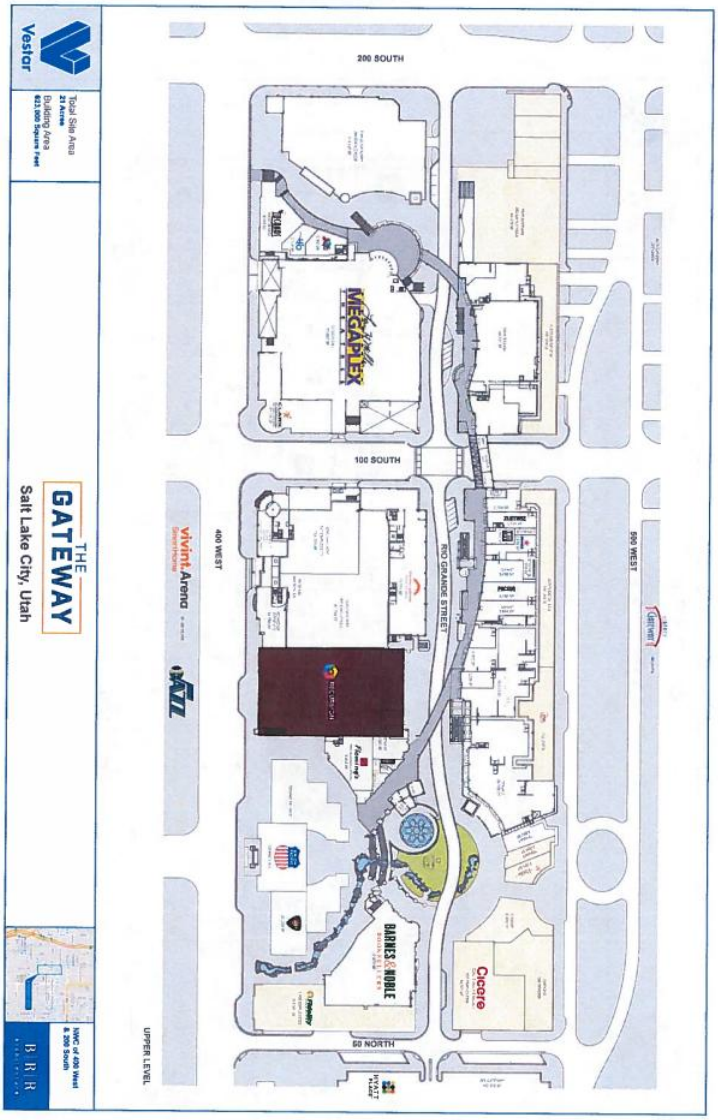

Vestar
Total Site Area
31 Acres
Building Area
823,000 Square Feet
THE GATEWAY
Salt Lake City, Utah
200 SOUTH
100 SOUTH
400 WEST
600 WEST
RIO GRANDE STREET
50 NORTH
UPPER LEVEL
MEGAPLEX
BARNES & NOBLE
Cicero
Vivint.Arena
NWC of 400 West & 200 South

EXHIBIT A-2

PATIO AREA

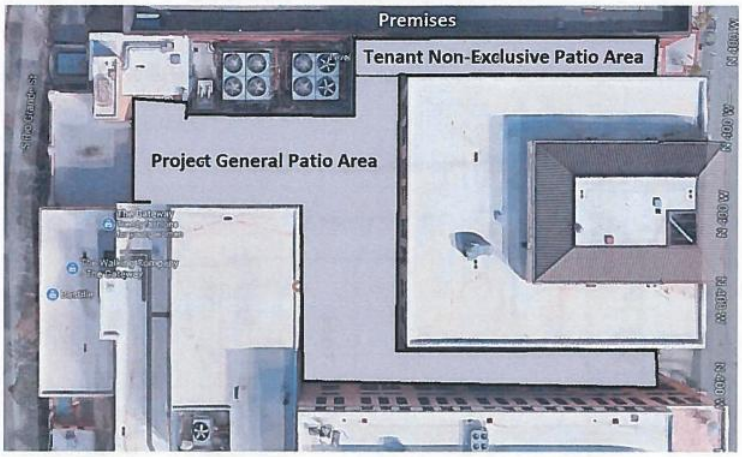
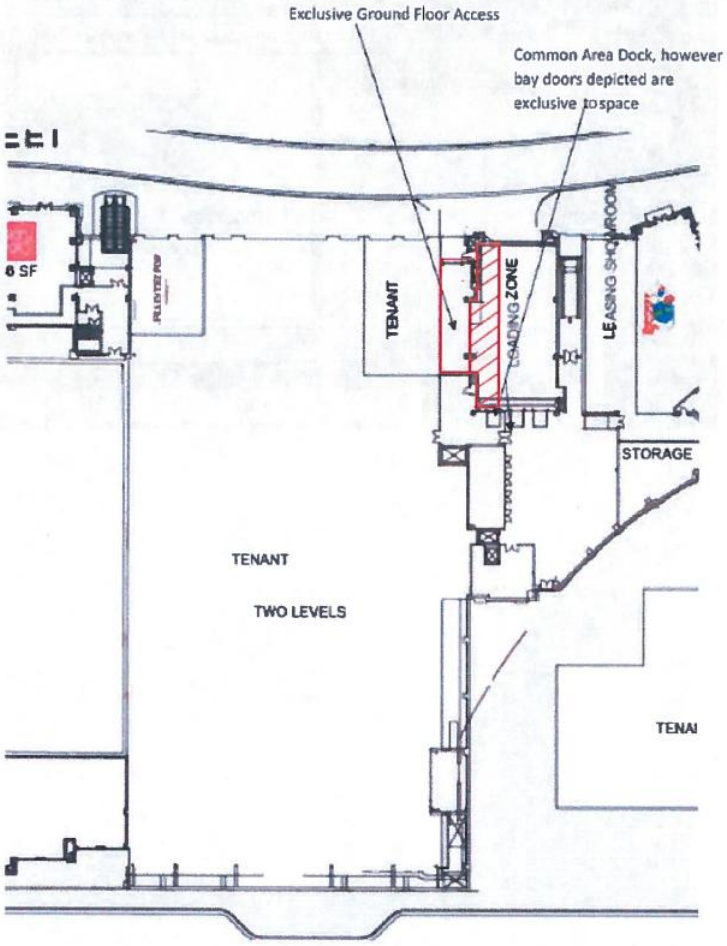


EXHIBIT A-3

DEPICTION OF EXCLUSIVE LOADING AREAS



Loading areas outlined in red above are reserved for Tenant's exclusive use pursuant to the terms of the Lease; provided, however, Tenant may not place any fixtures, equipment, improvements, or other obstacles within the hatched portion of the exclusive Common Area Dock that block any drive aisles or impede access to or the flow of traffic in and around the Common Area Dock.

EXHIBIT B

TENANT WORK LETTER

This Tenant Work Letter shall set forth the terms and conditions relating to the construction of the tenant improvements in the Premises. This Tenant Work Letter is essentially organized chronologically and addresses the issues of the construction of the Premises, in sequence, as such issues will arise during the actual construction of the Premises. All references in this Tenant Work Letter to Articles or Sections of "**this Lease**" shall mean the relevant portion of Articles 1 through 29 of the Office Lease to which this Tenant Work Letter is attached as **Exhibit B** and of which this Tenant Work Letter forms a part, and all references in this Tenant Work Letter to Sections of "**this Tenant Work Letter**" shall mean the relevant portion of Sections 1 through 6 of this Tenant Work Letter.

SECTION 1

DELIVERY OF THE PREMISES

Tenant acknowledges that Tenant has thoroughly examined the Premises. Upon the Delivery Date, Landlord shall deliver the Premises to Tenant and Tenant shall accept the Premises from Landlord in their presently existing, "as-is" condition as of the date of this Lease, except as otherwise expressly provided in the Lease. Subject to the provisions of Section 3.4 of this Tenant Work Letter, Tenant may, at Tenant's cost, remove and dispose of (and/or resell or salvage) any and all fixtures, furnishings or equipment within the Premises as of the Delivery Date and Tenant may retain any and all proceeds received by Tenant from the resale or salvage of any such fixtures, furnishings or equipment.

SECTION 2

TENANT IMPROVEMENTS

2.1 **Tenant Improvement Allowance**. Tenant shall be entitled to the one-time Tenant Improvement Allowance (as defined in Section 12 of the Summary) for the costs relating to the initial design and construction of Tenant's improvements, which are permanently affixed to the Premises (the "**Tenant Improvements**"). In no event shall Landlord be obligated to make disbursements pursuant to this Tenant Work Letter in a total amount which exceeds the Tenant Improvement Allowance, except to the extent specifically required by the terms of the Lease and this Tenant Work Letter. All Tenant Improvements for which the Tenant Improvement Allowance has been utilized shall be deemed Landlord's property under the terms of the Lease. In the event that Tenant shall fail to use the entire Tenant Improvement Allowance within one (1) year following the Delivery Date, such unused amounts shall be the sole property of Landlord and Tenant shall have no claim to any such unused amounts. Tenant acknowledges that the Tenant Improvement Allowance is to be applied to Tenant Improvements covering the entirety of the Premises such that, following the completion of the Tenant Improvements, the entire Premises has been built out by Tenant.

2.2 **Disbursement of the Tenant Improvement Allowance**.

2.2.1 **Tenant Improvement Allowance Items**. Except as otherwise set forth in this Tenant Work Letter, the Tenant Improvement Allowance shall be disbursed by Landlord only for the following items and costs (collectively the "**Tenant Improvement Allowance Items**"):

2.2.1.1 Payment of the fees of the "Architect/Space Planner" and the "Engineers," as those terms are defined in Section 3.1 of this Tenant Work Letter, which payment shall, notwithstanding anything to the contrary contained in this Tenant Work Letter, not exceed an aggregate amount equal to $3.00 per rentable square foot of the Premises, and payment of the fees incurred by, and the cost of documents and materials supplied by, Landlord and Landlord's consultants in connection with the preparation and review of the "Construction Documents," as that term is defined in Section 3.1 of this Tenant Work Letter;

2.2.1.2 The payment of plan check, permit and license fees relating to construction of the Tenant Improvements;

2.2.1.3 The cost of construction of the Tenant Improvements, including, without limitation, demolition, testing and inspection costs, trash removal costs, parking fees, after-hours utilities usage and contractors' fees and general conditions;

2.2.1.4 The cost of any changes anywhere in the base building or the floor of the Building on which the Premises is located, when such changes are required by the Construction Documents (including if such changes are due to the fact that such work is prepared on an unoccupied basis) or to comply with applicable governmental regulations or building codes (collectively, the "**Code**"), such cost to include all direct architectural and/or engineering fees and expenses incurred in connection therewith;

2.2.1.5 The cost of any changes to the Construction Documents or Tenant Improvements required by Code;

2.2.1.6 Sales and use taxes; and

2.2.1.8 the "Landlord Coordination Fee," as that term is defined in Section 4.2.6 of this Tenant Work Letter.

2.2.2 **Disbursement of Tenant Improvement Allowance**. During the construction of the Tenant Improvements, Landlord shall make monthly disbursements of the Tenant Improvement Allowance for Tenant Improvement Allowance Items for the benefit of Tenant and shall authorize the release of monies for the benefit of Tenant as follows.

2.2.2.1 **Monthly Disbursements**. On or before the twentieth (20th) day of each calendar month during the construction of the Tenant Improvements (the "**Submittal Date**") (or such other date as Landlord may designate), Tenant shall deliver to Landlord: (i) a request for payment of the "Contractor," as that term is defined in Section 4.1 of this Tenant Work Letter, approved by Tenant showing the schedule, by trade, of percentage of completion of the Tenant Improvements in the Premises; (ii) invoices from all of "Tenant's Agents," as that term is defined in Section 4.1.2 of this Tenant Work Letter, for labor rendered and materials delivered to the Premises (if such invoice is for the Contractor, the Contractor will need to provide an application and certificate for payment [AIA form G702-1992 or equivalent] signed by the Architect/Space Planner, and a breakdown sheet [AIA form G703-1992 or equivalent]); (iii) an original letter from the Tenant approving such invoices and requesting payment from the Tenant Improvement Allowance; (iv) executed mechanic's lien releases, which lien releases shall be conditional with respect to the then-requested payment amounts and unconditional with respect to payment amounts previously disbursed by Landlord or Tenant, from all of Tenant's Agents; and (v) all other information reasonably requested by Landlord. Tenant's request for payment shall be deemed Tenant's acceptance and approval of the work furnished and/or the materials supplied as set forth in Tenant's payment request. On or before the date occurring thirty (30) days after the Submittal Date, and assuming Landlord receives all of the information described in items (i) through (v), above, and subject to Tenant first disbursing any portion of the Over-Allowance Amount (as defined below) in accordance with Section 4.2.1, Landlord shall deliver a check to Tenant made to Tenant's Agent (or to Tenant if such invoices were previously paid by the Tenant) in payment of the lesser of: (A) the amounts so requested by Tenant, as set forth in this Section 2.2.2.1, above, less a ten percent (10%) retention (the aggregate amount of such retentions shall be known as the "**Final TI Allowance Reimbursement**"), and (B) the balance of any remaining available portion of the Tenant Improvement Allowance (not including the Final TI Allowance Reimbursement), provided that Landlord does not dispute any request for payment based on non-compliance of any work with the "Approved Construction Documents", as that term is defined in Section 3.4 below, or due to any substandard work, or for any other reason as provided in this Lease. Landlord's payment of such amounts shall not be deemed Landlord's approval or acceptance of the work furnished or materials supplied as set forth in Tenant's payment request.

2.2.2.2 **Final TI Allowance Reimbursement**. Subject to the provisions of this Tenant Work Letter, a check for the Final TI Allowance Reimbursement payable to Tenant shall be delivered by Landlord to Tenant following the completion of construction of the Premises, provided that (i) Tenant delivers to Landlord (a) properly executed, unconditional final mechanic's lien releases from all of Tenant's Agents, showing the amounts paid, in compliance with applicable Laws, (b) Contractor's last application and certificate for payment (AIA form G702 1992 or equivalent) signed by the Architect/Space Planner, (c) a breakdown sheet (AIA form G703 1992 or equivalent), (d) original stamped building permit plans, (e) copy of the building permit, (f) original stamped building permit inspection card with all final sign-offs, (g) full size bond copies and a CD R disk containing electronic files of the "as built" drawings of the Tenant Improvements in both "dwg" and "pdf" formats, from the Architect/Space Planner for architectural drawings, and from the Contractor for all other trades, (h) air balance reports, (i) excess energy use calculations, (j) one year warranty letters from Tenant's Agents, (k) manufacturer's warranties and operating instructions, (l) final punchlist completed and signed off by Tenant and the Architect/Space Planner, (m) letters of compliance from the Engineers stating that the Engineers have inspected the Tenant Improvements and that they complies with the Engineers' drawings and specifications, (n) a copy of the recorded Notice of Completion, and (o) a final list of all contractors/vendors/consultants retained by Tenant in connection with the Tenant Improvements and any other improvements in the Premises pursuant to this Tenant Work Letter, including, but not limited to, the Contractor, other contractors, subcontractors and the remaining Tenant's Agents, the Architect/Space Planner, the Engineers, systems furniture vendors/ installers, data/telephone cabling/equipment vendors/installers, etc., which final list shall set forth the full legal name, address, contact name (with telephone/fax/e mail addresses) and the total price paid by Tenant for goods and services to each of such contractors/vendors/consultants (collectively, the "**Final Close Out Package**"), and (ii) Landlord has inspected the Premises and reasonably determined that no substandard work exists which adversely affects the mechanical, electrical, plumbing, heating, ventilating and air conditioning, life-safety or other systems of the Building, the curtain wall of the Building, the structure or exterior appearance of the Building, or any other tenant's use of such other tenant's leased premises in the Building.

2.2.2.3 **Other Terms**. Landlord shall only be obligated to make disbursements from the Tenant Improvement Allowance to the extent costs are incurred by Tenant for Tenant Improvement Allowance Items. All Tenant Improvement Allowance Items for which the Tenant Improvement Allowance has been made available shall be deemed Landlord's property under the terms of Section 8.5 of this Lease. Tenant shall have no claim to any Tenant Improvement Allowance not expended by Tenant on or before the one (1) year anniversary of the Delivery Date and any such sums shall be the sole property of Landlord.

2.2.2.4 **L-C**. Notwithstanding anything to the contrary contained in this Lease, Landlord shall not be required to disburse any portion of the Tenant Improvement Allowance to Tenant until Tenant has provided Landlord with the L-C described in Article 21 of the Lease.

2.3 **Construction Rules, Requirements, Specifications, Design Criteria and Building Standards**. Landlord has established construction rules, regulation, requirements and procedures, and specifications, design criteria and Building standards with which Tenant, the "Architect/Space Planner," as that term is defined below, and all Tenant's Agents must comply in designing and constructing the Tenant Improvements in the Premises (the "**Construction Rules, Requirements, Specifications, Design Criteria and Building Standards**").

2.4 **Additional Allowance**. Notwithstanding the terms and conditions set forth in Section 2.1, within thirty (30) days after the mutual execution and delivery of this Lease, Tenant shall be entitled, pursuant to a written notice (the "**Additional Allowance Notice**") delivered to Landlord, to a one time increase (the "**Additional Allowance**") in the Tenant Improvement Allowance in an amount not to exceed $10.00 per rentable square foot of the Premises (i.e., $991,720.00), for the costs relating to the initial design and construction of the Tenant Improvements. In the event that Tenant exercises its right to use all or any portion of the Additional Allowance, then such portion of the Additional Allowance shall be repaid by Tenant to Landlord by increasing Tenant's monthly Base Rent hereunder by the amount required to fully amortize such portion of the Additional Allowance over the initial Lease Term, in one hundred twenty (120) equal monthly installments, commencing upon the Lease Commencement Date and continuing on the first day of each calendar month thereafter through the Lease Expiration Date (the "**Additional Monthly Base Rent**"). Such amortization shall be calculated together with interest at the rate of eight percent (8%) per annum. In the event Tenant elects to utilize all or any portion of the Additional Allowance, then (i) the parties shall promptly execute an amendment (the "**Amendment**") to the Lease setting forth the monthly Base Rent as increased by the Additional Monthly Base Rent, and (ii) Tenant shall pay to Landlord, concurrently with Tenant's execution and delivery of the Amendment to Landlord, an amount equal to the first installment of the Additional Monthly Base Rent payment.

SECTION 3

CONSTRUCTION DOCUMENTS

3.1 **Selection of Architect/Space Planner/Construction Documents**. Tenant shall retain a licensed, competent, reputable architect/space planner experienced in high-rise office space and Laboratory Use design selected by Tenant and reasonably approved by Landlord (the "**Architect/Space Planner**") and licensed, competent, reputable engineering consultants selected by Tenant and reasonably approved by Landlord (the "**Engineers**") to prepare the Construction Documents. The plans and drawings to be prepared by Architect/Space Planner and the Engineers hereunder shall be known collectively as the "**Construction Documents**." All Construction Documents shall comply with Landlord's drawing format and specifications. Landlord's review of the Construction Documents as set forth in this Section 3, shall be for its sole purpose and shall not imply Landlord's review of the same, or obligate Landlord to review the same, for quality, design, Code compliance or other like matters. Accordingly, notwithstanding that any Construction Documents are reviewed by Landlord or its space planner, architect, engineers and consultants, and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord or Landlord's space planner, architect, engineers, and consultants, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Construction Documents, and Tenant's waiver and indemnity set forth in Section 10.1 of this Lease shall specifically apply to the Construction Documents. Furthermore, Tenant and Architect/Space Planner shall verify, in the field, the dimensions and conditions as shown on the relevant portions of the base building plans, and Tenant and Architect/Space Planner shall be solely responsible for the same, and Landlord shall have no responsibility in connection therewith.

3.2 **Final Space Plan**. Tenant shall supply Landlord with two (2) copies signed by Tenant of its final space plan for the Premises before any architectural Construction Documents or engineering drawings have been commenced. The final space plan (the "**Final Space Plan**") shall include a layout and designation of all offices, rooms and other partitioning, their intended use, and equipment to be contained therein. Landlord may request clarification or more specific drawings for special use items not included in the Final Space Plan. Landlord shall advise Tenant within five (5) business days after Landlord's receipt of the Final Space Plan for the Premises if the same is unsatisfactory or incomplete in any respect. If Tenant is so advised, Tenant shall promptly cause the Final Space Plan to be revised to correct any deficiencies or other matters Landlord may reasonably require.

3.3 **Final Construction Documents**. After the approval of the Final Space Plan by Landlord and Tenant, Tenant shall promptly cause the Architect/Space Planner and the Engineers to complete the architectural and engineering drawings for the Premises, and Architect/Space Planner shall compile a fully coordinated set of architectural, structural, mechanical, electrical and plumbing Construction Documents in a form which is complete to allow subcontractors to bid on the work and to obtain all applicable permits (collectively, the "**Final Construction Documents**") and shall submit the same to Landlord for Landlord's approval, not to be unreasonably withheld, conditioned, or delayed. Tenant shall supply Landlord with two (2) copies signed by Tenant of such Final Construction Documents. Landlord, acting reasonably and in good faith, shall advise Tenant within ten (10) business days after Landlord's receipt of the Final Construction Documents for the Premises if the same is unsatisfactory or incomplete in any respect. If Tenant is so advised, Tenant shall immediately revise the Final Construction Documents in accordance with such review and any disapproval of Landlord in connection therewith.

3.4 **Approved Construction Documents**. The Final Construction Documents shall be approved by Landlord (the "**Approved Construction Documents**") prior to the commencement of construction of the Premises by Tenant; provided, however, Tenant may commence demolition work prior to Landlord's approval of the Final Construction Documents with Landlord's prior written consent, not to be unreasonably withheld, conditioned, or delayed. After approval by Landlord of the Final Construction Documents Tenant shall cause the Architect/Space Planner to submit the Approved Construction Documents to the appropriate municipal authorities for all architectural and structural permits (the "**Permits**"), provided that (a) the Architect/Space Planner shall provide Landlord with a copy of the package that it intends to submit prior to such submission, and (b) if there are Base Building modifications required to obtain the Permits, then Tenant shall obtain Landlord's prior written consent to any such Base Building modifications. Tenant hereby agrees that neither Landlord nor Landlord's consultants shall be responsible for obtaining any building permit or certificate of occupancy (or other documentation or approval allowing Tenant to legally occupy the Premises) for the Premises and that obtaining the same shall be Tenant's responsibility; provided, however, that Landlord shall cooperate with Tenant in performing ministerial acts

reasonably necessary to enable Tenant to obtain any such permit or certificate of occupancy (or other documentation or approval allowing Tenant to legally occupy the Premises). No changes, modifications or alterations in the Approved Construction Documents may be made without the prior written consent of Landlord, which consent may not be unreasonably withheld.

SECTION 4

CONSTRUCTION OF THE TENANT IMPROVEMENTS

4.1 **Tenant's Selection of Contractors**.

4.1.1 **The Contractor**. Tenant shall retain a licensed general contractor selected by Tenant and reasonably approved by Landlord (the "**Contractor**"), as contractor for the construction of the Tenant Improvements, which Contractor shall be a qualified, reputable, general contractor experienced in Comparable Buildings.

4.1.2 **Tenant's Agents**. The Architect/Space Planner, Engineers, consultants, Contractor, other contractors, vendors, subcontractors, laborers, and material suppliers retained and/or used by Tenant shall be known collectively as the "**Tenant's Agents**." For the following trades, only those contractors, subcontractors, laborers, and material suppliers listed in the Construction Rules, Requirements, Specifications, Design Criteria and Building Standards may be selected by Tenant: Asbestos, Cable Television, Electrical, Elevators, Fire Sprinklers, Fire / Life Safety, HVAC, HVAC Air Balance, Plumbing, Roofing (as listed for each building comprising the Project), and Waste. The Electrical, Fire Sprinklers, Fire / Life Safety, HVAC and Plumbing must be engineered by, and any structural engineering must be conducted by, an engineer or engineers approved by Landlord.

4.2 **Construction of Tenant Improvements by Tenant's Agents**.

4.2.1 **Construction Contract; Cost Budget**. Prior to execution of a construction contract, Tenant shall submit a copy of the proposed contract with the Contractor for the construction of the Tenant Improvements, including the general conditions with Contractor (the "**Contract**") to Landlord for its approval, which approval shall not be unreasonably withheld, conditioned or delayed. Following execution of the Contract and prior to commencement of construction, Tenant shall provide Landlord with a fully executed copy of the Contract for Landlord's records. Prior to the commencement of the construction of the Tenant Improvements, and after Tenant has accepted all bids and proposals for the Tenant Improvements, Tenant shall provide Landlord with a detailed breakdown, by trade, for all of Tenant's Agents, of the final estimated costs to be incurred or which have been incurred in connection with the design and construction of the Tenant Improvements to be performed by or at the direction of Tenant or the Contractor (the "**Construction Budget**"), which costs shall include, but not be limited to, the costs of the Architect's and Engineers' fees and the Landlord Coordination Fee. The amount, if any, by which the total costs set forth in the Construction Budget exceed the amount of the Tenant Improvement Allowance is referred to herein as the "**Over Allowance Amount**".

In the event that an Over-Allowance Amount exists, then prior to the commencement of construction of the Tenant Improvements, Tenant shall supply Landlord with cash in an amount equal to the Over-Allowance Amount. The Over-Allowance Amount shall be disbursed by Landlord prior to the disbursement of any of the then remaining portion of the Tenant Improvement Allowance, and such disbursement shall be pursuant to the same procedure as the Tenant Improvement Allowance. In the event that, after the total costs set forth in the Construction Budget have been delivered by Tenant to Landlord, the costs relating to the design and construction of the Tenant Improvements shall change, any additional costs for such design and construction in excess of the total costs set forth in the Construction Budget shall be added to the Over-Allowance Amount and the total costs set forth in the Construction Budget, and such additional costs shall be paid by Tenant to Landlord immediately as an addition to the Over-Allowance Amount or at Landlord's option, Tenant shall make payments for such additional costs out of its own funds, but Tenant shall continue to provide Landlord with the documents described in items (i), (ii), (iii) and (iv) of Section 2.2.2.1 of this Tenant Work Letter, above, for Landlord's approval, prior to Tenant paying such costs. All Tenant Improvements paid for by the Over-Allowance Amount shall be deemed Landlord's property under the terms of the Lease.

4.2.2 **Tenant's Agents**.

4.2.2.1 **Landlord's General Conditions for Tenant's Agents and Tenant Improvement Work**. Tenant's and Tenant's Agent's construction of the Tenant Improvements shall comply with the following: (i) the Tenant Improvements shall be constructed in strict accordance with the Approved Construction Documents; (ii) Tenant and Tenant's Agents shall not, in any way, interfere with, obstruct, or delay, the work of Landlord's base building contractor and subcontractors with respect to the Base Building or any other work in the Building; (iii) Tenant's Agents shall submit schedules of all work relating to the Tenant's Improvements to Landlord and Landlord shall, within five (5) business days of receipt thereof, inform Tenant's Agents of any changes which are necessary thereto, and Tenant's Agents shall adhere to such corrected schedule; and (iv) Tenant shall abide by all rules made by Landlord with respect to the use of parking, freight, loading dock and service elevators, storage of materials, coordination of work with the contractors of other tenants, and any other matter in connection with this Tenant Work Letter, including, without limitation, the construction of the Tenant Improvements and Tenant shall promptly execute all documents including, but not limited to, Landlord's standard contractor's rules and regulations, as Landlord may deem reasonably necessary to evidence or confirm Tenant's agreement to so abide.

4.2.2.2 **Indemnity**. Tenant's indemnity of Landlord as set forth in Section 10.1 of this Lease shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to

any act or omission of Tenant or Tenant's Agents, or anyone directly or indirectly employed by any of them, or in connection with Tenant's non-payment of any amount arising out of the Tenant Improvements and/or Tenant's disapproval of all or any portion of any request for payment. Such indemnity by Tenant, as set forth in Section 10.1 of this Lease, shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to Landlord's performance of any ministerial acts reasonably necessary (i) to permit Tenant to complete the Tenant Improvements, and (ii) to enable Tenant to obtain any building permit or certificate of occupancy (or other documentation or approval allowing Tenant to legally occupy the Premises) for the Premises.

4.2.2.3 **Requirements of Tenant's Agents**. Each of Tenant's Agents shall guarantee to Tenant and for the benefit of Landlord that the portion of the Tenant Improvements for which it is responsible shall be free from any defects in workmanship and materials for a period of not less than one (1) year from the date of completion thereof. Each of Tenant's Agents shall be responsible for the replacement or repair, without additional charge, of all work done or furnished in accordance with its contract that shall become defective within one (1) year after the later to occur of (i) completion of the work performed by such contractor or subcontractors and (ii) the Lease Commencement Date. The correction of such work shall include, without additional charge, all additional expenses and damages incurred in connection with such removal or replacement of all or any part of the Tenant Improvements, and/or the Building and/or common areas that may be damaged or disturbed thereby. All such warranties or guarantees as to materials or workmanship of or with respect to the Tenant Improvements shall be contained in the Contract or subcontract and shall be written such that such guarantees or warranties shall inure to the benefit of both Landlord and Tenant, as their respective interests may appear, and can be directly enforced by either. Tenant covenants to give to Landlord any assignment or other assurances which may be necessary to effect such right of direct enforcement.

4.2.2.4 **Insurance Requirements**.

4.2.2.4.1 **General Coverages**. All of Tenant's Agents shall carry worker's compensation insurance covering all of their respective employees, and shall also carry commercial general liability insurance, including property damage, all with limits, in form and with companies as are required to be carried by Tenant as set forth in Article 10 of this Lease, and the policies therefor shall insure Landlord and Tenant, as their interests may appear, as well as the Contractor and subcontractors.

4.2.2.4.2 **Special Coverages**. Tenant or Contractor shall carry "Builder's All Risk" insurance in an amount approved by Landlord, which shall in no event be less than the amount actually carried by Tenant or Contractor, covering the construction of the Tenant Improvements, and such other insurance as Landlord may require, it being understood and agreed that the Tenant Improvements shall be insured by Tenant pursuant to Article 10 of this Lease immediately upon completion thereof. Such insurance shall be in amounts and shall include such extended coverage endorsements as may be reasonably required by Landlord.

4.2.2.4.3 **General Terms**. Certificates for all insurance carried pursuant to this Section 4.2.2.4 shall be delivered to Landlord before the commencement of construction of the Tenant Improvements and before the Contractor's equipment is moved onto the site. All such policies of insurance must contain a provision that the company writing said policy will give Landlord thirty (30) days prior written notice of any cancellation or lapse of the effective date or any reduction in the amounts of such insurance. In the event that the Tenant Improvements are damaged by any cause during the course of the construction thereof, Tenant shall immediately repair the same at Tenant's sole cost and expense. Tenant's Agents shall maintain all of the foregoing insurance coverage in force until the Tenant Improvements are fully completed and accepted by Landlord, except for any Products and Completed Operation Coverage insurance required by Landlord, which is to be maintained for ten (10) years following completion of the work and acceptance by Landlord and Tenant and which shall name Landlord, and any other party that Landlord so specifies, as additional insured as to the full limits required hereunder for such entire ten (10) year period. All insurance, except Workers' Compensation, maintained by Tenant's Agents shall preclude subrogation claims by the insurer against anyone insured thereunder. Such insurance shall provide that it is primary insurance as respects the owner and that any other insurance maintained by owner is excess and noncontributing with the insurance required hereunder. The requirements for the foregoing insurance shall not derogate from the provisions for indemnification of Landlord by Tenant under Section 4.2.2.2 of this Tenant Work Letter. Landlord may, in its discretion, require Tenant to obtain a lien and completion bond or some alternate form of security satisfactory to Landlord in an amount sufficient to ensure the lien-free completion of the Tenant Improvements and naming Landlord as a co-obligee.

4.2.3 **Governmental Compliance**. The Tenant Improvements shall comply in all respects with the following: (i) the Code and other state, federal, city or quasi-governmental laws, codes, ordinances and regulations, as each may apply according to the rulings of the controlling public official, agent or other person; (ii) applicable standards of the American Insurance Association (formerly, the National Board of Fire Underwriters) and the National Electrical Code; and (iii) building material manufacturer's specifications.

4.2.4 **Inspection by Landlord**. Landlord shall have the right to inspect the Tenant Improvements at all times, provided however, that Landlord's failure to inspect the Tenant Improvements shall in no event constitute a waiver of any of Landlord's rights hereunder nor shall Landlord's inspection of the Tenant Improvements constitute Landlord's approval of the same. Should Landlord reasonably disapprove any portion of the Tenant Improvements due to defects or deviations in the completion of such improvements, Landlord shall notify Tenant in writing of such disapproval and shall specify the items disapproved. Any defects or deviations noted in Landlord's disapproval shall be rectified by Tenant at no expense to Landlord, provided however, that in the event Landlord determines that a defect or deviation exists, Landlord may, take such action as Landlord deems necessary, at Tenant's expense and without incurring any liability on Landlord's part, to correct any such defect or

deviation, including, without limitation, causing the cessation of performance of the construction of the Tenant Improvements until such time as the defect, deviation and/or matter is corrected to Landlord's satisfaction.

4.2.5 **Meetings**. Commencing upon the execution of this Lease, Tenant shall hold regular meetings with the Architect/Space Planner and the Contractor regarding the progress of the preparation of Construction Documents and the construction of the Tenant Improvements, which meetings shall be held at the office of the Project, at a time mutually agreed upon by Landlord and Tenant, and, upon Landlord's request, certain of Tenant's Agents shall attend such meetings. In addition, minutes shall be taken at all such meetings, a copy of which minutes shall be promptly delivered to Landlord. One such meeting each month shall include the review of Contractor's current request for payment.

4.2.6 **Landlord Coordination Fee**. Tenant shall pay a construction supervision and management fee (the "**Landlord Coordination Fee**") to Landlord in an amount equal to one percent (1%) of the hard and soft costs of the Tenant Improvements.

4.3 **Notice of Completion**. Within five (5) days after the final completion of construction of the Tenant Improvements, including, without limitation, the completion of any punch list items, Tenant shall cause a Notice of Completion to be recorded in the office of the Recorder of the County in which the Premises is located pursuant to applicable Law, and shall furnish a copy thereof to Landlord upon such recordation. If Tenant fails to do so, Landlord may execute and file the same on behalf of Tenant as Tenant's agent for such purpose, at Tenant's sole cost and expense. At the conclusion of construction and prior to Landlord's payment of the Final TI Allowance Reimbursement, (i) Tenant shall cause the Contractor and the Architect/Space Planner (A) to update the Approved Construction Documents through annotated changes, as necessary, to reflect all changes made to the Approved Construction Documents during the course of construction, (B) to certify to the best of the Architect/Space Planner's and Contractor's knowledge that such updated Approved Construction Documents are true and correct, which certification shall survive the expiration or termination of this Lease, as hereby amended, and (ii) Tenant shall deliver to Landlord the Final Close Out Package. Landlord shall, at Tenant's expense, update Landlord's "as-built" master plans, for the floor(s) on which the Premises are located, if any, including updated vellums and electronic CAD files, all of which may be modified by Landlord from time to time, and the current version of which shall be made available to Tenant upon Tenant's request.

SECTION 5

MISCELLANEOUS

5.1 **Tenant's Representative**. Tenant has designated Shannon Torstrom as its sole representative with respect to the matters set forth in this Tenant Work Letter, who shall have full authority and responsibility to act on behalf of the Tenant as required in this Tenant Work Letter.

5.2 **Landlord's Representative**. Landlord has designated Jack Van Kleumen as its sole representative with respect to the matters set forth in this Tenant Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Tenant Work Letter.

5.3 **Time of the Essence in This Tenant Work Letter**. Unless otherwise indicated, all references in this Tenant Work Letter to a "number of days" shall mean and refer to calendar days. If any item requiring approval is timely disapproved by Landlord, the procedure for preparation of the document and approval thereof shall be repeated until the document is approved by Landlord.

5.4 **Tenant's Lease Default**. Notwithstanding any provision to the contrary contained in this Lease, if an event of default as described in Section 19.1 of this Lease or a default by Tenant under this Tenant Work Letter has occurred at any time on or before the substantial completion of the Premises, then (i) in addition to all other rights and remedies granted to Landlord pursuant to this Lease, Landlord shall have the right to withhold payment of all or any portion of the Tenant Improvement Allowance and/or Landlord may cause Contractor to cease the construction of the Premises (in which case, Tenant shall be responsible for any delay in the substantial completion of the Premises caused by such work stoppage), and (ii) all other obligations of Landlord under the terms of this Tenant Work Letter shall be forgiven until such time as such default is cured pursuant to the terms of this Lease (in which case, Tenant shall be responsible for any delay in the substantial completion of the Premises caused by such inaction by Landlord).

EXHIBIT C

NOTICE OF LEASE TERM DATES

To: _____
_____
_____
_____

Re: Office Lease dated _____, 20__ between VESTAR GATEWAY, LLC, a Delaware limited liability company (**"Landlord"**), and RECURSION PHARMACEUTICALS, INC., a Delaware corporation (**"Tenant"**) concerning that certain two (2) story office building containing approximately 99,172 rentable square feet of space, commonly known as Station 41 at The Gateway, 41 South Rio Grande, Salt Lake City, Utah.

Ladies and gentlemen:

In accordance with the Office Lease (the **"Lease"**), we wish to advise you and/or confirm as follows:

1. The Delivery Date occurred on _____.

2. The Lease Term shall commence on or has commenced on [June 1, 2018] for a term of ten (10) years ending on [May 31, 2027].

3. Rent commenced to accrue on [June 1, 2018], in the amount of $209,078.38 per month.

4. If the Lease Commencement Date is other than the first day of the month, the first billing will contain a pro rata adjustment. Each billing thereafter, with the exception of the final billing, shall be for the full amount of the monthly installment as provided for in the Lease.

5. Your rent checks should be made payable to _____ at _____.

"Landlord":

VESTAR GATEWAY, LLC,
a Delaware limited liability company

[ADD LANDLORD'S SIGNATURE BLOCK]

Agreed to and Accepted
as of _____, 20___.

"Tenant":

RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation

By: _____
Its: _____

EXHIBIT D

RULES AND REGULATIONS

Tenant shall faithfully observe and comply with the following Rules and Regulations. Landlord shall not be responsible to Tenant for the nonperformance of any of said Rules and Regulations by or otherwise with respect to the acts or omissions of any other tenants or occupants of the Project. In the event of any conflict between the Rules and Regulations and the other provisions of this Lease, the latter shall control.

1. Tenant shall not alter any lock or install any new or additional locks or bolts on any doors or windows of the Premises without obtaining Landlord's prior written consent, not to be unreasonably withheld, conditioned or delayed. Tenant shall bear the cost of any lock changes or repairs required by Tenant. Two keys will be furnished by Landlord for the Premises, and any additional keys required by Tenant must be obtained from Landlord at a reasonable cost to be established by Landlord. Upon the termination of this Lease, Tenant shall restore to Landlord all keys of stores, offices, and toilet rooms, either furnished to, or otherwise procured by, Tenant and in the event of the loss of keys so furnished, Tenant shall pay to Landlord the cost of replacing same or of changing the lock or locks opened by such lost key if Landlord shall deem it necessary to make such changes.

2. All doors opening to public corridors shall be kept closed at all times except for normal ingress and egress to the Premises.

3. Except as otherwise set forth in and permitted under the Lease, Landlord reserves the right to close and keep locked all entrance and exit doors of the Building during such hours as are customary for the Comparable Buildings. Tenant, its employees and agents must be sure that the doors to the Building are securely closed and locked when leaving the Premises if it is after the normal hours of business for the Building. Any tenant, its employees, agents or any other persons entering or leaving the Building at any time when it is so locked, or any time when it is considered to be after normal business hours for the Building, may be required to sign the Building register. Access to the Building may be refused unless the person seeking access has proper identification or has a previously arranged pass for access to the Building. Landlord will furnish passes to persons for whom Tenant requests same in writing. Tenant shall be responsible for all persons for whom Tenant requests passes and shall be liable to Landlord for all acts of such persons. The Landlord and his agents shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob, riot, public excitement, or other commotion, Landlord reserves the right to prevent access to the Building or the Project during the continuance thereof by any means it deems appropriate for the safety and protection of life and property.

4. No furniture, freight or equipment of any kind shall be brought into the Building without prior notice to Landlord. All moving activity into or out of the Building shall be scheduled with Landlord and done only at such time and in such manner as Landlord designates. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy property brought into the Building and also the times and manner of moving the same in and out of the Building. Safes and other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property in any case. Any damage to any part of the Building, its contents, occupants or visitors by moving or maintaining any such safe or other property shall be the sole responsibility and expense of Tenant.

5. No furniture, packages, supplies, equipment or merchandise will be received in the Building or carried up or down in the elevators, except between such hours established by Landlord from time to time, in such specific elevator and by such personnel as shall be designated by Landlord.

6. The requirements of Tenant will be attended to only upon application at the management office for the Project or at such office location designated by Landlord. Employees of Landlord shall not perform any work or do anything outside their regular duties unless under special instructions from Landlord.

7. No sign, advertisement, notice or handbill shall be exhibited, distributed, painted or affixed by Tenant on any part of the Premises or the Building without the prior written consent of the Landlord. Tenant shall not disturb, solicit, peddle, or canvass any occupant of the Project and shall cooperate with Landlord and its agents of Landlord to prevent same.

8. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose servants, employees, agents, visitors or licensees shall have caused same.

9. Tenant shall not overload the floor of the Premises, nor mark, drive nails or screws, or drill into the partitions, woodwork or drywall or in any way deface the Premises or any part thereof without Landlord's prior written consent. Tenant shall not purchase spring water, ice, towel, linen, maintenance or other like services from any person or persons not approved by Landlord.

10. Except for vending machines intended for the sole use of Tenant's employees and invitees, no vending machine or machines other than fractional horsepower office machines shall be installed, maintained or operated upon the Premises without the written consent of Landlord.

11. Except as otherwise set forth in and permitted under the Lease, Tenant shall not use or keep in or on the Premises, the Building, or the Project any kerosene, gasoline, explosive material, corrosive material, material capable of emitting toxic fumes, or other inflammable or combustible fluid chemical, substitute or material. Tenant shall provide material safety data sheets for any Hazardous Material used or kept on the Premises.

12. Except as otherwise set forth in and permitted under the Lease, Tenant shall not without the prior written consent of Landlord use any method of heating or air conditioning other than that supplied by Landlord.

13. Except as otherwise set forth in and permitted under the Lease, Tenant shall not use, keep or permit to be used or kept, any foul or noxious gas or substance in or on the Premises, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Project by reason of noise, odors, or vibrations, or interfere with other tenants or those having business therein, whether by the use of any musical instrument, radio, phonograph, or in any other way. Tenant shall not throw anything out of doors, windows or skylights or down passageways.

14. Tenant shall not bring into or keep within the Project, the Building or the Premises any animals, birds, fish, aquariums, or, except in areas designated by Landlord, bicycles or other vehicles.

15. Except as otherwise set forth in and permitted under the Lease, no cooking shall be done or permitted on the Premises, nor shall the Premises be used for the storage of merchandise, for lodging or for any improper, objectionable or immoral purposes. Notwithstanding the foregoing, Underwriters' laboratory-approved equipment and microwave ovens may be used in the Premises for heating food and brewing coffee, tea, hot chocolate and similar beverages for employees and visitors, provided that such use is in accordance with all applicable federal, state, county and city laws, codes, ordinances, rules and regulations.

16. The Premises shall not be used for manufacturing or for the storage of merchandise except as such storage may be incidental to the use of the Premises provided for in the Summary. Tenant shall not occupy or permit any portion of the Premises to be occupied as an office for a messenger-type operation or dispatch office, public stenographer or typist, or, except as otherwise set forth in and permitted under the Lease, for the manufacture or sale of liquor, narcotics, or tobacco in any form, or as a medical office, or as a barber or manicure shop, or as an employment bureau without the express prior written consent of Landlord. Tenant shall not engage or pay any employees on the Premises except those actually working for such tenant on the Premises nor advertise for laborers giving an address at the Premises.

17. Landlord reserves the right to exclude or expel from the Project any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of these Rules and Regulations.

18. Tenant, its employees and agents shall not loiter in or on the entrances, corridors, sidewalks, lobbies, courts, halls, stairways, elevators, vestibules or any Common Areas for the purpose of smoking tobacco products or for any other purpose, nor in any way obstruct such areas, and shall use them only as a means of ingress and egress for the Premises.

19. Tenant shall not waste electricity, water or air conditioning and agrees to cooperate fully with Landlord to ensure the most effective operation of the Building's heating and air conditioning system, and shall refrain from attempting to adjust any controls. Tenant shall participate in recycling programs undertaken by Landlord.

20. Tenant shall store all its trash and garbage within the interior of the Premises. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in Salt Lake City, Utah without violation of any law or ordinance governing such disposal. All trash, garbage and refuse disposal shall be made only through entry-ways and elevators provided for such purposes at such times as Landlord shall designate. Tenant shall make alternate arrangements, at Tenant's cost, for the disposal of high volumes of trash in excess of the amount determined by Landlord to be an office tenant's typical volume of trash (i.e., excessive moving boxes or shipping materials). If the Premises is or becomes infested with vermin as a result of the use or any misuse or neglect of the Premises by Tenant, its agents, servants, employees, contractors, visitors or licensees, Tenant shall forthwith, at Tenant's expense, cause the Premises to be exterminated from time to time to the satisfaction of Landlord and shall employ such licensed exterminators as shall be approved in writing in advance by Landlord.

21. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.

22. Any persons employed by Tenant to do janitorial work shall be subject to the prior written approval of Landlord, and while in the Building and outside of the Premises, shall be subject to and under the control and direction of the Building manager (but not as an agent or servant of such manager or of Landlord), and Tenant shall be responsible for all acts of such persons.

23. No awnings or other projection shall be attached to the outside walls of the Building without the prior written consent of Landlord, and no curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises other than Landlord standard drapes. All electrical ceiling fixtures hung in the Premises or spaces along the perimeter of the Building must be fluorescent and/or of a quality, type, design and a warm white bulb color approved in advance in writing by Landlord. Neither the interior nor exterior of any windows shall be coated or otherwise sunscreened without the prior written consent of Landlord.

Tenant shall be responsible for any damage to the window film on the exterior windows of the Premises and shall promptly repair any such damage at Tenant's sole cost and expense. Tenant shall keep its window coverings closed during any period of the day when the sun is shining directly on the windows of the Premises. Prior to leaving the Premises for the day, Tenant shall draw or lower window coverings and extinguish all lights. Tenant shall abide by Landlord's regulations concerning the opening and closing of window coverings which are attached to the windows in the Premises, if any, which have a view of any interior portion of the Building or Common Areas.

24. The sashes, sash doors, skylights, windows, and doors that reflect or admit light and air into the halls, passageways or other public places in the Building shall not be covered or obstructed by Tenant, nor shall any bottles, parcels or other articles be placed on the windowsills.

25. Tenant must comply with requests by the Landlord concerning the informing of their employees of items of importance to the Landlord.

26. Tenant must comply with all applicable "**NO-SMOKING**" or similar ordinances. If Tenant is required under the ordinance to adopt a written smoking policy, a copy of said policy shall be on file in the office of the Building.

27. Tenant hereby acknowledges that Landlord shall have no obligation to provide guard service or other security measures for the benefit of the Premises, the Building or the Project. Tenant hereby assumes all responsibility for the protection of Tenant and its agents, employees, contractors, invitees and guests, and the property thereof, from acts of third parties, including keeping doors locked and other means of entry to the Premises closed, whether or not Landlord, at its option, elects to provide security protection for the Project or any portion thereof. Tenant further assumes the risk that any safety and security devices, services and programs which Landlord elects, in its sole discretion, to provide may not be effective, or may malfunction or be circumvented by an unauthorized third party, and Tenant shall, in addition to its other insurance obligations under this Lease, obtain its own insurance coverage to the extent Tenant desires protection against losses related to such occurrences. Tenant shall cooperate in any reasonable safety or security program developed by Landlord or required by law.

28. All office equipment of any electrical or mechanical nature shall be placed by Tenant in the Premises in settings approved by Landlord, to absorb or prevent any vibration, noise and annoyance.

29. Tenant shall not use in any space or in the public halls of the Building, any hand trucks except those equipped with rubber tires and rubber side guards.

30. No auction, liquidation, fire sale, going-out-of-business or bankruptcy sale shall be conducted in the Premises without the prior written consent of Landlord.

31. No tenant shall use or permit the use of any portion of the Premises for living quarters, sleeping apartments or lodging rooms.

32. Tenant shall not purchase spring water, towels, janitorial or maintenance or other similar services from any company or persons not approved by Landlord. Landlord shall approve a sufficient number of sources of such services to provide Tenant with a reasonable selection, but only in such instances and to such extent as Landlord in its judgment shall consider consistent with the security and proper operation of the Building.

33. Tenant shall install and maintain, at Tenant's sole cost and expense, an adequate, visibly marked and properly operational fire extinguisher next to any duplicating or photocopying machines or similar heat producing equipment, which may or may not contain combustible material, in the Premises.

34. Tenant shall not permit any portion of the Project, including the Parking Facilities, to be used for the washing, detailing or other cleaning of automobiles.

Landlord reserves the right at any time to change or rescind any one or more of these Rules and Regulations, or to make such other and further reasonable Rules and Regulations as in Landlord's judgment may from time to time be necessary for the management, safety, care and cleanliness of the Premises, Building, the Common Areas and the Project, and for the preservation of good order therein, as well as for the convenience of other occupants and tenants therein; provided that (i) Landlord provides Tenant with written notice of any such additional or modified Rules and Regulations and (ii) any such additional or modified Rules and Regulations remain subject to the provisions of this Lease and in the event of any conflict between the additional or modified Rules and Regulations and the other provisions of this Lease, the latter shall control. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant, nor prevent Landlord from thereafter enforcing any such Rules or Regulations against any or all tenants of the Project. Tenant shall be deemed to have read these Rules and Regulations and to have agreed to abide by them as a condition of its occupancy of the Premises.

EXHIBIT E

FORM OF LETTER OF CREDIT

(Letterhead of a money center bank acceptable to the Landlord)

FAX NO. [(___) ___-____]
SWIFT: [Insert No., if any]

[Insert Bank Name And Address]

DATE OF ISSUE: _____

BENEFICIARY:
[Insert Beneficiary Name And Address]

APPLICANT:
[Insert Applicant Name And Address]

LETTER OF CREDIT NO. _____

EXPIRATION DATE:
_____ AT OUR COUNTERS

AMOUNT AVAILABLE:
USD[Insert Dollar Amount]
(U.S. DOLLARS [Insert Dollar Amount])

LADIES AND GENTLEMEN:

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____ IN YOUR FAVOR FOR THE ACCOUNT OF [Insert Tenant's Name], A [Insert Entity Type], UP TO THE AGGREGATE AMOUNT OF USD[Insert Dollar Amount] ([Insert Dollar Amount] U.S. DOLLARS) EFFECTIVE IMMEDIATELY AND EXPIRING ON ___(Expiration Date)___ AVAILABLE BY PAYMENT UPON PRESENTATION OF YOUR DRAFT AT SIGHT DRAWN ON [Insert Bank Name] WHEN ACCOMPANIED BY THE FOLLOWING DOCUMENT(S):

1. THE ORIGINAL OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND AMENDMENT(S), IF ANY.

2. BENEFICIARY'S SIGNED STATEMENT PURPORTEDLY SIGNED BY AN AUTHORIZED REPRESENTATIVE OF [Insert Landlord's Name], A [Insert Entity Type] ("LANDLORD") STATING THE FOLLOWING:

"THE UNDERSIGNED HEREBY CERTIFIES THAT THE LANDLORD, EITHER (A) UNDER THE LEASE (DEFINED BELOW), OR (B) AS A RESULT OF THE TERMINATION OF SUCH LEASE, HAS THE RIGHT TO DRAW DOWN THE AMOUNT OF USD _____ IN ACCORDANCE WITH THE TERMS OF THAT CERTAIN OFFICE LEASE DATED [Insert Lease Date], AS AMENDED (COLLECTIVELY, THE "LEASE"), OR SUCH AMOUNT CONSTITUTES DAMAGES OWING BY THE TENANT UNDER SUCH LEASE TO BENEFICIARY RESULTING FROM THE BREACH OF SUCH LEASE BY THE TENANT THEREUNDER, AND SUCH AMOUNT REMAINS UNPAID AT THE TIME OF THIS DRAWING."

OR

"THE UNDERSIGNED HEREBY CERTIFIES THAT WE HAVE RECEIVED A WRITTEN NOTICE OF [Insert Bank Name]'S ELECTION NOT TO EXTEND ITS STANDBY LETTER OF CREDIT NO. _____ AND HAVE NOT RECEIVED A REPLACEMENT LETTER OF CREDIT WITHIN AT LEAST SIXTY (60) DAYS PRIOR TO THE PRESENT EXPIRATION DATE."

OR

"THE UNDERSIGNED HEREBY CERTIFIES THAT BENEFICIARY IS ENTITLED TO DRAW DOWN THE FULL AMOUNT OF LETTER OF CREDIT NO. _____ AS THE RESULT OF THE FILING OF A VOLUNTARY PETITION UNDER THE U.S. BANKRUPTCY CODE OR A STATE BANKRUPTCY CODE BY THE TENANT UNDER THAT CERTAIN OFFICE LEASE DATED [Insert Lease Date], AS AMENDED (COLLECTIVELY, THE "LEASE"), WHICH FILING HAS NOT BEEN DISMISSED AT THE TIME OF THIS DRAWING."

OR

"THE UNDERSIGNED HEREBY CERTIFIES THAT BENEFICIARY IS ENTITLED TO DRAW DOWN THE FULL AMOUNT OF LETTER OF CREDIT NO. _____ AS THE RESULT OF AN INVOLUNTARY PETITION HAVING BEEN FILED UNDER THE U.S. BANKRUPTCY CODE OR A STATE BANKRUPTCY CODE AGAINST THE TENANT

UNDER THAT CERTAIN OFFICE LEASE DATED [Insert Lease Date], AS AMENDED (COLLECTIVELY, THE "LEASE"), WHICH FILING HAS NOT BEEN DISMISSED AT THE TIME OF THIS DRAWING."

SPECIAL CONDITIONS:

PARTIAL DRAWINGS AND MULTIPLE PRESENTATIONS MAY BE MADE UNDER THIS STANDBY LETTER OF CREDIT, PROVIDED, HOWEVER, THAT EACH SUCH DEMAND THAT IS PAID BY US SHALL REDUCE THE AMOUNT AVAILABLE UNDER THIS STANDBY LETTER OF CREDIT.

ALL INFORMATION REQUIRED WHETHER INDICATED BY BLANKS, BRACKETS OR OTHERWISE, MUST BE COMPLETED AT THE TIME OF DRAWING. [Please Provide The Required Forms For Review, And Attach As Schedules To The Letter Of Credit.]

ALL SIGNATURES MUST BE MANUALLY EXECUTED IN ORIGINALS.

ALL BANKING CHARGES ARE FOR THE APPLICANT'S ACCOUNT.

IT IS A CONDITION OF THIS STANDBY LETTER OF CREDIT THAT IT SHALL BE DEEMED AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR A PERIOD OF ONE YEAR FROM THE PRESENT OR ANY FUTURE EXPIRATION DATE, UNLESS AT LEAST SIXTY (60) DAYS PRIOR TO THE EXPIRATION DATE WE SEND YOU NOTICE BY NATIONALLY RECOGNIZED OVERNIGHT COURIER SERVICE THAT WE ELECT NOT TO EXTEND THIS CREDIT FOR ANY SUCH ADDITIONAL PERIOD. SAID NOTICE WILL BE SENT TO THE ADDRESS INDICATED ABOVE, UNLESS A CHANGE OF ADDRESS IS OTHERWISE NOTIFIED BY YOU TO US IN WRITING BY RECEIPTED MAIL OR COURIER. ANY NOTICE TO US WILL BE DEEMED EFFECTIVE ONLY UPON ACTUAL RECEIPT BY US AT OUR DESIGNATED OFFICE. IN NO EVENT, AND WITHOUT FURTHER NOTICE FROM OURSELVES, SHALL THE EXPIRATION DATE BE EXTENDED BEYOND A FINAL EXPIRATION DATE OF ___(Expiration Date)___.

THIS LETTER OF CREDIT IS TRANSFERABLE ONE OR MORE TIMES, BUT IN EACH INSTANCE TO A SINGLE TRANSFEREE ("TRANSFEREE") AND ONLY IN THE FULL AMOUNT AVAILABLE TO BE DRAWN UNDER THE LETTER OF CREDIT AT THE TIME OF SUCH TRANSFER, ASSUMING SUCH TRANSFER TO SUCH TRANSFEREE IS IN COMPLIANCE WITH ALL APPLICABLE U.S. LAWS AND REGULATIONS. AT THE TIME OF TRANSFER, THE ORIGINAL LETTER OF CREDIT AND ORIGINAL AMENDMENT(S) IF ANY, MUST BE SURRENDERED TO US TOGETHER WITH OUR TRANSFER FORM (AVAILABLE UPON REQUEST) AND PAYMENT OF OUR CUSTOMARY TRANSFER FEES BY APPLICANT. IN CASE OF ANY TRANSFER UNDER THIS LETTER OF CREDIT, THE DRAFT AND ANY REQUIRED STATEMENT MUST BE EXECUTED BY THE TRANSFEREE AND WHERE THE BENEFICIARY'S NAME APPEARS WITHIN THIS STANDBY LETTER OF CREDIT, THE TRANSFEREE'S NAME IS AUTOMATICALLY SUBSTITUTED THEREFOR.

ALL DRAFTS REQUIRED UNDER THIS STANDBY LETTER OF CREDIT MUST BE MARKED: "DRAWN UNDER [Insert Bank Name] STANDBY LETTER OF CREDIT NO. _____."

WE HEREBY AGREE WITH YOU THAT IF DRAFTS ARE PRESENTED TO [Insert Bank Name] UNDER THIS LETTER OF CREDIT AT OR PRIOR TO [Insert Time – (*e.g.*, 11:00 AM)], ON A BUSINESS DAY, AND PROVIDED THAT SUCH DRAFTS PRESENTED CONFORM TO THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT, PAYMENT SHALL BE INITIATED BY US IN IMMEDIATELY AVAILABLE FUNDS BY OUR CLOSE OF BUSINESS ON THE SUCCEEDING BUSINESS DAY. IF DRAFTS ARE PRESENTED TO [Insert Bank Name] UNDER THIS LETTER OF CREDIT AFTER [Insert Time – (*e.g.*, 11:00 AM)], ON A BUSINESS DAY, AND PROVIDED THAT SUCH DRAFTS CONFORM WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT, PAYMENT SHALL BE INITIATED BY US IN IMMEDIATELY AVAILABLE FUNDS BY OUR CLOSE OF BUSINESS ON THE SECOND SUCCEEDING BUSINESS DAY. AS USED IN THIS LETTER OF CREDIT, "BUSINESS DAY" SHALL MEAN ANY DAY OTHER THAN A SATURDAY, SUNDAY OR A DAY ON WHICH BANKING INSTITUTIONS IN THE STATE OF UTAH ARE AUTHORIZED OR REQUIRED BY LAW TO CLOSE. IF THE EXPIRATION DATE FOR THIS LETTER OF CREDIT SHALL EVER FALL ON A DAY WHICH IS NOT A BUSINESS DAY THEN SUCH EXPIRATION DATE SHALL AUTOMATICALLY BE EXTENDED TO THE DATE WHICH IS THE NEXT BUSINESS DAY.

PRESENTATION OF A DRAWING UNDER THIS LETTER OF CREDIT MAY BE MADE ON OR PRIOR TO THE THEN CURRENT EXPIRATION DATE HEREOF BY HAND DELIVERY, COURIER SERVICE, OVERNIGHT MAIL, OR FACSIMILE. PRESENTATION BY FACSIMILE TRANSMISSION SHALL BE BY TRANSMISSION OF THE ABOVE REQUIRED SIGHT DRAFT DRAWN ON US TOGETHER WITH THIS LETTER OF CREDIT TO OUR FACSIMILE NUMBER, [Insert Fax Number – (___) ___-____], ATTENTION: [Insert Appropriate Recipient], WITH TELEPHONIC CONFIRMATION OF OUR RECEIPT OF SUCH FACSIMILE TRANSMISSION AT OUR TELEPHONE NUMBER [Insert Telephone Number – (___) ___-____] OR TO SUCH OTHER FACSIMILE OR TELEPHONE NUMBERS, AS TO WHICH YOU HAVE RECEIVED WRITTEN NOTICE FROM US AS BEING THE APPLICABLE SUCH NUMBER. WE AGREE TO NOTIFY YOU IN WRITING, BY NATIONALLY RECOGNIZED OVERNIGHT COURIER SERVICE, OF ANY CHANGE IN SUCH DIRECTION. ANY FACSIMILE PRESENTATION PURSUANT TO THIS PARAGRAPH SHALL ALSO STATE THEREON THAT THE ORIGINAL OF SUCH SIGHT DRAFT AND LETTER OF CREDIT ARE BEING REMITTED, FOR DELIVERY ON THE NEXT BUSINESS DAY, TO [Insert Bank Name]

AT THE APPLICABLE ADDRESS FOR PRESENTMENT PURSUANT TO THE PARAGRAPH FOLLOWING THIS ONE.

WE HEREBY ENGAGE WITH YOU THAT ALL DOCUMENT(S) DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS STANDBY LETTER OF CREDIT WILL BE DULY HONORED IF DRAWN AND PRESENTED FOR PAYMENT AT OUR OFFICE LOCATED AT [Insert Bank Name], [Insert Bank Address], ATTN: [Insert Appropriate Recipient], ON OR BEFORE THE EXPIRATION DATE OF THIS CREDIT, ___(Expiration Date)___.

[Insert Name of Issuing Bank] SHALL REPLACE THE ORIGINAL OF THIS LETTER OF CREDIT WITH A REPLACEMENT LETTER OF CREDIT IF SUCH ORIGINAL IS LOST, STOLEN, MUTILATED, OR DESTROYED PRIOR TO FULL DRAWING UPON PRIOR RECEIPT BY [Insert Name of Issuing Bank] OF ANY FEES CHARGED BY IT AND AN AFFIDAVIT OF LOST LETTER OF CREDIT AND INDEMNITY, EXECUTED BY BENEFICIARY, ACCEPTABLE TO [Insert Name of Issuing Bank] IN ITS SOLE DISCRETION. ANY BANK CHARGES FOR SUCH REPLACEMENT SHALL BE PAYABLE BY THE BENEFICIARY.

EXCEPT SO FAR AS OTHERWISE EXPRESSLY STATED HEREIN, THIS STANDBY LETTER OF CREDIT IS SUBJECT TO THE "INTERNATIONAL STANDBY PRACTICES" (ISP 98) INTERNATIONAL CHAMBER OF COMMERCE (PUBLICATION NO. 590).

Very truly yours,

(Name of Issuing Bank)

By: _____

EXHIBIT F

EXTERIOR BUILDING SIGNAGE

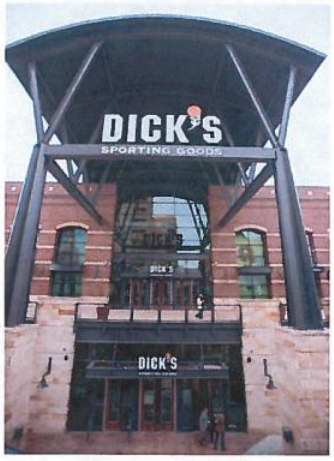


EXHIBIT G

DECLARATION

The term "**Declarations**" as used in this Lease shall mean, together, the following:

(i) Notice Of Adoption Of Redevelopment plan Entitled "Depot District Redevelopment Project Area Plan", dated October 15, 1998, recorded October 22, 1998 as Entry No. 7127194 in Book 8133 at Page 1835 of the Official Records, as amended and affected by an Amended Notice Of Adoption Of Redevelopment Plan Entitled "Depot District Redevelopment Project Area Plan", dated October 15, 1998, recorded May 6, 1999 as Entry No. 7345726 in Book 8275 at Page 1402 of the Official Records;

(ii) Easement Agreement (With Boundary Agreement), dated January 3, 2000, recorded January 13, 2000 as Entry No. 7553961, in Book 8336, at Page 1170 of the Official Records, as amended and/or otherwise affected by that certain Omnibus Amendment To City Project Agreements, recorded April 22, 2013 as Entry No. 11622650, in Book 10129, at Page 5755 of the Official Records, as amended and/or otherwise affected by that certain Affidavit, dated February 21, 2001, executed by BRIAN GOCHNOUR, recorded February 26, 2001 as Entry No.7828965, in Book 8427, at Page 4667 of the Official Records;

(iii) Amended And Restated Participation And Reimbursement Agreement, dated as of May 30, 2006, recorded June 8, 2006 as Entry No. 9747342, in Book 9305, at Page 5127 of the Official Records, as amended and/or otherwise affected by that certain First Amendment To Amended And Restated Participation And Reimbursement Agreement, recorded April 22, 2013 as Entry No. 11622649, in Book 10129, at Page 5750 of the Official Records;

(iv) Rio Grande Street Grant Of Easement, dated January 3, 2000, recorded January 13, 2000 as Entry No. 7553963, in Book 8336, at Page 1217 of the Official Records, as corrected by an Affidavit recorded August 7, 2000 as Entry No. 7693049, in Book 8379 at Page 5484 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Rio Grande Street Grant Of Easement, recorded May 6, 2005 as Entry No. 9370280, in Book 9128, at Page 481 of the Official Records, and by that certain Second Amendment to Rio Grande Street Grant Of Easement, recorded December 20, 2007 as Entry No. 10305320, in Book 9550, at Page 5547 of the Official Records, and by that certain Joint Omnibus Amendment To Project Agreements, recorded April 22, 2013 as Entry No. 11622651, in Book 10129, at Page 5760 of the Official Records;

(v) Plaza Pedestrian And Public Use Easement And Programming Agreement, dated December 23, 1999, recorded January 13, 2000 as Entry No. 7553964, in Book 8336, at Page 1240 of the Official Records, as corrected by an Affidavit recorded August 7, 2000 as Entry No. 7693049, in Book 8379 at Page 5484 of the Official Records, and as amended, supplemented and otherwise affected by that certain First Amendment To Plaza Pedestrian And Public Use Easement And Programming Agreement, recorded May 6, 2005 as Entry No. 9370282, in Book 9128, at Page 506 of the Official Records, and by that certain Joint Omnibus Amendment To Project Agreements, recorded April 22, 2013 as Entry No. 11622651, in Book 10129, at Page 5760 of the Official Records;

(vi) North Temple Frontage Road Grant Of Easement, dated December 23, 1999, recorded January 13, 2000 as Entry No. 7553965, in Book 8336, at Page 1263 of the Official Records, as corrected by an Affidavit recorded August 7, 2000 as Entry No. 7693049, in Book 8379 at Page 5484 of the Official Records, and as amended, supplemented and otherwise affected by that certain First Amendment To North Temple Frontage Road Grant Of Easement, recorded May 6, 2005 as Entry No. 9370279, in Book 9128, at Page 466 of the Official Records, and by that certain Joint Omnibus Amendment To Project Agreements, recorded April 22, 2013 as Entry No. 11622651, in Book 10129, at Page 5760 of the Official Records;

(vii) Depot Pedestrian And Public Use Easement, dated December 23, 1999, recorded January 13, 2000 as Entry No. 7553966, in Book 8336, at Page 1284 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Depot Pedestrian And Public Use Easement, recorded May 6, 2005 as Entry No. 9370281, in Book 9128, at Page 497 of the Official Records;

(viii) Hotel Pedestrian Easement, dated December 23, 1999, recorded January 13, 2000 as Entry No. 7553967, in Book 8336, at Page 1302 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Hotel Pedestrian Easement Now Known As Walkway Easement, recorded May 6, 2005 as Entry No. 9370283, in Book 9128, at Page 525 of the Official Records;

(ix) Parks Blocks Agreement, dated as of July 5, 2000, recorded July 7, 2000 as Entry No. 7674967, in Book 8373, at Page 5614 of the Official Records, as amended and/or otherwise affected by that certain Omnibus Amendment To City Project Agreements, recorded April 22, 2013 as Entry No. 11622650, in Book 10129, at Page 5755 of the Official Records;

(x) Declaration And Establishment Of Protective Covenants, Conditions And Restrictions And Grant Of Easements, dated as of December 15, 2000, recorded December 27, 2000 as Entry No. 7787948, in Book 8410, at Page 8311 of the Official Records, as amended and/or otherwise affected by that certain First Amendment To Declaration And Establishment Of Protective Covenants, Conditions And Restrictions And Grant Of Easements, recorded March 1, 2001 as Entry No. 7833680, in Book 8430, at Page 1766 of the Official Records, and by that certain Second Amendment To Declaration And Establishment Of Protective Covenants, Conditions And Restrictions And Grant Of Easements, recorded May 6, 2005 as Entry No. 9370284, in Book 9128, at Page 536 of the Official Records;

(xi) Amended and Restated Declaration of Condominium Gateway Block C1 Condominium Project, recorded April 27, 2001 as Entry No. 7881708, in Book 8450, at Page 4761 of the Official Records, as said Amended And Restated

Declaration was amended and/or otherwise affected by that certain First Amendment to Amended and Restated Declaration of Condominium Gateway Block C1 Condominium Project, recorded February 15, 2011 as Entry No. 11134756, in Book 9905, at Page 6380 of the Official Records;

(xii) Amended And Restated Declaration Of Condominium Gateway Block C2 Condominium Project, recorded April 27, 2001 as Entry No. 7881709, in Book 8450, at Page 4843 of the Official Records;

(xiii) Declaration Of Condominium Gateway Block A Condominium Project, recorded February 26, 2001 as Entry No. 7828969, in Book 8427, at Page 4676 of the Official Records;

(xiv) Declaration Of Condominium Gateway Block B Condominium Project, recorded February 26, 2001 as Entry No. 7828971, in Book 8427, at Page 4752 of the Official Records, as amended or otherwise affected by that certain First Amendment To Declaration Of Condominium Gateway Block B Condominium Project And Amendment Of Record Of Survey Map, recorded May 16, 2002 as Entry No. 8235748, in Book 8598 at Page 7012, of the Official Records, and by that certain Second Amendment To Declaration Of Condominium Gateway Block B Condominium Project And Amendment Of Record Of Survey Map, recorded July 20, 2004 as Entry No. 9125323, in Book 9016 at Page 2655;

(xv) Declaration Of Covenants, Conditions And Restrictions Re Commercial Shared Maintenance, dated as of February 28, 2001, as evidenced by that certain Memorandum Of Declaration Of Covenants, Conditions And Restrictions Re Commercial Shared Maintenance (Gateway), recorded March 1, 2001 as Entry No. 7833681, in Book 8430, at Page 1770 of the Official Records, and by that certain First Amendment To Memorandum Of Declaration Of Covenants, Conditions And Restrictions Re Commercial Shared Maintenance, recorded May 6, 2005 as Entry No. 9370286, in Book 9128, at Page 563 of the Official Records, and by that certain Consent and Acknowledgment of Inland Western Salt Lake City Gateway, L.L.C., recorded September 25, 2013 as Entry No. 11730200, in Book 10180, at Page 1552 of the Official Records;

(xvi) Declaration Of Easements, dated as of September 1, 2001, recorded April 7, 2003 as Entry No. 8600407, in Book 8772, at Page 5889 of the Official Records;

(xvii) Covenant Agreement, dated as of February 28, 2003, recorded April 7, 2003 as Entry No. 8600408, in Book 8772, at Page 5901 of the Official Records;

(xviii) unrecorded Parking License Agreement dated April 8, 2002, unrecorded First Amendment to Parking License Agreement dated as of July 9, 2002, and unrecorded Central Plant Participation Agreement dated June 1, 2002, each as disclosed by that certain Parking License, Parking Access, Central Plant Participation And Subordination Agreement, dated as of June 16, 2003, recorded June 16, 2003 as Entry No. 8691592, in Book 8818, at Page 5955 of the Official Records;

(xix) Parking License Agreement, dated October 6, 2003, recorded October 10, 2003 as Entry No. 8848851, in Book 8894, at Page 9334 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Parking License Agreement (Gateway Office 3), dated May 5, 2005, recorded May 6, 2005 as Entry No. 9370289, in Book 9128, at Page 580 of the Official Records; (xx) Agreement For Construction And Subsequent Acquisition Of Retail Unit 4, Gateway Block A Condominium, For The Purpose Of Operating A Planetarium And Presenting Large Screen Motion Picture Features, dated February 13, 2002, recorded June 8, 2004 as Entry No. 9084123, in Book 8998, at Page 4901 of the Official Records;

(xxi) Parking License Agreement, dated June 30, 2004, recorded July 20, 2004 as Entry No. 9125321, in Book 9016, at Page 2635 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Parking License Agreement, dated May 5, 2005, recorded May 6, 2005 as Entry No. 9370288, in Book 9128, at Page 573 of the Official Records;

(xxii) Air Space Easement Agreement, dated as of May 5, 2005, recorded May 6, 2005 as Entry No. 9370290, in Book 9128, at Page 586 of the Official Records;

(xxiii) Encroachment Agreement, dated as of May 5, 2005, recorded May 6, 2005 as Entry No. 9370291, in Book 9128, at Page 595 of the Official Records;

(xxiv) Declaration Of Covenants, Restrictions And Easements (The Gateway--Retail Parcels), recorded May 6, 2005 as Entry No. 9370292, in Book 9128, at Page 605 of the Official Records, as amended by that certain Amendment To Declaration Of Covenants, Restrictions And Easements, recorded May 31, 2005 as Entry No. 9390612, in Book 9137, at Page 7862 of the Official Records;

(xxv) Declaration Of Easement (Emergency Ingress & Egress), dated as of January 6, 2006, recorded January 10, 2006 as Entry No. 9606025, in Book 9241, at Page 9418 of the Official Records;

(xxvi) Parking License Agreement, dated December 15, 2006, recorded December 26, 2006 as Entry No. 9951937, in Book 9399, at Page 9815 of the Official Records;

(xxvii) Easement, recorded December 4, 2007 as Entry No. 10291031, in Book 9544, at Page 1216 of the Official Records;

(xxviii) Declaration Of Bridge Covenants And Easements (The Gateway--Retail Parcels), dated October 3, 2007, recorded January 22, 2008 as Entry No. 10328082, in Book 9561, at Page 1129 of the Official Records;

(xxix) Easement, recorded January 22, 2008 as Entry No. 10328083, in Book 9561, at Page 1144 of the Official Records;

(xxx) Parking License Agreement, dated March 20, 2006, the existence of which is disclosed of record by that certain Memorandum Of Parking License Agreement recorded October 22, 2012 as Entry No. 11496303, in Book 10068, at Page 3312 of the Official Records;

(xxxi) Central Plant Participation Agreement, dated October 6, 2003, recorded October 10, 2003 as Entry No. 8848852, in Book 8894, at Page 9344 of the Official Records;

(xxxii) Central Plant Participation Agreement, dated June 30, 2004, recorded July 20, 2004 as Entry No. 9125322 , in Book 9016, at Page 2645 of the Official Records; and

(xxxiii) all amendments, modifications, extensions and renewals and replacements thereof; all of which shall be superior to this Lease, binding upon the Project and run with the land.

EXHIBIT H

FORM OF TENANT'S ESTOPPEL CERTIFICATE

The undersigned as Tenant under that certain Office Lease (the "**Lease**") made and entered into as of _____, 201_ by and between _____ as Landlord, and the undersigned as Tenant, for Premises on the _____ floor(s) of the office building located at _____, certifies as follows:

1. Attached hereto as **Exhibit A** is a true and correct copy of the Lease and all amendments and modifications thereto. The documents contained in **Exhibit A** represent the entire agreement between the parties as to the Premises.

2. The undersigned currently occupies the Premises described in the Lease, the Lease Term commenced on _____, and the Lease Term expires on _____, and, except as set forth in the Lease, the undersigned has no option to terminate or cancel the Lease or to purchase all or any part of the Premises, the Building and/or the Project.

3. Base Rent became payable on _____.

4. The Lease is in full force and effect and has not been modified, supplemented or amended in any way except as provided in **Exhibit A**.

5. Tenant has not transferred, assigned, or sublet any portion of the Premises nor entered into any license or concession agreements with respect thereto except as follows:

6. All monthly installments of Base Rent, all Additional Rent and all monthly installments of estimated Additional Rent have been paid when due through _____. The current monthly installment of Base Rent is $_____.

7. All conditions of the Lease to be performed by Landlord necessary to the enforceability of the Lease have been satisfied and, to the undersigned's actual knowledge, Landlord is not in default thereunder. In addition, the undersigned has not delivered any notice to Landlord regarding a default by Landlord thereunder.

8. No rental has been paid more than thirty (30) days in advance and no security has been deposited with Landlord except as provided in the Lease.

9. As of the date hereof, there are no existing defenses or offsets, or, to the undersigned's actual knowledge, claims or any basis for a claim, that the undersigned has against Landlord.

10. If Tenant is a corporation or partnership, each individual executing this Estoppel Certificate on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in Utah and that Tenant has full right and authority to execute and deliver this Estoppel Certificate and that each person signing on behalf of Tenant is authorized to do so.

11. There are no actions pending against the undersigned under the bankruptcy or similar laws of the United States or any state.

12. Other than in compliance with all applicable laws and incidental to the ordinary course of the use of the Premises, the undersigned has not used or stored any hazardous substances in the Premises.

13. To the undersigned's actual knowledge, all tenant improvement work to be performed by Landlord under the Lease has been completed in accordance with the Lease and has been accepted by the undersigned and all reimbursements and allowances due to the undersigned under the Lease in connection with any tenant improvement work have been paid in full.

The undersigned acknowledges that this Estoppel Certificate may be delivered to Landlord or to a prospective mortgagee or prospective purchaser, and acknowledges that said prospective mortgagee or prospective purchaser will be relying upon the statements contained herein in making the loan or acquiring the property of which the Premises are a part and that receipt by it of this certificate is a condition of making such loan or acquiring such property.

[Remainder of Page Intentionally Blank]

This Estoppel Certificate has been executed by the undersigned on the ____ day of _____, 201_.

"Tenant":

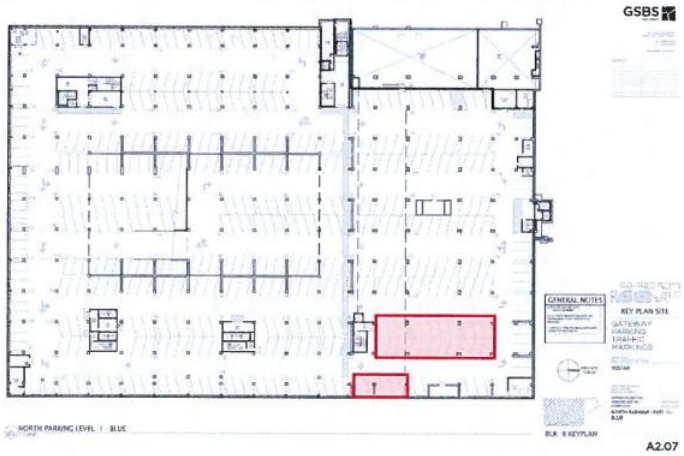
_____,
a _____

By: _____
Its: _____

By: _____
Its: _____

EXHIBIT I

RESERVED PARKING SPACES



OFFICE LEASE

VESTAR GATEWAY, LLC,

a Delaware limited liability company,

as Landlord,

and

RECURSION PHARMACEUTICALS, INC.,

a Delaware corporation,

as Tenant.

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FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this "**Amendment**") is dated as of September 25, 2018, between VESTAR GATEWAY, LLC, a Delaware limited liability company ("**Landlord**"), and RECURSION PHARMACEUTICALS, INC., a Delaware corporation ("**Tenant**").

RECITALS

A. Landlord and Tenant are parties to a lease dated as of November 13, 2017 (the "**Lease**"), pursuant to which Tenant leases from Landlord certain premises (the "**Premises**") consisting of a two (2) story office building containing approximately 99,172 rentable square feet of space, commonly known as Station 41 at The Gateway, 41 South Rio Grande, Salt Lake City, Utah. Capitalized terms not otherwise defined in this Amendment shall have the meanings given them in the Lease.

B. Pursuant to Section 2.4 of Exhibit B to the Lease, Tenant had the right to increase the Tenant Improvement Allowance by up to $10.00 per rentable square foot of the Premises (i.e., $991,720.00) (the actual amount of such increase being referred to as the "**Additional Allowance**"). The parties agreed that once the actual amount of the Additional Allowance was determined, the monthly Base Rent payable by Tenant for the Premises would be increased by the amortized value of such amount. The actual amount of the Additional Allowance has now been determined and that amount is the entire $10.00 per rentable square foot of the Premises (i.e., $991,720.00). Accordingly, the monthly Base Rent payable by Tenant shall increase by $12,032.30 per month in order to amortize the Additional Allowance over the Lease Term.

C. Landlord and Tenant now desire to amend the Lease to (i) adjust the Base Rent payable by Tenant for the Premises pursuant to the Lease, and (ii) modify the location of Tenant's reserved parking spaces, all upon and subject to the terms and conditions set forth herein

NOW, THEREFORE, in consideration of the foregoing, the parties hereto agree as follows:

1. Base Rent. Effective as of the date of this Amendment, the rental chart set forth in Section 4.1 of the Summary of Basic Lease Information in the Lease is hereby deleted in its entirety and replaced with the following:

Period	Monthly Installment of Base Rent Based on Partial Premises for First Five Years	Monthly Installment of Base Rent Based on Entire Premises
06/01/18 – 05/31/19	$221,110.68	$247,565.80
06/01/19 – 05/31/20	$227,383.03	$254,631.81
06/01/20 – 05/31/21	$233,843.55	$261,909.79
06/01/21 – 05/31/22	$240,497.89	$269,406.12
06/01/22 – 05/31/23	$247,351.85	$277,127.33
06/01/23 – 05/31/24	$285,080.18	$285,080.18
06/01/24 – 05/31/25	$293,271.62	$293,271.62
06/01/25 – 05/31/26	$301,708.80	$301,708.80
06/01/26 – 05/31/27	$310,399.09	$310,399.09

06/01/27 – 05/31/28	$319,350.09	$319,350.09

*During the period from June 1, 2018 through May 31, 2023 (the "**Reduced Rent Period**"), Tenant shall only be required to pay Base Rent on 88,033 rentable square feet of the Premises (rather than on the entire 99,172 rentable square feet), as shown in the second column of the rental chart above. The "**Reduced Rent Amount**" refers to the amount of Base Rent that Tenant is not paying for the entire Premises (i.e., the remaining 11,151 rentable square feet) during the Reduced Rent Period. Landlord shall have the right to purchase the Reduced Rent from Tenant pursuant to Section 3.2 of the Lease, in which case, from and after the date such payment is received, Base Rent shall be payable by Tenant as shown in the third column of the rental chart above.

Within ten (10) days after the execution of this Amendment, Tenant shall pay Landlord such additional increased Base Rent described Recital B above which is applicable for June 2018, July 2018 and August 2018 (and September 2018 if applicable).

2. Reserved Parking Spaces. Exhibit I to the Lease is hereby deleted in its entirety and replaced with Exhibit A attached hereto, it being acknowledged that the Reserved Parking Area is shown highlighted in yellow on Exhibit A attached hereto.

3. No Offer. Submission of this instrument for examination and signature by Tenant does not constitute an offer to amend the Lease or a reservation of or option to amend the Lease, and this instrument is not effective as a lease amendment or otherwise until executed and delivered by both Landlord and Tenant.

4. Lease in Full Force and Effect. Except as provided above, the Lease is unmodified hereby and remains in full force and effect.

5. Counterparts. This Amendment may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same First Amendment.

[Signatures appear on the following page]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date and year first above written.

LANDLORD:

VESTAR GATEWAY, LLC,
a Delaware limited liability company

By: SLC Gateway Retail, LLC,
a Delaware limited liability company,
its Sole Member

By: VGSLM, LLC,
a Delaware limited liability company,
its Managing Member

By: _____
Name: ~~Edward J. Reading~~
Title: Manager Manager

TENANT:

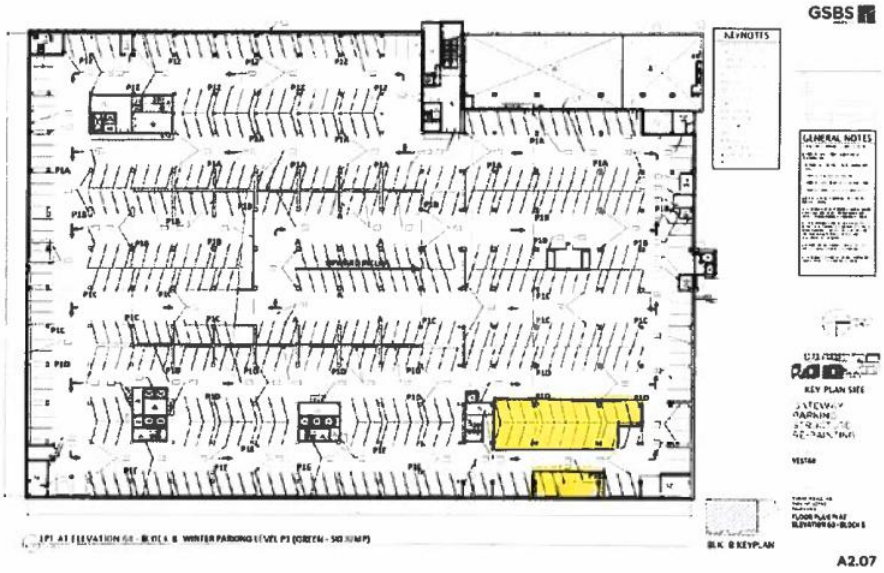
RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation

By: _____
Name: Christopher Gibson
Its: CEO

By: _____
Name: _____
Its: _____

EXHIBIT A

RESERVED PARKING SPACES



SECOND AMENDMENT TO OFFICE LEASE

THIS SECOND AMENDMENT TO OFFICE LEASE (this "Amendment") is made and entered into as of the 13th day of November, 2019 (the "Amendment Effective Date") by and between VESTAR GATEWAY, LLC, a Delaware limited liability company ("Landlord") and RECURSION PHARMACEUTICALS, INC., a Delaware corporation ("Tenant").

RECITALS:

A. Landlord and Tenant have previously executed and delivered that certain Office Lease dated November 13, 2017, as amended by that certain First Amendment to Lease dated September 25, 2018 (collectively, the "Lease") with respect to certain Premises more particularly described therein.

B. Landlord and Tenant have agreed to modify the Lease, subject to and in accordance with the further terms, covenants and provisions of this Amendment.

NOW, THEREFORE, in consideration of the execution and delivery of the Lease, the foregoing Recitals, the mutual agreements, covenants and promises contained in this Amendment and other good and valuable considerations, the receipt, sufficiency and validity of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Definitions. Capitalized terms used in this Amendment without definition shall have the meanings assigned to such terms in the Lease unless the context expressly requires otherwise.

2. Additional Premises.

(a) In addition to and together with the Premises, from and after the Additional Premises Rent Commencement Date (as defined in Paragraph 4 below), Landlord leases to Tenant and Tenant leases from Landlord that certain Additional Premises (herein so called) consisting of approximately five thousand five hundred forty-seven (5,547) square feet of Floor Area and identified as the "Additional Premises" on the Site Plan attached hereto as **Exhibit "A,"** together with the "Outdoor Play Area" identified on the Site Plan attached as "**Exhibit C-1**." From and after the Additional Premises Rent Commencement Date, references in the Lease to the "Premises" shall be deemed to include the "Additional Premises" and Tenant's use, lease and occupancy of the Additional Premises shall be subject to all of the terms, covenants and provisions of the Lease, except as expressly set forth in this Amendment. The term of Tenant's lease of the Additional Premises shall be coterminous with the Lease.

(b) Landlord consents to entry by Tenant in the Additional Premises from and after completion by Landlord of the Sewer Work described in Paragraph 8 hereof for the purposes of readying the Additional Premises for Tenant's business operations. Tenant acknowledges that the (i) indemnification and waiver provisions of Article 10 of the Lease, (ii) the waiver of subrogation provisions of Section 10.5 of the Lease, and the insurance provisions of Article 10 of the Lease, apply to Tenant's entry in the Additional Premises.

3. Use. The Additional Premises shall be used solely for a daycare facility operated by Bright Horizons Family Solutions or its affiliate (or such other licensed day-care provider chosen by Tenant, which may or may not be a third-party); provided, however, the Additional Premises may be used for the purposes expressly set forth in Article 5 of the Lease upon Tenant providing advance written notice to Landlord of such change, and for no other purpose.

4. Base Rent. From and after the earlier of (a) the date the Additional Premises opens for business, and (b) the date that is 180 days after Tenant obtains the necessary building permits for the Additional Tenant Improvements (as defined below) (which date shall be no later than the date that is 270 days after the Amendment Effective Date, subject to Tenant's extension rights set forth below) (the "Additional Premises Rent Commencement Date"), Base Rent shall be payable with respect to the Additional Premises in accordance with the schedule of Base Rent set forth below; provided, however, Tenant may extend the Additional Premises Rent Commencement Date upon written notice to Landlord up to ninety (90) additional days to allow for completion of Tenant's Work (as defined below) so long as Tenant has commenced and continues to diligently prosecute such work to completion. No Rent shall be due or payable with respect to the Outdoor Play Area.

Month of Lease Term	Monthly Rental	Annual Rental	Annual Rental Rate Per Square Foot
Additional Premises Rent Commencement Date - 12	$13,174.13	$158,089.50	$28.5000
13-24	$13,569.35	$162,832.19	$29.3550
25-36	$13,976.43	$167,717.15	$30.2357
37-48	$14,395.72	$172,748.67	$31.1427
49-60	$14,827.59	$177,931.13	$32.0770
61-72	$15,272.42	$183,269.06	$33.0393
73-84*	$15,730.59	$188,767.13	$34.0305

*Tenant acknowledges that the Lease Term expires on May 31, 2028.

5. Termination of Lease. Tenant may terminate the Lease, but only with respect to the Additional Premises, from and after on the date that is three (3) years from the Amendment Effective Date. On the effective date of such termination, and as a condition to such termination, Tenant shall pay to Landlord an amount equal to the unamortized Additional Premises Allowance (as defined in Paragraph 9 hereof) and the unamortized brokerage commissions paid by Landlord in connection with the execution of this Amendment, as of the effective date of such termination amortized in accordance with the terms of Section 2.4 of the Lease.

6. Central Plant Charges. From and after the Additional Premises Rent Commencement Date, Tenant shall pay to Landlord Two and 75/100 Dollars ($2.75) per square foot of floor area of the Additional Premises per annum for costs incurred by Landlord to provide heated and chilled water from the central plant, and which shall be payable in twelve (12) equal monthly installments during each year of the Lease Term, in advance, on the first day of each calendar month, without setoff or deduction, notice or demand, together with Tenant's monthly payments of Base Rent.

7. Operating Expenses, Taxes – Additional Premises. Tenant acknowledges that its obligation for payments for Direct Expenses, Operating Expenses and Tax Expenses with respect to the Additional Premises shall be calculated differently than its obligations for Direct Expenses, Operating Expenses and Tax Expenses with respect to the original Premises (as is set forth in Article 4 of the Lease). Accordingly, Landlord and Tenant hereby agree as follows:

(a) Operating Expenses. Operating Expenses with respect to the Additional Premises shall be prorated in the following manner: A portion of the Project is or will be owned or leased by occupants of buildings having a floor area of ten thousand (10,000) square feet or more (the "Major Tenants"). The contributions of the Major Tenants towards the Operating Expenses shall be credited toward payment of the entirety of the Operating Expenses and the balance of the Operating Expenses shall be prorated in the following manner. From and after the Additional Premises Rent Commencement Date, Tenant shall pay to Landlord, on the first day of each calendar month, an amount estimated by Landlord to be Tenant's share of the Operating Expenses. This estimated monthly charge may be adjusted by Landlord at the end of any calendar quarter on the basis of Landlord's experience and any variation in reasonably anticipated cost (subject, however, to the definitions and limitations set forth in the Lease of Operating Expenses and Operating Expenses Exclusions). Operating Expenses and Operating Expense Exclusions as defined in the Lease shall not be modified by the terms of this Amendment. In addition to Operating Expenses, Tenant shall pay to Landlord a sum for accounting, bookkeeping and collection of the Operating Expenses in an amount equal to three percent (3%) of the Base Rent.

(b) Operating Expenses Statement. Within thirty (30) days following the end of each calendar quarter or, at Landlord's option, within ninety (90) days after the end of each calendar year, Landlord shall furnish Tenant a statement of actual Operating Expenses incurred or accrued for the preceding calendar year or calendar quarter, as applicable, for the Additional Premises, certified as correct by a certified public accountant or an authorized representative of Landlord, showing in reasonable detail the total amount of the Operating Expenses allocated to tenants of the Project, the amount of Tenant's share of the Operating Expenses for such calendar quarter or year and the payments made by Tenant with respect to such period as set forth above. If Tenant's share of the Operating Expenses for the Additional Premises exceeds Tenant's payments, Tenant shall pay Landlord the deficiency within thirty (30) days after receipt of such statement. If Tenant's payments exceed Tenant's share of the Operating Expenses, Tenant shall be entitled to offset the excess against payments next thereafter to become due Landlord as set forth in above (or receive a refund of such excess payments within thirty (30) days of Tenant's written request therefor, which obligation shall survive the expiration of the Lease Term). Tenant's share of the Operating Expenses for the Additional Premises for the previous calendar quarter or year shall be that portion of all Operating Expenses, less the amounts contributed by the Major Tenants multiplied by a fraction, the

numerator of which is the number of square feet of floor area in the Additional Premises and the denominator of which is the total number of square feet of floor area of buildings in the Project (other than the Excluded Components, defined below) as of the commencement of such calendar quarter or year, and excluding those buildings the owners, tenants or occupants of which self-maintain with respect to any particular component of Operating Expenses. There shall be an appropriate adjustment of Tenant's share of the Operating Expenses as of the Additional Premises Rent Commencement Date and at the expiration or earlier termination of Lease Term. Tenant's right to audit Direct Expenses shall be as set forth in Section 4.6 of the Lease (with the terms thereof modified as necessary to conform to the terms and purposes of this Amendment). Excluded Components include those portions of the Project identified on the Project site plan attached as **Exhibit "B"** (the "Project Site Plan") as "**One Gateway**", "**Two Gateway**", "**Three Gateway**", "**Four Gateway**" and "**Five Gateway**" and the portions of the Project utilized for residential purposes and/or lodging purposes.

(c) Estimated Operating Expenses. Landlord estimates that Tenant's share of Operating Expenses (excluding Tax Expenses and insurance premiums) for the Additional Premises during calendar year 2020 shall be Seven and 54/100 Dollars ($7.54) per square foot of the floor area of the Additional Premises. Notwithstanding this estimate, subject to the terms of the Lease and this Amendment, Tenant shall be liable for the actual obligations for Operating Expenses, irrespective of whether the actual obligation for Operating Expenses is greater or less than Landlord's estimate.

(d) Insurance. Tenant shall pay Landlord, commencing on the Additional Premises Rent Commencement Date and for the balance of the Lease Term, on the first day of each calendar month thereafter, as a component of Operating Expenses, one twelfth (1/12th) of the estimated cost to Landlord of the insurance required to be maintained by Landlord under the Lease for each such year or partial year, subject to annual reconciliation in the manner set forth above. Payment shall be made by Tenant together with Tenant's payment of its pro-rata share of Operating Expenses, unless Landlord elects to bill Tenant separately, in which event, payment shall be made within thirty (30) days after delivery to Tenant of a written statement from Landlord setting forth the cost of such insurance and showing in reasonable detail the manner in which it has been computed. In the event the cost to Landlord of the insurance Landlord is required to maintain under the Lease is not separately charged to Landlord by Landlord's insurance carrier, the portion applicable to the Additional Premises of the cost of such insurance (the "pro rata share") shall be that proportion of such cost which the floor area of the Additional Premises bears to the floor area of all the areas available for exclusive use and occupancy by tenants of the Project (other than the Excluded Components) which are occupied and open for business and covered by such insurance.

(e) Estimated Insurance Expenses. Landlord estimates that Tenant's share of insurance premiums for calendar year 2020 shall be seventeen cents (17¢) per square foot of the floor area of the Additional Premises. Subject to the terms of the Lease and this Amendment, Tenant shall be liable for Tenant's actual share of insurance premiums regardless of whether Landlord's estimate is greater or less than Tenant's actual obligation.

(f) Taxes. Tenant shall pay to Landlord, commencing on the Additional Premises Rent Commencement Date, and for the balance of the Lease Term, on the first day of each calendar month, as a component of Operating Expenses, one-twelfth (1/12th) of the estimated amount of Tax Expenses levied and assessed upon the Additional Premises and the underlying realty for each calendar year, subject to reconciliation in accordance with the provisions of Paragraph 7(b) above. Should any levy and/or assessment relate to or be payable over a period of time which encompasses all or a portion of the Lease Term and either precedes or succeeds the Lease Term, Tenant shall pay a pro rata share thereof based upon the portion of such Tax Expenses falling due during the Lease Term.

(g) Estimated Taxes. Landlord estimates that Tenant's share of Tax Expenses for the first year of the Lease Term shall be One and 27/100 Dollars ($1.27) per square foot of the floor area of the Additional Premises. Subject to the terms of the Lease and this Amendment, Tenant shall be liable for Tenant's actual share of Tax Expenses regardless of whether Landlord's estimate is greater or less than Tenant's actual obligation.

8. Delivery of Additional Premises. Landlord shall tender possession of the Additional Premises to Tenant as of the date the work to be performed by Landlord to repair the sewer pipes, lines and related facilities within or adjacent to the Additional Premises (such work being the "Sewer Work") is completed, such Sewer Work to be at Landlord's sole cost and expense. As of the Amendment Effective Date, Landlord represents that the Sewer Work is substantially complete but for repairs to (or replacement of) a few feet of cracked pipe, that Tenant may not use depending on Tenant's plumbing plans for the Additional Premises. If Tenant's plumbing plans for the Additional Premises reflect an abandonment of

the portion of such pipes that are cracked, no further Sewer Work shall be required. If, however, Tenant's plumbing plans for Additional Premises reflect the use of some or all of such cracked pipes, the remaining Sewer Work shall be completed at Landlord's sole cost and expense within ten (10) days following approval by Landlord of Tenant's plumbing plans for the Additional Premises; provided, however, if Landlord's completion of such remaining Sewer Work causes a delay in Tenant's commencement of the Additional Tenant Improvements (and Tenant has obtained all necessary building permits for the Additional Tenant Improvements), the Additional Premises Rent Commencement Date shall be extended day-for-day until such remaining Sewer Work is completed. Tenant shall utilize such early access to ready the Additional Premises for business. Such early access shall not modify the Additional Premises Rent Commencement Date. No representations, inducements, understanding or anything of any nature whatsoever, made, stated or represented by Landlord or anyone acting for or on Landlord's behalf, either orally or in writing, have induced Tenant to enter into this Amendment, and Tenant acknowledges, represents and warrants that Tenant has entered into this Amendment under and by virtue of Tenant's own independent investigation. Except for the Sewer Work and Landlord's representations and warranties in this Amendment, Tenant hereby shall accept the Additional Premises in its current "as is" and "where is" condition without warranty of any kind, express or implied, including, without limitation, any warranty as to title, physical condition or the presence or absence of Hazardous Materials. Subject to Landlord's obligation to complete the Sewer Work at its sole cost and expense, if the Additional Premises are not in all respects entirely suitable for the use or uses to which the Additional Premises or any part thereof will be put, then it is the sole responsibility and obligation of Tenant to take such action as may be necessary to place the Additional Premises in a condition entirely suitable for such use or uses. The work to be performed and improvements made by Tenant at the Additional Premises (which may include fencing and security measures reasonably acceptable to Landlord and Tenant) shall substantially conform to the conceptual plans attached as **Exhibit "C-1"** to this Amendment (the "Additional Tenant Improvements") and shall be performed in accordance with the terms of the Lease. The Additional Premises will be delivered to Tenant in a gray-shell condition described in attached **Exhibit "C-2"** to this Amendment. **IN CONNECTION WITH THE ABOVE, TENANT HEREBY ACKNOWLEDGES AND REPRESENTS TO LANDLORD, AND THE GROUND LESSOR THAT TENANT HAS HAD AMPLE OPPORTUNITY TO INSPECT AND EVALUATE THE ADDITIONAL PREMISES AND THE FEASIBILITY OF THE USES AND ACTIVITIES TENANT IS ENTITLED TO CONDUCT THEREON; THAT TENANT IS EXPERIENCED; THAT TENANT WILL RELY ENTIRELY ON TENANT'S EXPERIENCE, EXPERTISE AND ITS OWN INSPECTION OF THE ADDITIONAL PREMISES IN ITS CURRENT STATE IN PROCEEDING WITH THIS AMENDMENT SUBJECT TO LANDLORD'S OBLIGATION TO COMPLETE THE SEWER WORK AND LANDLORD'S EXPRESS REPRESENTATIONS AND WARRANTIES IN THIS AMENDMENT); TENANT ACCEPTS THE ADDITIONAL PREMISES IN ITS PRESENT CONDITION (SUBJECT TO LANDLORD'S OBLIGATION TO COMPLETE THE SEWER WORK AND LANDLORD'S EXPRESS REPRESENTATIONS AND WARRANTIES IN THIS AMENDMENT), AND THAT, TO THE EXTENT THAT TENANT'S OWN EXPERIENCE WITH RESPECT TO ANY OF THE FOREGOING IS INSUFFICIENT TO ENABLE TENANT TO REACH AND FORM A CONCLUSION, TENANT HAS ENGAGED THE SERVICES OF PERSONS QUALIFIED TO ADVISE TENANT WITH RESPECT TO SUCH MATTERS. TENANT IS NOT RELYING ON ANY EXPRESS OR IMPLIED, ORAL OR WRITTEN REPRESENTATIONS, OR WARRANTIES MADE BY LANDLORD OR ITS REPRESENTATIVES, OTHER THAN THOSE EXPRESSLY SET FORTH IN THE LEASE OR THIS AMENDMENT.**

9. Allowance. If the Lease is in full force and effect and if Tenant is not in breach or default of any of the terms, conditions, covenants and provisions of this Lease, Tenant shall be entitled to a one-time "Additional Premises Allowance" in the amount of Forty and No/100 Dollars ($40.00) gross square foot for partial reimbursement of the cost to ready the Additional Premises for occupancy ("Tenant's Work"). Payment of the Additional Premises Allowance shall be made to Tenant by Landlord within thirty (30) days after the later to occur of (i) Tenant requesting, in writing, disbursement of the Additional Premises Allowance, which request may be made only after Tenant has opened at the Additional Premises for business to the general public in accordance with the terms, covenants and provisions of this Amendment, and (ii) delivery to Landlord of the following: (a) a copy of the Certificate of Occupancy or comparable permit issued by the City of Salt Lake and/or the County of Salt Lake, Utah for the Additional Premises, (b) unconditional lien waivers from Tenant's contractor and all subcontractors and suppliers who furnished labor and/or materials in connection with the construction of the Additional Premises in a form substantially similar to the form previously delivered to Landlord with respect to the original Additional Premises Allowance, and (c) a copy of all permits, licenses or other governmental, quasi-governmental or other licensing authority authorizations required as a prerequisite for Tenant (or the third party operator) conducting business operations at the Additional Premises, and (d) execution and delivery by Tenant to Landlord of an estoppel certificate in the form attached to the Lease as an Exhibit, and (e) copies of invoices and work orders demonstrating the cost of Tenant's Work, and (f) a copy of the "as-built" plans (or record drawings marked to show field changes) for the Additional Premises. Tenant shall deliver the request for the Additional Premises Allowance to Landlord no later than three hundred sixty (360) days after the Additional Premises Rent Commencement Date (the "Allowance Cutoff Date"). In the event Tenant does not submit the request for the Additional Premises Allowance within thirty (30)

days after the Allowance Cutoff Date, Landlord shall not be obligated to fund any portion of the Additional Premises Allowance to Tenant and the Additional Premises Allowance shall be forfeited by Tenant without any reduction or adjustment to the Base Rent, Additional Rent (as defined in the Lease) or other charges payable by Tenant to Landlord under this Lease.

10. Exclusive. So long as the originally named Tenant or an assignee or sublessee pursuant to a Permitted Transfer is continuously and without interruption conducting business operations within the entire Additional Premises for the Permitted Use of the Additional Premises and provided that there has not occurred a Default, except for and any lease, license or concession agreement executed prior to the Amendment Effective Date, and any amendment, modification, extension, expansion, renewal or replacement thereof, Landlord shall not, during the Lease Term, lease or rent any other premises within the portions of the Project presently owned by Landlord to a tenant or occupant who will use such for a daycare facility; provided, however, the foregoing restriction shall not apply to: (a) an office tenant/occupant that provides day-care services for the children of its employees, (b) a children's activity center (e.g. "My Gym"), or (c) a strictly after-care (after normal school hours) children's facility. In the event of a breach by Landlord of its obligations contained in this Paragraph 11, which breach is not cured by Landlord pursuant to the terms of the Lease, Tenant shall have the right, as its sole and exclusive remedy, to bring an action for specific performance and/or obtaining a temporary or permanent injunction against Landlord with respect to such uncured breach. In the event of a violation of the exclusive rights set forth in this Paragraph 10 by a third party within the Project, Landlord shall be deemed to have satisfied its obligations hereunder so long as it uses all commercially reasonable efforts to enforce Tenant's exclusive rights. No breach of this Paragraph 10 shall be deemed to have arisen until such time as Landlord has received written notice from Tenant of an alleged violation and Landlord has failed to remedy the violation in accordance with the terms of the Lease and this Amendment. In the event that any third party and/or governmental body, agency, branch, commission, authority, subdivision, bureau or department commences any action or proceeding against Landlord before any court of competent jurisdiction or administrative tribunal (collectively referred to as an "Action") arising from the restriction set forth in this Paragraph 10, and it is finally determined in such Action that the restriction set forth in this Paragraph 10 is in violation of law, then the restriction set forth in this Paragraph 10 shall be automatically cancelled and revoked. Landlord agrees to notify Tenant of any Action commenced as stated above and shall permit Tenant to defend such Action provided (i) Tenant agrees to hold Landlord and any Landlord's lender harmless and indemnify Landlord and any Landlord's lender for all costs, expenses, damages and judgments which they might incur, expend or be liable for in defending the legality and enforceability of the restriction set forth in Paragraph 10, and (ii) Landlord receives adequate reasonable assurance of Tenant's financial willingness and ability to hold Landlord and any Landlord's lender harmless and indemnify Landlord or any Landlord's lender. Within fourteen (14) days of Landlord notifying Tenant of the institution of the Action, Tenant, at its sole option, may elect in writing by notice to Landlord, to either waive the provisions set forth in the restrictions set forth in this Paragraph 10 with respect to the Action, or to defend the Action. Landlord in its reasonable business judgment shall determine if the aforesaid assurances are satisfactory. It is understood and agreed that Landlord's defense may be undertaken by counsel selected by Tenant, but approved by Landlord, which approval shall not be unreasonably withheld or delayed. Landlord shall have no obligation to enforce the rights granted to Tenant under this Paragraph 10 unless and until Landlord receives written notice of an Action. Landlord shall not be deemed in breach of this Paragraph 10 so long as Landlord has commenced and pursues reasonable efforts to protect Tenant's rights hereunder.

11. Signage. Landlord acknowledges that the signage rights and obligations set forth in the Lease (except for specific free-standing signage, if any) shall apply to the operator of the daycare facility as to the Additional Premises. So long as the Lease is free from default, Landlord shall not install, locate or affix any "for lease" or "for rent" signage within or upon the interior and exterior windows or walls of the Additional Premises or the original Premises.

12. Drop-off Area; Parking. Landlord and Tenant agree to reasonably cooperate to locate pick up/drop off areas for the daycare facility such that traffic flow for patrons of Tenants daycare facility shall not materially disrupt the traffic flow in the Common Area of the Project. Tenant may, at Tenant's option, increase the total number of parking passes rented by Tenant under the Lease by up to 16 additional parking passes for use in connection with the Additional Premises (the "Additional Parking Passes"); provided, however, notwithstanding anything in Article 28 of the Lease to the contrary, parking for the holders of the Additional Parking Passes may be located in garages at the Project owned and/or operated by Landlord and its affiliates, as well as the garage below the Building.

13. Estoppel. Tenant hereby affirms by execution of this Amendment that to the best of Tenant's knowledge the Lease is in full force and effect and Tenant does not have any presently existing claims against Landlord or any offsets against any amounts due under the Lease. To the best of Tenant's knowledge, there are no defaults of Landlord under the Lease and there are no existing circumstances which with the passage of time, notice or both, would give rise to a default under the Lease.

14. Broker. Landlord shall pay the commissions due mountain West Retail pursuant to a separate agreement. Each party hereto shall indemnify the other party against claims by any other broker or finders claiming through the indemnifying party.

15. Full Force and Effect. Except as expressly modified by this Amendment, the Lease remains unmodified and in full force and effect. All references in the Lease to "this Lease" shall be deemed references to the Lease as modified by this Amendment.

16. Counterparts; Electronic Signatures. This Amendment may be executed in one or more counterparts and the signature pages combined to constitute one document. Electronic signatures shall have the same force and effect as original signatures.

17. Landlord's Address for Payments of Rent. Landlord's address for payments of rent under the Lease shall be amended to be: Vestar Gateway, LLC, c/o Vestar, P.O. Box 60051, City of Industry, California 91716.

(signatures on next page)

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date and year first above written.

LANDLORD:

VESTAR GATEWAY, LLC, a Delaware limited liability company

By: SLC Gateway Retail, LLC,
a Delaware limited liability company,
its Sole Member

By: VGSLM, LLC,
a Delaware limited liability company,
its Managing Member

By: _____
Name: David Larcher
Title: Manager Manager

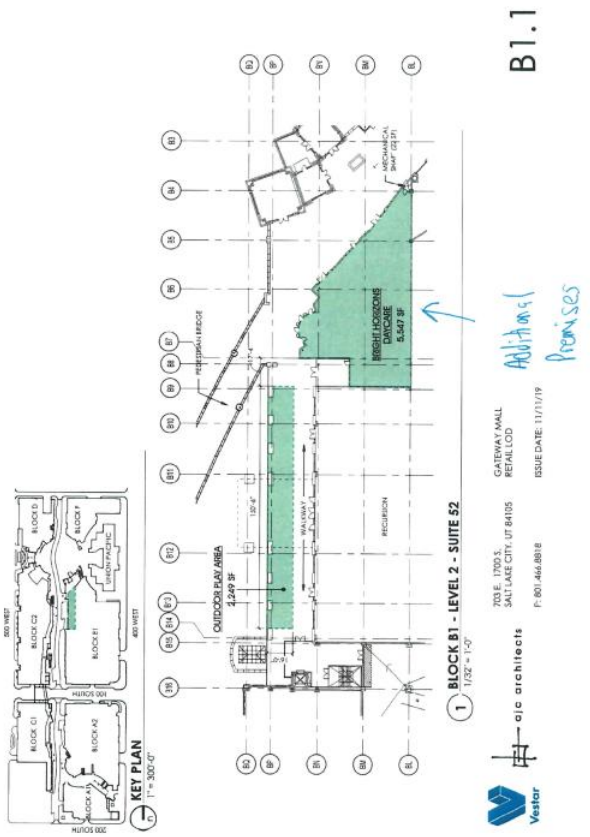
TENANT:

RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation

DocuSigned by:
By: Tina Larson
Name: Tina Larson
Its: Chief Operating Officer

EXHIBIT "A"

SITE PLAN




Vestar
Total Site Area
21 Acres
Building Area
825,000 Square Feet
Office Area
750,000 Square Feet
1 Old Greek Town Station
2 Pantages Station
3 Front Runner Commuter Rail
4 Arena Station
5 North Temple Station
6 Bridge Station
THE GATEWAY
Salt Lake City, Utah
Blue Line
Green Line
Red Line
Light Rail
Proposed
200 SOUTH
100 SOUTH
400 WEST
500 WEST
300 GRATTAN STREET
LOWER LEVEL
MEGAPLEX
vivint.Arena
wework
Cicero
NWC: of 400 West & 200 South
brr

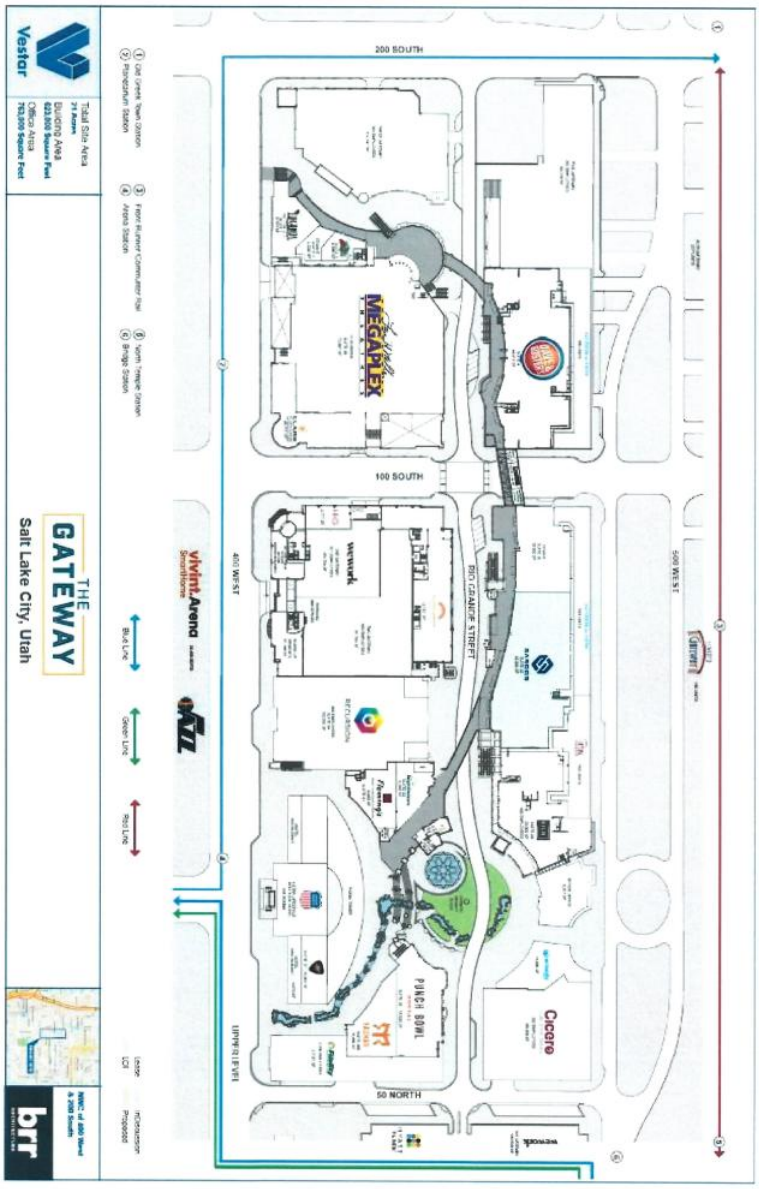
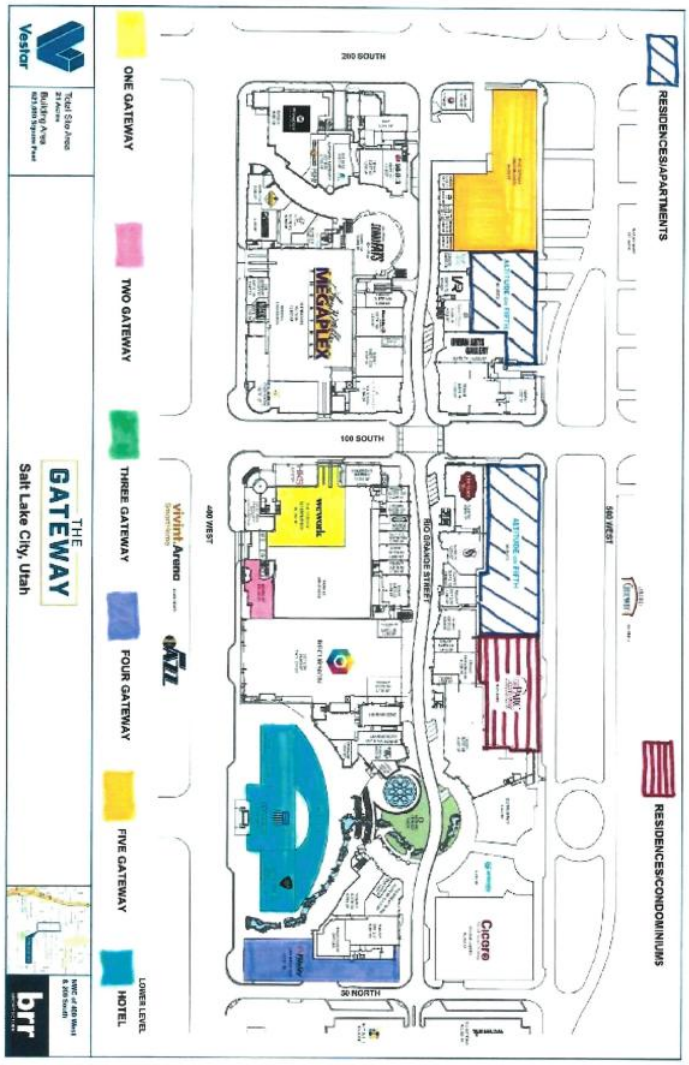


EXHIBIT A
Page 3

EXHIBIT "B"

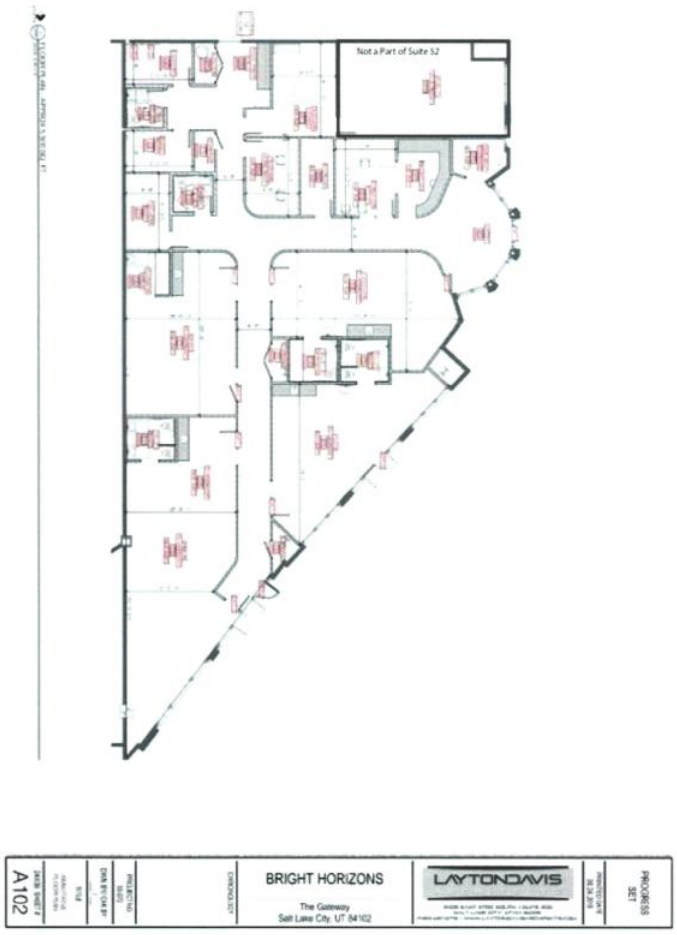
PROJECT SITE PLAN




Vestar
THE GATEWAY
Salt Lake City, Utah
brr
200 SOUTH
100 SOUTH
400 WEST
RIO GRANDE STREET
500 WEST
MEGAPLEX
vivint Arena
Regus
Cicero
50 NORTH
UPPER LEVEL

EXHIBIT "C-1"

TENANT'S CONCEPTUAL PLANS



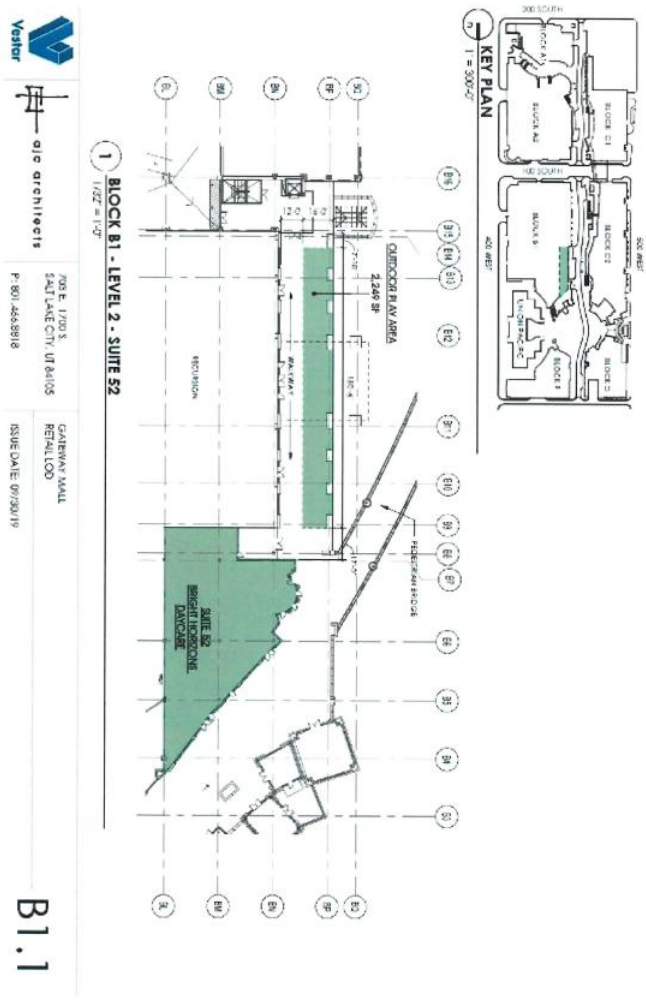

KEY PLAN
1 = 300'-0"
BLOCK B1 - LEVEL 2 - SUITE 52
1/32" = 1'-0"
OUTDOOR PLAY AREA
2,245 SF
SUITE 52
BRIGHT HORIZONS
DAYCARE
PEDESTRIAN BRIDGE
RECESSION
Vestar
gsbc architects
700 E. 1700 S.
SALT LAKE CITY, UT 84105
P: 801.466.8818
GATEWAY MALL
RETAIL LOD
ISSUE DATE: 07/30/19
B1.1

EXHIBIT "C-2"

GRAY SHELL SPECIFICATIONS

(ATTACHED)

EXHIBIT "C-2"-GRAY SHELL (RETAIL)

9-16-19

LANDLORD CONSTRUCTION CRITERIA
GATEWAY – SALT LAKE CITY

LANDLORD SHALL PROVIDE THE FOLLOWING GRAY SHELL IMPROVEMENTS TO THE PREMISES HEREINAFTER REFERRED TO AS "**LANDLORD'S WORK**":

A. **STRUCTURES**:

1. **Frame**: The building is constructed of steel frame, reinforced concrete, or masonry bearing wall, as provided within the existing Gateway project.
2. **Exterior Walls**: The exterior wall(s) are of masonry, steel framed, or such other material or materials, as provided within the existing Gateway project.
3. **Ceiling Heights**: Tenant's responsibility as to clear height from floor slab.
4. **Roof**: The roof is of single ply material type, or equal, as provided within the existing Gateway project.
5. **Partitions**: Interior partition walls are Tenant's responsibility.
6. **Door(s) and Frame(s)**: Exterior service door(s) and frame(s) shall be hollow metal.
7. **Storefront Doors**: See Paragraph F.

B. **INTERIOR FINISHES**:

1. **Floors**: Landlord shall furnish a standard four inch (4") thick concrete slab or suspended structural slab throughout the interior of the Premises
2. **Suspended Structural Slab**:-The elevated floor slabs of this building are of post-tension concrete construction. Any attachments for mechanical, electrical, or architectural elements shall be limited to a 1" maximum drilled or driven anchor embedment. If deeper embedment or core drilling is required, the slab shall be scanned to locate PT tendons and location adjusted to provide at least 3" clear from any PT tendon. In the event that PT tendons become damaged or cut, they must be repaired to bring the building back to the original design condition. Cost of these repairs shall be the responsibility of the Contactor.
3. **Walls**: Demising wall(s) shall be unpainted masonry or unpainted drywall finish, taped over stud, Tenant shall be responsible for final preparation and finish. Height shall be determined by Project Architect. Any cross partition(s) shall be Tenant's responsibility. Exterior and rear wall(s) shall be unpainted masonry or concrete finish or such other material(s) as selected by Project Architect.
4. **Ceilings**: None provided, Tenant's responsibility.

C. **SANITARY FACILITIES**:

1. **Toilet Room**: None provided, Tenant's responsibility. (Existing toilet rooms can remain if tenant so chooses.)

D. **UTILITIES**:

1. **Water and Sewer**: Landlord shall furnish a minimum of one (1), one inch (1") cold water supply and one (1), four inch (4") waste water line to the Premises per Landlord's plans. Tenant is responsible for stubbing access to both the supply and waste lines.
2. **Electricity**: Landlord shall furnish existing electrical cabinets and breakers, located on the rear of the building, capable of accommodating the following minimum service requirements. All downstream conduit from existing panels to be removed except for power to F.C.U.'s and misc. fire alarm devices.
   (a) Service at gutter shall be a 200A – 120/208V of service, terminated at the gutter.
   (b) Any electrical requirements (step-down transformer, distribution, wiring, convenience outlets, etc.) beyond said service above shall be Tenant's responsibility.

3. **Lighting**: None provided, Tenant's responsibility.

4. **H.V.A.C.**: Landlord shall provide chilled and heating water from the central plant to the space and provide an outside air connection for space ventilation, based on the following:

   (a) Distribution System Design: All air distribution system(s) shall be Tenant's responsibility including providing 4-pipe fan coils, heating and chilled water distribution, outside air distribution and thermostats. Chilled water coils will be designed for 48°F EWT. Heating water coils will be designed for 145°F EWT.

   (aa) Central Plant Deliverable: Hot water and chilled water delivered from the central plant is intended for artificial cooling and heating of the space and for heating domestic hot water. Hot water and chilled water temperature set points change seasonally for efficiencies but are always adequate to maintain 72°F (Cooling Mode) and 70°F (Heating Mode) air temperatures year-round and to maintain 120°F domestic hot water. Tenant is responsible for obtaining Landlord approval for use of the central plant's hot and chilled water which exceed these parameters.

   (b) Capacity: The air conditioning capacity shall not exceed one (1) ton for each three hundred (300) square feet of Floor Area for retail space.

   (c) Special Equipment: In the event that Tenant's use of the Premises requires fresh air and/or exhaust air for special equipment, cooking equipment, additional personnel, stock room areas, or show windows, and the like, Tenant shall provide same at Tenant's sole expense, subject to the prior approval of Landlord. Tenant shall connect to base building systems where available.

5. **Fire Sprinkler System**: Landlord will provide a main fire line stubbed through the Premises and a layout of upright heads for shell construction as required by code.

E. **TELEPHONE**:

1. One (1), one inch (1") conduit, with pull string from the building telephone mounting board to Premises will be provided by the Landlord.

F. **STORE FRONTS:**

1. Design and Installation: A standard minimum of one (1) store front shall be designed by the Project Architect and installed by Landlord consisting of a minimum of one (1) single door with cylinder lock. Landlord may elect to provide a double-entry door, at Landlord's sole discretion, predicated on the square footage of the Premises.

THIRD AMENDMENT TO OFFICE LEASE

THIS THIRD AMENDMENT TO OFFICE LEASE (this "Amendment") is made and entered into as of the 22nd day of January, 2021 (the "Amendment Effective Date") by and between VESTAR GATEWAY, LLC, a Delaware limited liability company ("Landlord") and RECURSION PHARMACEUTICALS, INC., a Delaware corporation ("Tenant").

RECITALS:

A. Landlord and Tenant have previously executed and delivered that certain Office Lease dated November 13, 2017, as amended by that certain First Amendment to Lease dated September 25, 2018, and as amended by that certain Second Amendment to Lease dated November 13, 2019 (collectively, the "Lease") with respect to certain Premises more particularly described therein.

B. Landlord and Tenant have agreed to modify the Lease, subject to and in accordance with the further terms, covenants and provisions of this Amendment.

NOW, THEREFORE, in consideration of the execution and delivery of the Lease, the foregoing Recitals, the mutual agreements, covenants and promises contained in this Amendment and other good and valuable considerations, the receipt, sufficiency and validity of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Definitions. Capitalized terms used in this Amendment without definition shall have the meanings assigned to such terms in the Lease unless the context expressly requires otherwise.

2. Expansion Premises.

(a) In addition to and together with the Premises, from and after the Expansion Premises Rent Commencement Date (as defined in Paragraph 4 below), Landlord leases to Tenant and Tenant leases from Landlord that certain Expansion Premises (herein so called) located, in part, in the building comprising "Block B" (the "Expansion Premises Building") and, in part, in the Building, and consisting of approximately ninety-one thousand seven hundred forty-eight (91,748) rentable square feet (with 37,717 square feet located on the 1st floor and 51,856 square feet located on the 2nd floor of the Expansion Premises Building and 2,175 square feet located on the 1st floor of the Building adjacent to the Premises). The Expansion Premises is identified as the "Expansion Premises" on the Site Plan attached hereto as Exhibit "A-1". From and after the Expansion Premises Rent Commencement Date, references in the Lease to the "Premises" shall be deemed to include the "Expansion Premises" and Tenant's use, lease and occupancy of the Expansion Premises shall be subject to all of the terms, covenants and provisions of the Lease, except as expressly set forth in this Amendment.

(b) Landlord consents to entry by Tenant in the Expansion Premises from and after the date Landlord tenders possession of the Expansion Premises to Tenant as described in Paragraph 8 below (the "Expansion Premises Delivery Date") for the purposes of readying the Expansion Premises for Tenant's business operations and completing the Expansion Premises Work (as defined below). Tenant acknowledges that the (i) indemnification and waiver provisions of Article 10 of the Lease, (ii) the waiver of subrogation provisions of Section 10.5 of the Lease, and the insurance provisions of Article 10 of the Lease, apply to Tenant's early entry in the Expansion Premises.

3. Use. The Expansion Premises shall be used solely for the purposes expressly set forth in Article 5 of the Lease and for no other purpose.

4. Lease Term. The new Lease Term for the Expansion Premises shall be ten (10) years commencing on the Expansion Premises Rent Commencement Date (defined below) (the "Expansion Premises Lease Term"); provided, however, the terms and provisions of this Amendment are effective as of the Amendment Effective Date. The Lease Term for all portions of the Premises and the Additional Premises (except the Expansion Premises) shall not be modified by the terms of this Amendment. References in the Lease to the "Lease Term" shall be deemed to include the Expansion Premises Lease Term to the extent consistent with the terms of this Amendment. Tenant will have the right to extend the Expansion Premises Lease Term for one (1) five (5) year period, provided Tenant gives Landlord written notice of its intent to do so at least twelve (12) months prior to the expiration of the Expansion Premises Lease Term. The Base Rent for the Option Period with respect to the Expansion Premises shall be ninety-five percent (95%) of the then Fair Rental Value (as defined in Article 2 of the Lease) of the Expansion Premises.

5. Base Rent. From and after the date Tenant commences business operation in the Expansion Premises, but no later than March 31, 2022 (the "Expansion Premises Rent Commencement Date"), Base Rent shall be payable with respect to the Expansion Premises in accordance with the schedule of Base Rent set forth below. Notwithstanding the foregoing, if Tenant's completion of the Expansion Premises Work extends beyond March 31, 2022, then Tenant will not be required to pay any Rent for the Expansion Premises until the Expansion Premises Work is substantially complete; however, the initial Expansion Premises Lease Term shall be extended day-for-day for each additional day beyond March 31, 2022 needed to complete such work (however, the Expansion Premises Rent Commencement Date shall not be extended by more than thirty (30) days), in which case, the last year of the initial Expansion Premises Lease Term may contain more than three hundred sixty-five (365) days. The Rent for the first year of the Expansion Premises Lease Term shall be on a modified gross equivalent basis, inclusive of all Operating Expenses. Following the first year of the Expansion Premises Lease Term, with respect to the Expansion Premises, Tenant shall be responsible for paying its pro-rata share (i.e., 28.99%) of the increases in Operating Expenses and Tax Expenses over a calendar year 2022 (the "Expansion Premises Base Year") in accordance with Article 4 of the Lease, the terms of which, modified as necessary to conform to the defined terms and purposes of this Amendment, are incorporated herein by this reference. Tenant shall be responsible for the direct costs of electricity, water, and HVAC maintenance, consistent with Tenant's obligation with respect to the Premises as set forth in the Section 4.7 of the Lease (excluding the Additional Premises).

Year of Lease Term	Monthly Rental	Annual Rental	Annual Rental Rate Per Square Foot
1	$246,572.75	$2,958,873.00	$32.2500
2	$253,969.93	$3,047,639.19	$33.2175
3	$261,589.03	$3,139,068.37	$34.2140
4	$269,436.70	$3,233,240.42	$35.2404
5	$277,519.80	$3,330,237.63	$36.2977
6	$285,845.40	$3,430,144.76	$37.3866
7	$294,420.76	$3,533,049.10	$38.5082
8	$303,253.38	$3,639,040.57	$39.6634
9	$312,350.98	$3,748,211.79	$40.8533
10	$321,721.51	$3,860,658.14	$42.0789

* Tenant shall be allowed to occupy the Expansion Premises Rent-free until the Expansion Premises Rent Commencement Date. In addition, all Rent shall abate for the first six (6) months following the Expansion Premises Commencement Date (the "Rent Abatement Period"). The "Rent Abatement Amount" refers to the amount of Rent that Tenant is not required to pay for the Expansion Premises during the Rent Abatement Period. The Rent Abatement Amount is subject to the following: The parties agree to work cooperatively and in good faith to apply for and obtain a loan to Landlord and/or a tax increment incentive from the Redevelopment Agency of Salt Lake City in an amount equal to or greater than the Rent Abatement Amount (the "City Incentive") upon terms that are otherwise reasonably acceptable to Landlord (and Tenant to the extent Tenant is a party to, or has obligations under, any agreement for the City Incentive). If the total amount of the City Incentive is less than the Rent Abatement Amount, the Rent Abatement Amount shall be reduced to match the total amount of the City Incentive. For the avoidance of doubt, the Rent Abatement Amount shall not be increased even if the City Incentive is increased.

6. Termination of Lease for the Expansion Premises. So long as Tenant is not in material default under the Lease beyond any applicable notice and cure periods, Tenant may terminate the Lease, but only with respect to the Expansion Premises, by delivering written notice to Landlord of its intent to do so prior to May 15, 2021, which termination shall be effective as of May 31, 2021, but only if Tenant reasonably determines (and provides written documentation demonstrating) that the cost of the Expansion Premises Work exceeds the estimated construction budget of Eighteen Million and No/100 Dollars ($18,000,000.00) by more than fifteen percent (15%).

7. Security; Access. During the Expansion Premises Lease Term, Landlord shall continue to operate the Building and the Project in a first-class manner that is consistent with similar buildings in the Salt Lake City downtown area and, at a minimum, consistent with past practices, and shall maintain the level of investment in and expenditures for security services for the Project that were made in calendar year 2020 (the "Minimum Security Investment"). If at any time during the Expansion Premises Lease Term Landlord fails to maintain the Minimum Security Investment, which failure continues for thirty (30) days after written notice thereof by Tenant to Landlord, Tenant may, at its option, separately contract for and/or otherwise engage additional security personnel as Tenant deems necessary to ensure a safe working environment for Tenant's employees, invitees, and guests, at Landlord's sole cost. In the event Tenant incurs such expenses at any time during the Expansion Premises Lease Term, Tenant shall submit an invoice to Landlord for reimbursement of the amount of such expenses, together with reasonable documentation of such expenses, and Landlord shall pay Tenant the amount set forth in each such invoice

within thirty (30) days of receipt thereof. Tenant shall have the same access to the Expansion Premises as provided for the Premises in the Lease.

8. Delivery of Expansion Premises. Landlord shall tender possession of the Expansion Premises to Tenant promptly following the waiver by Tenant of the contingency set forth above in Paragraph 6 (the "Waiver Date"); provided, however such tender of possession of the Expansion Premises shall not include Suites 32, 81, 82, 83 and 84 (the "Exception Suites") within the Expansion Premises Building. Landlord shall tender possession of the Exception Suites to Tenant in grey shell condition as more fully described in Exhibit "D" hereto on or before the date that is one hundred twenty-five (125) days after the Waiver Date. No representations, inducements, understanding or anything of any nature whatsoever, made, stated or represented by Landlord or anyone acting for or on Landlord's behalf, either orally or in writing, have induced Tenant to enter into this Amendment, and Tenant acknowledges, represents and warrants that Tenant has entered into this Amendment under and by virtue of Tenant's own independent investigation. Except for Landlord's representation and warranties in this Amendment or the Lease, Tenant hereby shall accept the Expansion Premises (except the Exception Suites) in its current "as is" and "where is" condition without warranty of any kind, express or implied, including, without limitation, any warranty as to title, physical condition or the presence or absence of Hazardous Materials, and if the Expansion Premises (except the Exception Suites) are not in all respects entirely suitable for the use or uses to which the Expansion Premises or any part thereof will be put, then it is the sole responsibility and obligation of Tenant to take such action as may be necessary to place the Expansion Premises (except the Exception Suites) in a condition entirely suitable for such use or uses. **IN CONNECTION WITH THE ABOVE, TENANT HEREBY ACKNOWLEDGES AND REPRESENTS TO LANDLORD THAT TENANT HAS HAD AMPLE OPPORTUNITY TO INSPECT AND EVALUATE THE EXPANSION PREMISES AND THE FEASIBILITY OF THE USES AND ACTIVITIES TENANT IS ENTITLED TO CONDUCT THEREON; THAT TENANT IS EXPERIENCED; THAT TENANT WILL RELY ENTIRELY ON TENANT'S EXPERIENCE, EXPERTISE AND ITS OWN INSPECTION OF THE EXPANSION PREMISES IN ITS CURRENT STATE IN PROCEEDING WITH THIS AMENDMENT (SUBJECT TO LANDLORD'S REPRESENTATIONS AND WARRANTIES IN THIS AMENDMENT AND THE LEASE AND LANDLORD'S WORK TO BE PERFORMED WITH RESPECT TO THE EXCEPTION SUITES); TENANT ACCEPTS THE EXPANSION PREMISES IN ITS PRESENT CONDITION (SUBJECT TO LANDLORD'S REPRESENTATIONS AND WARRANTIES IN THIS AMENDMENT AND THE LEASE AND LANDLORD'S WORK TO BE PERFORMED WITH RESPECT TO THE EXCEPTION SUITES), AND THAT, TO THE EXTENT THAT TENANT'S OWN EXPERIENCE WITH RESPECT TO ANY OF THE FOREGOING IS INSUFFICIENT TO ENABLE TENANT TO REACH AND FORM A CONCLUSION, TENANT HAS ENGAGED THE SERVICES OF PERSONS QUALIFIED TO ADVISE TENANT WITH RESPECT TO SUCH MATTERS. TENANT IS NOT RELYING ON ANY EXPRESS OR IMPLIED, ORAL OR WRITTEN REPRESENTATIONS, OR WARRANTIES MADE BY LANDLORD OR ITS REPRESENTATIVES, OTHER THAN THOSE EXPRESSLY SET FORTH IN THIS AMENDMENT OR THE LEASE.** In this regard, except as set forth in this Amendment, Tenant shall be responsible, at its sole cost and expense for the Expansion Premises Work in accordance with the provisions of the Lease and this Amendment.

9. Allowance. Tenant shall be entitled to a one-time "Expansion Premises Allowance" in an amount not to exceed One Hundred Ten and No/100 Dollars ($110.00) per rentable square foot of the Expansion Premises for reimbursement of the cost to install certain Tenant Improvements and otherwise ready the Expansion Premises for occupancy (such work is referred to herein as the "Expansion Premises Work"). The terms and conditions relating to the Expansion Premises Work and the payment of the Expansion Premises Allowance are set forth in the Tenant Work Letter (Expansion Premises) attached as Exhibit "B-1" to this Amendment.

10. Signage. Subject to all applicable laws and the sign criteria for the Project, Landlord shall allow Tenant the exclusive right to locate exterior crown signage on the Expansion Premises Building in a mutually acceptable location, subject to Landlord's prior review and approval, which shall not be unreasonably withheld, conditioned or delayed. Tenant shall be responsible for the cost of installation, maintenance, and removal of the exterior signage. Tenant may also install additional signage with respect to the Expansion Premises in accordance with the provisions of Article 23 of the Lease.

11. Letter of Credit. Tenant shall deliver to Landlord within ninety (90) days of the mutual execution of this Amendment an additional L-C (the "Additional L-C") in the amount of Six Million Four Hundred Thousand and No/100 Dollars ($6,400,000.00) which represents sixty-five percent (65%) of the Expansion Premises Allowance. So long as a Default by Tenant has not occurred and remains uncured beyond any required notice and applicable cure period, on the expiration of the 30th full calendar month of the Expansion Premises Lease Term, the amount of the Additional L-C shall reduce by One Million and No/100 Dollars ($1,000,000.00) and thereafter, annually by such amount on each anniversary of the 30th full calendar month of the Expansion Premises Lease Term for the remainder of such term; provided,

however, in no event shall the Additional L-C amount reduce below One Million and No/100 Dollars ($1,000,000.00). The Additional L-C shall be in the form set forth in Exhibit "E" to the Lease.

12. Parking. In addition to Tenant's existing parking rights set forth in the Lease, Tenant shall have the additional right, but not the obligation, to utilize up to three (3) parking passes for every one-thousand (1,000) rentable square feet comprising the Expansion Premises for use on a monthly basis throughout the Expansion Premises Lease Term for use in the north and south parking garages owned by Landlord, of which up to twenty (20) of such parking passes shall be for reserved parking spaces located in the Reserved Parking Area and the remaining passes shall be unreserved and on a first-come, first-served basis. The cost for such parking passes described herein for the Expansion Premises Lease Term shall be Eighty-Five and No/100 Dollars ($85.00) per pass per month; provided, however, that the parking fees for up to one hundred twenty (120) parking passes shall be abated in full during the Expansion Premises Lease Term. All other terms and provisions with respect to parking passes shall be as set forth in Article 28 of the Lease.

13. Power Supply. Tenant may, at its sole cost and expense, at any time during the Expansion Premises Lease Term install an uninterruptible power supply and/or Back-Up Generators for the Expansion Premises sufficient for Tenant's needs at a technically feasible location that is mutually acceptable to Tenant and Landlord.

14. Landlord's Representations. Landlord's representations set forth in Section 29.36 of the Lease with regard to the Premises are incorporated herein by this reference with respect to the Expansion Premises (and modified as necessary to conform to the defined terms and purposes of this Amendment); provided, however, for the purposes of Section 29.36 of the Lease and this Paragraph 14, the term "Master Declaration" shall refer to the instruments identified on Exhibit "C" attached to this Amendment, which have not been amended or modified as of the Amendment Effective Date except to the extent expressly set forth on attached Exhibit "C".

15. Estoppel. Tenant and Landlord each hereby affirms by execution of this Amendment that to the best of such party's knowledge the Lease is in full force and effect and such party does not have any presently existing claims against the other party or any offsets against any amounts due under the Lease. To the best of each party's knowledge, there are no defaults of the other party under the Lease and there are no existing circumstances which with the passage of time, notice or both, would give rise to a default under the Lease.

16. Broker. Landlord shall be solely responsible for and shall pay any and all commissions due to Mountain West Retail with respect to this Amendment pursuant to a separate agreement. In no event shall any commission be paid prior to Tenant waiving its termination right set forth in Paragraph 6 above and any other contingency set forth herein. Each party hereto shall indemnify the other party against claims by any other broker or finders claiming through the indemnifying party.

17. Full Force and Effect. Except as expressly modified by this Amendment, the Lease remains unmodified and in full force and effect. All references in the Lease to "this Lease" shall be deemed references to the Lease as modified by this Amendment.

18. Counterparts; Electronic Signatures. This Amendment may be executed in one or more counterparts and the signature pages combined to constitute one document. Electronic signatures shall have the same force and effect as original signatures.

19. Payments of Rental Obligations. Tenant shall pay all rental obligations under the Lease by ACH or other electronic means in accordance with such written instructions that may be obtained from Landlord from time to time.

(signatures on next page)

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date and year first above written.

LANDLORD:

VESTAR GATEWAY, LLC, a Delaware limited liability company

By: SLC Gateway Retail, LLC,
a Delaware limited liability company,
its Sole Member

By: VGSLM, LLC,
a Delaware limited liability company,
its Managing Member

By: DocuSigned by: David Larcher
Name: David Larcher
Title: Manager

TENANT:

RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation

By: DocuSigned by: Tina Larson
Name: Tina Larson
Its: President & COO

EXHIBIT "A-1"

SITE PLAN

15953353_v7
56837\388601\261775737.v2

B1.1
THE GATEWAY
LIFE SCIENCE LOD
ISSUE DATE: 1/6/21
BLOCK B - LEVEL 1
1" = 30'-0"
KEY PLAN
1" = 400'-0"
POTENTIAL ADDITIONAL AREA
705 SF
TOTAL GLA 37,717 SF
GLA
37,717 SF
BLOCK A
BLOCK C
LOBBY
SHARED FREIGHT ELEVATOR
POTENTIAL ELEVATOR
OCCUPIED
Vestar

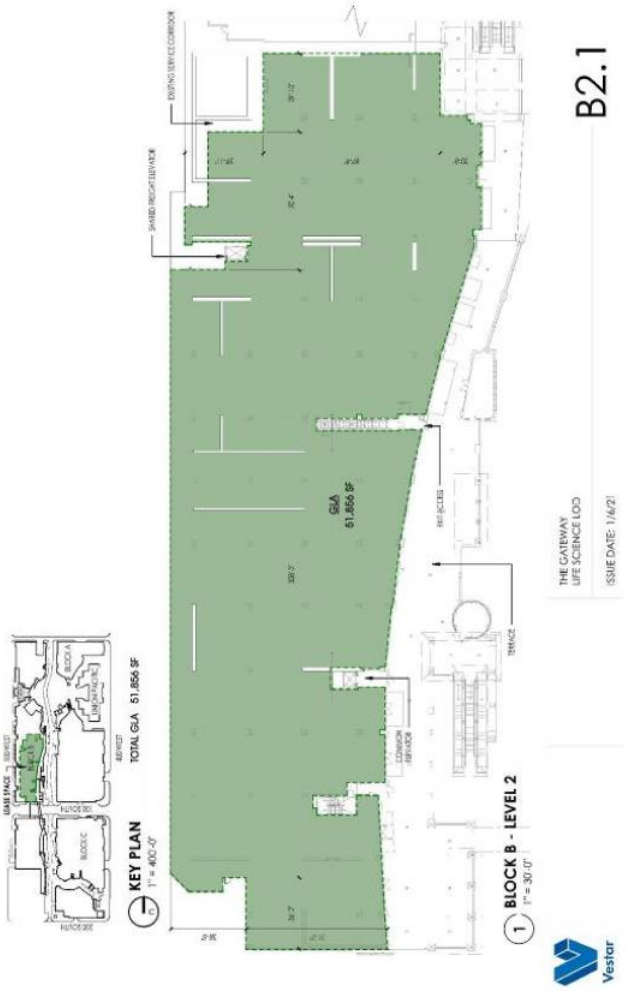

B2.1
THE GATEWAY
LIFE SCIENCE LOD
ISSUE DATE: 1/6/21
GSA
61,856 SF
BLOCK B - LEVEL 2
1" = 30'-0"
KEY PLAN
1" = 400'-0"
TOTAL GSA 61,856 SF
Vestar

EXHIBIT "B-1"

TENANT WORK LETTER
(EXPANSION PREMISES)

This Tenant Work Letter shall set forth the terms and conditions relating to the construction of the tenant improvements in the Expansion Premises. This Tenant Work Letter is essentially organized chronologically and addresses the issues of the construction of the Expansion Premises, in sequence, as such issues will arise during the actual construction of the Expansion Premises. All references in this Tenant Work Letter to Articles or Sections of "this Lease" or "this Amendment" shall mean the relevant portion of (a) Articles 1 through 29 of the Office Lease and (b) Paragraphs 1 through 19 of the Third Amendment to Office Lease, to which this Tenant Work Letter is attached as **Exhibit B-1** and of which this Tenant Work Letter forms a part. all references in this Tenant Work Letter to Sections of "this Tenant Work Letter" shall mean the relevant portion of Sections 1 through 6 of this Tenant Work Letter.

SECTION 1

DELIVERY OF THE PREMISES

Tenant acknowledges that Tenant has thoroughly examined the Expansion Premises. Upon the Expansion Premises Delivery Date, Landlord shall deliver the Expansion Premises to Tenant and Tenant shall accept the Premises from Landlord in their presently existing, "as-is" condition as of the date of this Amendment, except as otherwise expressly provided in the Lease and this Amendment. Notwithstanding the foregoing, Landlord and Tenant hereby acknowledge that the Exception Suites portion of the Expansion Premises shall be delivered to Tenant in "grey shell" condition in accordance with the work set forth in Exhibit "D" to this Amendment and not in its presently existing, "as-is" condition as of the date of this Amendment.

SECTION 2

TENANT IMPROVEMENTS

2.1 **Tenant Improvement Allowance**. Tenant shall be entitled to the one-time Expansion Premises Allowance (as defined in Paragraph 9 of this Amendment) for the costs relating to the initial design and construction of Tenant's improvements, which are permanently affixed to the Expansion Premises (the "Tenant Improvements"). In no event shall Landlord be obligated to make disbursements pursuant to this Tenant Work Letter in a total amount which exceeds the Expansion Premises Allowance, except to the extent specifically required by the terms of this Lease and this Tenant Work Letter. All Tenant Improvements for which the Expansion Premises Allowance has been utilized shall be deemed Landlord's property under the terms of the Lease. In the event that Tenant fails to use the entire Expansion Premises Allowance within one (1) year following the Delivery Date, such unused amounts shall be the sole property of Landlord and Tenant shall have no claim to any such unused amounts. Tenant acknowledges that the Expansion Premises Allowance is to be applied to Tenant Improvements covering the entirety of the Expansion Premises such that, following the completion of the Tenant Improvements, the entire Expansion Premises has been built out by Tenant.

2.2 **Disbursement of the Expansion Premises Allowance**.

2.2.1 **Tenant Improvement Allowance Items**. Except as otherwise set forth in this Tenant Work Letter, the Expansion Premises Allowance shall be disbursed by Landlord only for the following items and costs (collectively the "**Tenant Improvement Allowance Items**"):

2.2.1.1 Payment of the fees of the "Architect/Space Planner" and the "Engineers," as those terms are defined in Section 3.1 of this Tenant Work Letter, which payment shall, notwithstanding anything to the contrary contained in this Tenant Work Letter, not exceed an aggregate amount equal to $3.00 per rentable square foot of the Expansion Premises, and payment of the fees incurred by, and the cost of documents and materials supplied by, Landlord and Landlord's consultants in connection with the preparation and review of the "Construction Documents," as that term is defined in Section 3.1 of this Tenant Work Letter;

2.2.1.2 The payment of plan check, permit and license fees relating to construction of the Tenant Improvements;

2.2.1.3 The cost of construction of the Tenant Improvements, including, without limitation, demolition, testing and inspection costs, trash removal costs, parking fees, after-hours utilities usage and contractors' fees and general conditions;

2.2.1.4 The cost of any changes anywhere in the base building or the floor of the Building on which the Expansion Premises is located (referred to herein as the "Building"), when such changes are required by the Construction Documents (including if such changes are due to the fact that such work is prepared on an unoccupied basis) or to comply with applicable governmental regulations or building codes (collectively, the "Code"), such cost to include all direct architectural and/or engineering fees and expenses incurred in connection therewith;

2.2.1.5 The cost of any changes to the Construction Documents or Tenant Improvements required by Code;

2.2.1.6 Sales and use taxes; and

2.2.1.8 the "Landlord Coordination Fee," as that term is defined in Section 4.2.6 of this Tenant Work Letter.

2.2.2 **Disbursement of Expansion Premises Tenant Improvement Allowance**. During the construction of the Tenant Improvements, Landlord shall make monthly disbursements of the Expansion Premises Tenant Improvement Allowance for Tenant Improvement Allowance Items for the benefit of Tenant and shall authorize the release of monies for the benefit of Tenant as follows.

2.2.2.1 **Monthly Disbursements**. On or before the twentieth (20th) day of each calendar month during the construction of the Tenant Improvements (the "Submittal Date") (or such other date as Landlord or Tenant may designate), Tenant shall deliver to Landlord: (i) a request for payment of the "Contractor," as that term is defined in Section 4.1 of this Tenant Work Letter, approved by Tenant showing the schedule, by trade, of percentage of completion of the Tenant Improvements in the Premises; (ii) invoices from all of "Tenant's Agents," as that term is defined in Section 4.1.2 of this Tenant Work Letter, for labor rendered and materials delivered to the Premises (if such invoice is for the Contractor, the Contractor will need to provide an application and certificate for payment [AIA form G702-1992 or equivalent] signed by the Architect/Space Planner, and a breakdown sheet [AIA form G703-1992 or equivalent]); (iii) an original letter from the Tenant approving such invoices and requesting payment from the Tenant Improvement Allowance; (iv) executed mechanic's lien releases, which lien releases shall be conditional with respect to the then-requested payment amounts and unconditional with respect to payment amounts previously disbursed by Landlord or Tenant, from all of Tenant's Agents; and (v) all other information reasonably requested by Landlord. Tenant's request for payment shall be deemed Tenant's acceptance and approval of the work furnished and/or the materials supplied as set forth in Tenant's payment request. On or before the date occurring thirty (30) days after the Submittal Date, and assuming Landlord receives all of the information described in items (i) through (v), above, and subject to Tenant first disbursing any portion of the Over-Allowance Amount (as defined below) in accordance with Section 4.2.1, Landlord shall deliver a check to Tenant made to Tenant's Agent (or to Tenant if such invoices were previously paid by the Tenant) in payment of the lesser of: (A) the amounts so requested by Tenant, as set forth in this Section 2.2.2.1, above, less a ten percent (10%) retention (the aggregate amount of such retentions shall be known as the "Final TI Allowance Reimbursement"), and (B) the balance of any remaining available portion of the Expansion Premises Tenant Improvement Allowance (not including the Final TI Allowance Reimbursement), provided that Landlord does not dispute any request for payment based on non-compliance of any work with the "Approved Construction Documents", as that term is defined in Section 3.4 below, or due to any substandard work, or for any other reason as provided in this Lease. Landlord's payment of such amounts shall not be deemed Landlord's approval or acceptance of the work furnished or materials supplied as set forth in Tenant's payment request.

2.2.2.2 **Final TI Allowance Reimbursement**. Subject to the provisions of this Tenant Work Letter, a check for the Final TI Allowance Reimbursement payable to Tenant shall be delivered by Landlord to Tenant following the completion of construction of the Premises, provided that (i) Tenant delivers to Landlord (a) properly executed, unconditional final mechanic's lien releases from all of Tenant's Agents, showing the amounts paid, in compliance with applicable Laws, (b) Contractor's last application and certificate for payment (AIA form G702 1992 or equivalent) signed by the Architect/Space Planner, (c) a breakdown sheet (AIA form G703 1992 or equivalent), (d) original stamped building permit plans, (e) copy of the building permit, (f) original stamped building permit inspection card with all final sign-offs, (g) full size bond copies and a CD R disk containing electronic files of the "as built" drawings of the Tenant Improvements in both "dwg" and "pdf" formats, from the Architect/Space Planner for architectural drawings, and from the Contractor for all other trades, (h) air balance reports, (i) excess energy use calculations, (j) one year warranty letters from Tenant's Agents, (k) manufacturer's warranties and operating instructions, (l) final punch-list completed and signed off by Tenant and the Architect/Space Planner, (m) letters of compliance from the Engineers stating that the Engineers have inspected the Tenant Improvements and that they complies with the Engineers' drawings and specifications, (n) a copy of the recorded Notice of Completion, and (o) a final list of all contractors/vendors/consultants retained by Tenant in connection with the Tenant Improvements and any other improvements in the Premises pursuant to this Tenant Work Letter, including, but not limited to, the

Contractor, other contractors, subcontractors and the remaining Tenant's Agents, the Architect/Space Planner, the Engineers, systems furniture vendors/ installers, data/telephone cabling/equipment vendors/installers, etc., which final list shall set forth the full legal name, address, contact name (with telephone/fax/e mail addresses) and the total price paid by Tenant for goods and services to each of such contractors/vendors/consultants (collectively, the "Final Close Out Package"), and (ii) Landlord has inspected the Expansion Premises and reasonably determined that no substandard work exists which adversely affects the mechanical, electrical, plumbing, heating, ventilating and air conditioning, life-safety or other systems of the Building, the curtain wall of the Building, the structure or exterior appearance of the Building, or any other tenant's use of such other tenant's leased premises in the Building.

2.2.2.3 **Other Terms**. Landlord shall only be obligated to make disbursements from the Tenant Improvement Allowance to the extent costs are incurred by Tenant for Tenant Improvement Allowance Items. All Tenant Improvement Allowance Items for which the Tenant Improvement Allowance has been made available shall be deemed Landlord's property under the terms of Section 8.5 of this Lease. Tenant shall have no claim to any Tenant Improvement Allowance not expended by Tenant on or before the one (1) year anniversary of the Delivery Date and any such sums shall be the sole property of Landlord.

2.2.2.4. **Allowance Disbursement**. Notwithstanding anything to the contrary contained in this Amendment, Landlord shall not be required to disburse any portion of the Expansion Premises Allowance to Tenant until Tenant has provided to Landlord the Additional L - C described in paragraph 9 of this Amendment.

2.3 **Construction Rules, Requirements, Specifications, Design Criteria and Building Standards**. Landlord has established construction rules, regulation, requirements and procedures, and specifications, design criteria and Building standards with which Tenant, the "Architect/Space Planner," as that term is defined below, and all Tenant's Agents must comply in designing and constructing the Tenant Improvements in the Premises (the "Construction Rules, Requirements, Specifications, Design Criteria and Building Standards").

SECTION 3

CONSTRUCTION DOCUMENTS

3.1 **Selection of Architect/Space Planner/Construction Documents**. Tenant shall retain a licensed, competent, reputable architect/space planner experienced in high-rise office space and Laboratory Use design selected by Tenant and reasonably approved by Landlord (the "Architect/Space Planner") and licensed, competent, reputable engineering consultants selected by Tenant and reasonably approved by Landlord (the "Engineers") to prepare the Construction Documents. The plans and drawings to be prepared by Architect/Space Planner and the Engineers hereunder shall be known collectively as the "Construction Documents." All Construction Documents shall comply with Landlord's drawing format and specifications. Landlord's review of the Construction Documents as set forth in this Section 3, shall be for its sole purpose and shall not imply Landlord's review of the same, or obligate Landlord to review the same, for quality, design, Code compliance or other like matters. Accordingly, notwithstanding that any Construction Documents are reviewed by Landlord or its space planner, architect, engineers and consultants, and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord or Landlord's space planner, architect, engineers, and consultants, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Construction Documents, and Tenant's waiver and indemnity set forth in Section 10.1 of this Lease shall specifically apply to the Construction Documents. Furthermore, Tenant and Architect/Space Planner shall verify, in the field, the dimensions and conditions as shown on the relevant portions of the base building plans, and Tenant and Architect/Space Planner shall be solely responsible for the same, and Landlord shall have no responsibility in connection therewith.

3.2 **Final Space Plan**. Tenant shall supply Landlord with two (2) copies signed by Tenant of its final space plan for the Premises before any architectural Construction Documents or engineering drawings have been commenced. The final space plan (the "Final Space Plan") shall include a layout and designation of all offices, rooms and other partitioning, their intended use, and equipment to be contained therein. Landlord may request clarification or more specific drawings for special use items not included in the Final Space Plan. Landlord shall advise Tenant within five (5) business days after Landlord's receipt of the Final Space Plan for the Premises if the same is unsatisfactory or incomplete in any respect. If Tenant is so advised, Tenant shall promptly cause the Final Space Plan to be revised to correct any deficiencies or other matters Landlord may reasonably require.

3.3 **Final Construction Documents**. After the approval of the Final Space Plan by Landlord and Tenant, Tenant shall promptly cause the Architect/Space Planner and the Engineers to complete the architectural and engineering drawings for the Expansion Premises, and Architect/Space Planner shall

compile a fully coordinated set of architectural, structural, mechanical, electrical and plumbing Construction Documents in a form which is complete to allow subcontractors to bid on the work and to obtain all applicable permits (collectively, the "Final Construction Documents") and shall submit the same to Landlord for Landlord's approval, not to be unreasonably withheld, conditioned, or delayed. Tenant shall supply Landlord with two (2) copies signed by Tenant of such Final Construction Documents. Landlord, acting reasonably and in good faith, shall advise Tenant within ten (10) business days after Landlord's receipt of the Final Construction Documents for the Expansion Premises if the same is unsatisfactory or incomplete in any respect. If Tenant is so advised, Tenant shall immediately revise the Final Construction Documents in accordance with such review and any disapproval of Landlord in connection therewith.

3.4 **Approved Construction Documents**. The Final Construction Documents shall be approved by Landlord (the "Approved Construction Documents") prior to the commencement of construction of the Expansion Premises by Tenant; provided, however, Tenant may commence demolition work prior to Landlord's approval of the Final Construction Documents with Landlord's prior written consent, not to be unreasonably withheld, conditioned, or delayed. After approval by Landlord of the Final Construction Documents Tenant shall cause the Architect/Space Planner to submit the Approved Construction Documents to the appropriate municipal authorities for all architectural and structural permits (the "Permits"), provided that (a) the Architect/Space Planner shall provide Landlord with a copy of the package that it intends to submit prior to such submission, and (b) if there are Base Building modifications required to obtain the Permits, then Tenant shall obtain Landlord's prior written consent to any such Base Building modifications. Tenant hereby agrees that neither Landlord nor Landlord's consultants shall be responsible for obtaining any building permit or certificate of occupancy (or other documentation or approval allowing Tenant to legally occupy the Premises) for the Premises and that obtaining the same shall be Tenant's responsibility; provided, however, that Landlord shall cooperate with Tenant in performing ministerial acts reasonably necessary to enable Tenant to obtain any such permit or certificate of occupancy (or other documentation or approval allowing Tenant to legally occupy the Expansion Premises). No changes, modifications or alterations in the Approved Construction Documents may be made without the prior written consent of Landlord, which consent may not be unreasonably withheld.

SECTION 4

CONSTRUCTION OF THE TENANT IMPROVEMENTS

4.1 **Tenant's Selection of Contractors**.

4.1.1 **The Contractor**. Tenant shall retain a licensed general contractor selected by Tenant and reasonably approved by Landlord (the "Contractor"), as contractor for the construction of the Tenant Improvements, which Contractor shall be a qualified, reputable, general contractor experienced in Comparable Buildings.

4.1.2 **Tenant's Agents**. The Architect/Space Planner, Engineers, consultants, Contractor, other contractors, vendors, subcontractors, laborers, and material suppliers retained and/or used by Tenant shall be known collectively as the "Tenant's Agents." For the following trades, only those contractors, subcontractors, laborers, and material suppliers listed in the Construction Rules, Requirements, Specifications, Design Criteria and Building Standards may be selected by Tenant: Asbestos, Cable Television, Electrical, Elevators, Fire Sprinklers, Fire / Life Safety, HVAC, HVAC Air Balance, Plumbing, Roofing (as listed for each building comprising the Project), and Waste. The Electrical, Fire Sprinklers, Fire / Life Safety, HVAC and Plumbing must be engineered by, and any structural engineering must be conducted by, an engineer or engineers approved by Landlord.

4.2 **Construction of Tenant Improvements by Tenant's Agents**.

4.2.1 **Construction Contract; Cost Budget**. Prior to execution of a construction contract, Tenant shall submit a copy of the proposed contract with the Contractor for the construction of the Tenant Improvements, including the general conditions with Contractor (the "Contract") to Landlord for its approval, which approval shall not be unreasonably withheld, conditioned or delayed. Following execution of the Contract and prior to commencement of construction, Tenant shall provide Landlord with a fully executed copy of the Contract for Landlord's records. Prior to the commencement of the construction of the Tenant Improvements, and after Tenant has accepted all bids and proposals for the Tenant Improvements, Tenant shall provide Landlord with a detailed breakdown, by trade, for all of Tenant's Agents, of the final estimated costs to be incurred or which have been incurred in connection with the design and construction of the Tenant Improvements to be performed by or at the direction of Tenant or the Contractor (the "Construction Budget"), which costs shall include, but not be limited to, the costs of the Architect's and Engineers' fees and the Landlord Coordination Fee. The amount, if any, by which the

total costs set forth in the Construction Budget exceed the amount of the Expansion Premises Tenant Improvement Allowance is referred to herein as the "Over Allowance Amount".

In the event that an Over-Allowance Amount exists, then prior to the commencement of construction of the Tenant Improvements, Tenant shall supply Landlord with cash in an amount equal to the Over-Allowance Amount. The Over-Allowance Amount shall be disbursed by Landlord prior to the disbursement of any of the then remaining portion of the Expansion Premises Improvement Allowance, and such disbursement shall be pursuant to the same procedure as the Expansion Premises Improvement Allowance. In the event that, after the total costs set forth in the Construction Budget have been delivered by Tenant to Landlord, the costs relating to the design and construction of the Tenant Improvements change, any additional costs for such design and construction in excess of the total costs set forth in the Construction Budget shall be added to the Over-Allowance Amount and the total costs set forth in the Construction Budget, and such additional costs shall be paid by Tenant to Landlord immediately as an addition to the Over-Allowance Amount or at Landlord's option, Tenant shall make payments for such additional costs out of its own funds, but Tenant shall continue to provide Landlord with the documents described in items (i), (ii), (iii) and (iv) of Section 2.2.2.1 of this Tenant Work Letter, above, for Landlord's approval, prior to Tenant paying such costs. All Tenant Improvements paid for by the Over-Allowance Amount shall be deemed Landlord's property under the terms of the Lease.

4.2.2 **Tenant's Agents**.

4.2.2.1 **Landlord's General Conditions for Tenant's Agents and Tenant Improvement Work**. Tenant's and Tenant's Agent's construction of the Tenant Improvements shall comply with the following: (i) the Tenant Improvements shall be constructed in strict accordance with the Approved Construction Documents; (ii) Tenant and Tenant's Agents shall not, in any way, interfere with, obstruct, or delay, the work of Landlord's base building contractor and subcontractors with respect to the Base Building or any other work in the Building; (iii) Tenant's Agents shall submit schedules of all work relating to the Tenant Improvements to Landlord and Landlord shall, within five (5) business days of receipt thereof, inform Tenant's Agents of any changes which are necessary thereto, and Tenant's Agents shall adhere to such corrected schedule; and (iv) Tenant shall abide by all rules made by Landlord with respect to the use of parking, freight, loading dock and service elevators, storage of materials, coordination of work with the contractors of other tenants, and any other matter in connection with this Tenant Work Letter, including, without limitation, the construction of the Tenant Improvements and Tenant shall promptly execute all documents including, but not limited to, Landlord's standard contractor's rules and regulations, as Landlord may deem reasonably necessary to evidence or confirm Tenant's agreement to so abide.

4.2.2.2 **Indemnity**. Tenant's indemnity of Landlord as set forth in Section 10.1 of this Lease shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to any act or omission of Tenant or Tenant's Agents, or anyone directly or indirectly employed by any of them, or in connection with Tenant's non-payment of any amount arising out of the Tenant Improvements and/or Tenant's disapproval of all or any portion of any request for payment. Such indemnity by Tenant, as set forth in Section 10.1 of this Lease, shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to Landlord's performance of any ministerial acts reasonably necessary (i) to permit Tenant to complete the Tenant Improvements, and (ii) to enable Tenant to obtain any building permit or certificate of occupancy (or other documentation or approval allowing Tenant to legally occupy the Expansion Premises) for the Expansion Premises.

4.2.2.3 **Requirements of Tenant's Agents**. Each of Tenant's Agents shall guarantee to Tenant and for the benefit of Landlord that the portion of the Tenant Improvements for which it is responsible shall be free from any defects in workmanship and materials for a period of not less than one (1) year from the date of completion thereof. Each of Tenant's Agents shall be responsible for the replacement or repair, without additional charge, of all work done or furnished in accordance with its contract that shall become defective within one (1) year after the later to occur of (i) completion of the work performed by such contractor or subcontractors and (ii) the Expansion Premises Rent Commencement Date. The correction of such work shall include, without additional charge, all additional expenses and damages incurred in connection with such removal or replacement of all or any part of the Tenant Improvements, and/or the Building and/or common areas that may be damaged or disturbed thereby. All such warranties or guarantees as to materials or workmanship of or with respect to the Tenant Improvements shall be contained in the Contract or subcontract and shall be written such that such guarantees or warranties shall inure to the benefit of both Landlord and Tenant, as their respective interests may appear, and can be directly enforced by either. Tenant covenants to give to Landlord any assignment or other assurances which may be necessary to effect such right of direct enforcement.

4.2.2.4 **Insurance Requirements**.

4.2.2.4.1 **General Coverages**. All of Tenant's Agents shall carry worker's compensation insurance covering all of their respective employees, and shall also carry commercial general liability insurance, including property damage, all with limits, in form and with companies as are required to be carried by Tenant as set forth in Article 10 of this Lease, and the policies therefor shall insure Landlord and Tenant, as their interests may appear, as well as the Contractor and subcontractors.

4.2.2.4.2 **Special Coverages**. Tenant or Contractor shall carry "Builder's All Risk" insurance in an amount approved by Landlord, which shall in no event be less than the amount actually carried by Tenant or Contractor, covering the construction of the Tenant Improvements, and such other insurance as Landlord may require, it being understood and agreed that the Tenant Improvements shall be insured by Tenant pursuant to Article 10 of this Lease immediately upon completion thereof. Such insurance shall be in amounts and shall include such extended coverage endorsements as may be reasonably required by Landlord.

4.2.2.4.3 **General Terms**. Certificates for all insurance carried pursuant to this Section 4.2.2.4 shall be delivered to Landlord before the commencement of construction of the Tenant Improvements and before the Contractor's equipment is moved onto the site. All such policies of insurance must contain a provision that the company writing said policy will give Landlord thirty (30) days prior written notice of any cancellation or lapse of the effective date or any reduction in the amounts of such insurance. In the event that the Tenant Improvements are damaged by any cause during the course of the construction thereof, Tenant shall immediately repair the same at Tenant's sole cost and expense. Tenant's Agents shall maintain all of the foregoing insurance coverage in force until the Tenant Improvements are fully completed and accepted by Landlord, except for any Products and Completed Operation Coverage insurance required by Landlord, which is to be maintained for ten (10) years following completion of the work and acceptance by Landlord and Tenant and which shall name Landlord, and any other party that Landlord so specifies, as additional insured as to the full limits required hereunder for such entire ten (10) year period. All insurance, except Workers' Compensation, maintained by Tenant's Agents shall preclude subrogation claims by the insurer against anyone insured thereunder. Such insurance shall provide that it is primary insurance as respects the owner and that any other insurance maintained by owner is excess and noncontributing with the insurance required hereunder. The requirements for the foregoing insurance shall not derogate from the provisions for indemnification of Landlord by Tenant under Section 4.2.2.2 of this Tenant Work Letter. Landlord may, in its discretion, require Tenant to obtain a lien and completion bond or some alternate form of security satisfactory to Landlord in an amount sufficient to ensure the lien-free completion of the Tenant Improvements and naming Landlord as a co-obligee.

4.2.3 **Governmental Compliance**. The Tenant Improvements shall comply in all respects with the following: (i) the Code and other state, federal, city or quasi-governmental laws, codes, ordinances and regulations, as each may apply according to the rulings of the controlling public official, agent or other person; (ii) applicable standards of the American Insurance Association (formerly, the National Board of Fire Underwriters) and the National Electrical Code; and (iii) building material manufacturer's specifications.

4.2.4 **Inspection by Landlord**. Landlord shall have the right to inspect the Tenant Improvements at all times, provided however, that Landlord's failure to inspect the Tenant Improvements shall in no event constitute a waiver of any of Landlord's rights hereunder nor shall Landlord's inspection of the Tenant Improvements constitute Landlord's approval of the same. Should Landlord reasonably disapprove any portion of the Tenant Improvements due to defects or deviations in the completion of such improvements, Landlord shall notify Tenant in writing of such disapproval and shall specify the items disapproved. Any defects or deviations noted in Landlord's disapproval shall be rectified by Tenant at no expense to Landlord, provided however, that in the event Landlord determines that a defect or deviation exists, Landlord may, take such action as Landlord deems necessary, at Tenant's expense and without incurring any liability on Landlord's part, to correct any such defect or deviation, including, without limitation, causing the cessation of performance of the construction of the Tenant Improvements until such time as the defect, deviation and/or matter is corrected to Landlord's satisfaction.

4.2.5 **Meetings**. Commencing upon the execution of this Amendment, Tenant shall hold regular meetings with the Architect/Space Planner and the Contractor regarding the progress of the preparation of Construction Documents and the construction of the Tenant Improvements, which meetings shall be held at the office of the Project, at a time mutually agreed upon by Landlord and Tenant, and, upon Landlord's request, certain of Tenant's Agents shall attend such meetings. In addition, minutes shall be taken at all such meetings, a copy of which minutes shall be promptly delivered to Landlord. One such meeting each month shall include the review of Contractor's current request for payment.

4.2.6 **Landlord Coordination Fee**. Tenant shall pay a construction supervision and management fee (the "Landlord Coordination Fee") to Landlord in an amount equal to one percent (1.0%) of the Expansion Improvement Allowance.

4.3 **Notice of Completion**. Within five (5) days after the final completion of construction of the Tenant Improvements, including, without limitation, the completion of any punch list items, Tenant shall cause a Notice of Completion to be recorded in the office of the Recorder of the County in which the Premises is located pursuant to applicable Law, and shall furnish a copy thereof to Landlord upon such recordation. If Tenant fails to do so, Landlord may execute and file the same on behalf of Tenant as Tenant's agent for such purpose, at Tenant's sole cost and expense. At the conclusion of construction and prior to Landlord's payment of the Final TI Allowance Reimbursement, (i) Tenant shall cause the Contractor and the Architect/Space Planner (A) to update the Approved Construction Documents through annotated changes, as necessary, to reflect all changes made to the Approved Construction Documents during the course of construction, (B) to certify to the best of the Architect/Space Planner's and Contractor's knowledge that such updated Approved Construction Documents are true and correct, which certification shall survive the expiration or termination of this Lease, as hereby amended, and (ii) Tenant shall deliver to Landlord the Final Close Out Package. Landlord shall, at Tenant's expense, update Landlord's "as-built" master plans, for the floor(s) on which the Premises are located, if any, including updated vellums and electronic CAD files, all of which may be modified by Landlord from time to time, and the current version of which shall be made available to Tenant upon Tenant's request.

SECTION 5

MISCELLANEOUS

5.1 **Tenant's Representative**. Tenant has designated Jason Gordon as its sole representative with respect to the matters set forth in this Tenant Work Letter, who shall have full authority and responsibility to act on behalf of the Tenant as required in this Tenant Work Letter.

5.2 **Landlord's Representative**. Landlord has designated Jack Van Kleunen as its sole representative with respect to the matters set forth in this Tenant Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Tenant Work Letter.

5.3 **Time of the Essence in This Tenant Work Letter**. Unless otherwise indicated, all references in this Tenant Work Letter to a "number of days" shall mean and refer to calendar days. If any item requiring approval is timely disapproved by Landlord, the procedure for preparation of the document and approval thereof shall be repeated until the document is approved by Landlord.

5.4 **Tenant's Lease Default**. Notwithstanding any provision to the contrary contained in this Lease, if an event of default as described in Section 19.1 of this Lease or a default by Tenant under this Tenant Work Letter has occurred at any time on or before the substantial completion of the Expansion Premises, then (i) in addition to all other rights and remedies granted to Landlord pursuant to this Lease, Landlord shall have the right to withhold payment of all or any portion of the Expansion Premises Tenant Improvement Allowance and/or Landlord may cause Contractor to cease the construction of the Expansion Premises (in which case, Tenant shall be responsible for any delay in the substantial completion of the Expansion Premises caused by such work stoppage), and (ii) all other obligations of Landlord under the terms of this Tenant Work Letter shall be forgiven until such time as such default is cured pursuant to the terms of this Lease (in which case, Tenant shall be responsible for any delay in the substantial completion of the Expansion Premises caused by such inaction by Landlord).

EXHIBIT "C"

MASTER DECLARATION

(i) Notice Of Adoption Of Redevelopment plan Entitled "Depot District Redevelopment Project Area Plan", dated October 15, 1998, recorded October 22, 1998 as Entry No. 7127194 in Book 8133 at Page 1835 of the Official Records, as amended and affected by an Amended Notice Of Adoption Of Redevelopment Plan Entitled "Depot District Redevelopment Project Area Plan", dated October 15, 1998, recorded May 6, 1999 as Entry No. 7345726 in Book 8275 at Page 1402 of the Official Records;

(ii) Easement Agreement (With Boundary Agreement), dated January 3, 2000, recorded January 13, 2000 as Entry No. 7553961, in Book 8336, at Page 1170 of the Official Records, as amended and/or otherwise affected by that certain Omnibus Amendment To City Project Agreements, recorded April 22, 2013 as Entry No. 11622650, in Book 10129, at Page 5755 of the Official Records, as amended and/or otherwise affected by that certain Affidavit, dated February 21, 2001, executed by BRIAN GOCHNOUR, recorded February 26, 2001 as Entry No.7828965, in Book 8427, at Page 4667 of the Official Records;

(iii) Amended And Restated Participation And Reimbursement Agreement, dated as of May __, 2006, recorded June 8, 2006 as Entry No. 9747342, in Book 9305, at Page 5127 of the Official Records, as amended and/or otherwise affected by that certain First Amendment To Amended And Restated Participation And Reimbursement Agreement, recorded April 22, 2013 as Entry No. 11622649, in Book 10129, at Page 5750 of the Official Records;

(iv) Rio Grande Street Grant Of Easement, dated January 3, 2000, recorded January 13, 2000 as Entry No. 7553963, in Book 8336, at Page 1217 of the Official Records, as corrected by an Affidavit recorded August 7, 2000 as Entry No. 7693049, in Book 8379 at Page 5484 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Rio Grande Street Grant Of Easement, recorded May 6, 2005 as Entry No. 9370280, in Book 9128, at Page 481 of the Official Records, and by that certain Second Amendment to Rio Grande Street Grant Of Easement, recorded December 20, 2007 as Entry No. 10305320, in Book 9550, at Page 5547 of the Official Records, and by that certain Joint Omnibus Amendment To Project Agreements, recorded April 22, 2013 as Entry No. 11622651, in Book 10129, at Page 5760 of the Official Records;

(v) Plaza Pedestrian And Public Use Easement And Programming Agreement, dated December 23, 1999, recorded January 13, 2000 as Entry No. 7553964, in Book 8336, at Page 1240 of the Official Records, as corrected by an Affidavit recorded August 7, 2000 as Entry No. 7693049, in Book 8379 at Page 5484 of the Official Records, and as amended, supplemented and otherwise affected by that certain First Amendment To Plaza Pedestrian And Public Use Easement And Programming Agreement, recorded May 6, 2005 as Entry No. 9370282, in Book 9128, at Page 506 of the Official Records, and by that certain Joint Omnibus Amendment To Project Agreements, recorded April 22, 2013 as Entry No. 11622651, in Book 10129, at Page 5760 of the Official Records;

(vi) North Temple Frontage Road Grant Of Easement, dated December 23, 1999, recorded January 13, 2000 as Entry No. 7553965, in Book 8336, at Page 1263 of the Official Records, as corrected by an Affidavit recorded August 7, 2000 as Entry No. 7693049, in Book 8379 at Page 5484 of the Official Records, and as amended, supplemented and otherwise affected by that certain First Amendment To North Temple Frontage Road Grant Of Easement, recorded May 6, 2005 as Entry No. 9370279, in Book 9128, at Page 466 of the Official Records, and by that certain Joint Omnibus Amendment To Project Agreements, recorded April 22, 2013 as Entry No. 11622651, in Book 10129, at Page 5760 of the Official Records;

(vii) Depot Pedestrian And Public Use Easement, dated December 23, 1999, recorded January 13, 2000 as Entry No. 7553966, in Book 8336, at Page 1284 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Depot Pedestrian And Public Use Easement, recorded May 6, 2005 as Entry No. 9370281, in Book 9128, at Page 497 of the Official Records;

(viii) Hotel Pedestrian Easement, dated December 23, 1999, recorded January 13, 2000 as Entry No. 7553967, in Book 8336, at Page 1302 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Hotel Pedestrian Easement Now Known As Walkway Easement, recorded May 6, 2005 as Entry No. 9370283, in Book 9128, at Page 525 of the Official Records;

(ix) Parks Blocks Agreement, dated as of July 5, 2000, recorded July 7, 2000 as Entry No. 7674967, in Book 8373, at Page 5614 of the Official Records, as amended and/or otherwise affected by that certain Omnibus Amendment To City Project Agreements, recorded April 22, 2013 as Entry No. 11622650, in Book 10129, at Page 5755 of the Official Records;

(x) Declaration And Establishment Of Protective Covenants, Conditions And Restrictions And Grant Of Easements, dated as of December 15, 2000, recorded December 27, 2000 as Entry No. 7787948, in Book

8410, at Page 8311 of the Official Records, as amended and/or otherwise affected by that certain First Amendment To Declaration And Establishment Of Protective Covenants, Conditions And Restrictions And Grant Of Easements, recorded March 1, 2001 as Entry No. 7833680, in Book 8430, at Page 1766 of the Official Records, and by that certain Second Amendment To Declaration And Establishment Of Protective Covenants, Conditions And Restrictions And Grant Of Easements, recorded May 6, 2005 as Entry No. 9370284, in Book 9128, at Page 536 of the Official Records;

(xi) Amended and Restated Declaration of Condominium Gateway Block C1 Condominium Project, recorded April 27, 2001 as Entry No. 7881708, in Book 8450, at Page 4761 of the Official Records, as said Amended And Restated Declaration was amended and/or otherwise affected by that certain First Amendment to Amended and Restated Declaration of Condominium Gateway Block C1 Condominium Project, recorded February 15, 2011 as Entry No. 11134756, in Book 9905, at Page 6380 of the Official Records;

(xii) Amended And Restated Declaration Of Condominium Gateway Block C2 Condominium Project, recorded April 27, 2001 as Entry No. 7881709, in Book 8450, at Page 4843 of the Official Records;

(xiii) Declaration Of Condominium Gateway Block A Condominium Project, recorded February 26, 2001 as Entry No. 7828969, in Book 8427, at Page 4676 of the Official Records;

(xiv) Declaration Of Condominium Gateway Block B Condominium Project, recorded February 26, 2001 as Entry No. 7828971, in Book 8427, at Page 4752 of the Official Records, as amended or otherwise affected by that certain First Amendment To Declaration Of Condominium Gateway Block B Condominium Project And Amendment Of Record Of Survey Map, recorded May 16, 2002 as Entry No. 8235748, in Book 8598 at Page 7012, of the Official Records, and by that certain Second Amendment To Declaration Of Condominium Gateway Block B Condominium Project And Amendment Of Record Of Survey Map, recorded July 20, 2004 as Entry No. 9125323, in Book 9016 at Page 2655;

(xv) Declaration Of Covenants, Conditions And Restrictions Re Commercial Shared Maintenance, dated as of February 28, 2001, as evidenced by that certain Memorandum Of Declaration Of Covenants, Conditions And Restrictions Re Commercial Shared Maintenance (Gateway), recorded March 1, 2001 as Entry No. 7833681, in Book 8430, at Page 1770 of the Official Records, and by that certain First Amendment To Memorandum Of Declaration Of Covenants, Conditions And Restrictions Re Commercial Shared Maintenance, recorded May 6, 2005 as Entry No. 9370286, in Book 9128, at Page 563 of the Official Records, and by that certain Consent and Acknowledgment of Inland Western Salt Lake City Gateway, L.L.C., recorded September 25, 2013 as Entry No. 11730200, in Book 10180, at Page 1552 of the Official Records;

(xvi) Declaration Of Easements, dated as of September 1, 2001, recorded April 7, 2003 as Entry No. 8600407, in Book 8772, at Page 5889 of the Official Records;

(xvii) Covenant Agreement, dated as of February 28, 2003, recorded April 7, 2003 as Entry No. 8600408, in Book 8772, at Page 5901 of the Official Records;

(xviii) unrecorded Parking License Agreement dated April 8, 2002, unrecorded First Amendment to Parking License Agreement dated as of July 9, 2002, and unrecorded Central Plant Participation Agreement dated June 1, 2002, each as disclosed by that certain Parking License, Parking Access, Central Plant Participation And Subordination Agreement, dated as of June 16, 2003, recorded June 16, 2003 as Entry No. 8691592, in Book 8818, at Page 5955 of the Official Records;

(xix) Parking License Agreement, dated October 6, 2003, recorded October 10, 2003 as Entry No. 8848851, in Book 8894, at Page 9334 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Parking License Agreement (Gateway Office 3), dated May 5, 2005, recorded May 6, 2005 as Entry No. 9370289, in Book 9128, at Page 580 of the Official Records;

(xx) Agreement For Construction And Subsequent Acquisition Of Retail Unit 4, Gateway Block A Condominium, For The Purpose Of Operating A Planetarium And Presenting Large Screen Motion Picture Features, dated February 13, 2002, recorded June 8, 2004 as Entry No. 9084123, in Book 8998, at Page 4901 of the Official Records;

(xxi) Parking License Agreement, dated June 30, 2004, recorded July 20, 2004 as Entry No. 9125321, in Book 9016, at Page 2635 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Parking License Agreement, dated May 5, 2005, recorded May 6, 2005 as Entry No. 9370288, in Book 9128, at Page 573 of the Official Records;

(xxii) Air Space Easement Agreement, dated as of May 5, 2005, recorded May 6, 2005 as Entry No. 9370290, in Book 9128, at Page 586 of the Official Records;

(xxiii) Encroachment Agreement, dated as of May 5, 2005, recorded May 6, 2005 as Entry No. 9370291, in Book 9128, at Page 595 of the Official Records;

(xxiv) Declaration Of Covenants, Restrictions And Easements (The Gateway--Retail Parcels), recorded May 6, 2005 as Entry No. 9370292, in Book 9128, at Page 605 of the Official Records, as amended by that certain Amendment To Declaration Of Covenants, Restrictions And Easements, recorded May 31, 2005 as Entry No. 9390612, in Book 9137, at Page 7862 of the Official Records, as amended by that Second Amendment to Declaration of Covenants, Restrictions and Easements dated June 27, 2019, recorded June 28, 2019, as Entry No. 13019122 in Book 10797, Page 3555;

(xxv) Declaration Of Easement (Emergency Ingress & Egress), dated as of January 6, 2006, recorded January 10, 2006 as Entry No. 9606025, in Book 9241, at Page 9418 of the Official Records;

(xxvi) Parking License Agreement, dated December 15, 2006, recorded December 26, 2006 as Entry No. 9951937, in Book 9399, at Page 9815 of the Official Records;

(xxvii) Easement, recorded December 4, 2007 as Entry No. 10291031, in Book 9544, at Page 1216 of the Official Records;

(xxviii) Declaration Of Bridge Covenants And Easements (The Gateway--Retail Parcels), dated October 3, 2007, recorded January 22, 2008 as Entry No. 10328082, in Book 9561, at Page 1129 of the Official Records;

(xxix) Easement, recorded January 22, 2008 as Entry No. 10328083, in Book 9561, at Page 1144 of the Official Records;

(xxx) Parking License Agreement, dated March 20, 2006, the existence of which is disclosed of record by that certain Memorandum Of Parking License Agreement recorded October 22, 2012 as Entry No. 11496303, in Book 10068, at Page 3312 of the Official Records;

(xxxi) Central Plant Participation Agreement, dated October 6, 2003, recorded October 10, 2003 as Entry No. 8848852, in Book 8894, at Page 9344 of the Official Records;

(xxxii) Central Plant Participation Agreement, dated June 30, 2004, recorded July 20, 2004 as Entry No. 9125322, in Book 9016, at Page 2645 of the Official Records; and

(xxxiii) all amendments, modifications, extensions and renewals and replacements thereof; all of which shall be superior to this Lease, binding upon the Project and run with the land.

EXHIBIT "D"

EXCEPTION SUITES GREY SHELL CRITERIA

LANDLORD SHALL PROVIDE THE FOLLOWING GRAY SHELL IMPROVEMENTS TO THE PREMISES HEREINAFTER REFERRED TO AS "**LANDLORD'S WORK**":

A. **STRUCTURES**:

1. **Frame**: The building is constructed of steel frame, reinforced concrete, or masonry bearing wall, as provided within the existing Gateway project.

2. **Exterior Walls**: The exterior wall(s) are of masonry, steel framed, or such other material or materials, as provided within the existing Gateway project.

3. **Ceiling Heights**: Tenant's responsibility as to clear height from floor slab.

4. **Roof**: The roof is of single ply material type, or equal, as provided within the existing Gateway project.

5. **Partitions**: Interior partition walls are Tenant's responsibility.

6. **Door(s) and Frame(s)**: Exterior service door(s) and frame(s) shall be hollow metal.

7. **Storefront Doors**: See Paragraph F.

B. **INTERIOR FINISHES**:

1. **Floors**: Landlord shall furnish a standard four inch (4") thick concrete slab or suspended structural slab throughout the interior of the Premises

2. **Suspended Structural Slab**:–The elevated floor slabs of this building are of post-tension concrete construction. Any attachments for mechanical, electrical, or architectural elements shall be limited to a 1" maximum drilled or driven anchor embedment. If deeper embedment or core drilling is required, the slab shall be scanned to locate PT tendons and location adjusted to provide at least 3" clear from any PT tendon. In the event that PT tendons become damaged or cut, they must be repaired to bring the building back to the original design condition. Cost of these repairs shall be the responsibility of the Contactor.

3. **Walls**: Demising wall(s) shall be unpainted masonry or unpainted drywall finish, taped over stud, Tenant shall be responsible for final preparation and finish. Height shall be determined by Project Architect. Any cross partition(s) shall be Tenant's responsibility. Exterior and rear wall(s) shall be unpainted masonry or concrete finish or such other material(s) as selected by Project Architect.

4. **Ceilings**: None provided, Tenant's responsibility.

C. SANITARY FACILITIES:

1. **Toilet Room**: None provided, Tenant's responsibility. (Existing toilet rooms can remain if tenant so chooses.)

D. UTILITIES:

1. **Water and Sewer**: Landlord shall furnish a minimum of one (1), one inch (1") cold water supply and one (1), four inch (4") waste water line to the Premises per Landlord's plans. Tenant is responsible for stubbing access to both the supply and waste lines.

2. **Electricity**: Landlord shall furnish existing electrical cabinets and breakers, located on the rear of the building, capable of accommodating the following minimum service requirements. All down stream conduit from existing panels to be removed except for power to F.C.U.'s and misc. fire alarm devices.

   (a) Service at gutter shall be a 200A – 120/208V of service, terminated at the gutter.

(b) Any electrical requirements (step-down transformer, distribution, wiring, convenience outlets, etc.) beyond said service above shall be Tenant's responsibility.

3. **Lighting**: None provided, Tenant's responsibility.

4. **H.V.A.C.**: Landlord shall provide chilled and heating water from the central plant to the space and provide an outside air connection for space ventilation, based on the following:

(a) Distribution System Design: All air distribution system(s) shall be Tenant's responsibility including providing 4-pipe fan coils, heating and chilled water distribution, outside air distribution and thermostats. Chilled water coils will be designed for 48°F EWT. Heating water coils will be designed for 145°F EWT.

(aa) Central Plant Deliverable: Hot water and chilled water delivered from the central plant is intended for artificial cooling and heating of the space and for heating domestic hot water. Hot water and chilled water temperature set points change seasonally for efficiencies but are always adequate to maintain 72°F (Cooling Mode) and 70°F (Heating Mode) air temperatures year-round and to maintain 120°F domestic hot water. Tenant is responsible for obtaining Landlord approval for use of the central plant's hot and chilled water which exceed these parameters.

(b) Capacity: The air conditioning capacity shall not exceed one (1) ton for each three hundred (300) square feet of Floor Area for retail space.

(c) Special Equipment: In the event that Tenant's use of the Premises requires fresh air and/or exhaust air for special equipment, cooking equipment, additional personnel, stock room areas, or show windows, and the like, Tenant shall provide same at Tenant's sole expense, subject to the prior approval of Landlord. Tenant shall connect to base building systems where available.

5. **Fire Sprinkler System**: Landlord will provide a main fire line stubbed through the Premises and a layout of upright heads for shell construction as required by code.

E. TELEPHONE:

1. One (1), one inch (1") conduit, with pull string from the building telephone mounting board to Premises will be provided by the Landlord.

F. STORE FRONTS:

1. Design and Installation: A standard minimum of one (1) store front shall be designed by the Project Architect and installed by Landlord consisting of a minimum of one (1) single door with cylinder lock. Landlord may elect to provide a double-entry door, at Landlord's sole discretion, predicated on the square footage of the Premises.

FOURTH AMENDMENT TO OFFICE LEASE

THIS FOURTH AMENDMENT TO OFFICE LEASE (this "Amendment") is made and entered into as of the 25th day of February, 2021 (the "Amendment Effective Date") by and between VESTAR GATEWAY, LLC, a Delaware limited liability company ("Landlord") and RECURSION PHARMACEUTICALS, INC., a Delaware corporation ("Tenant").

RECITALS:

A. Landlord and Tenant have previously executed and delivered that certain Office Lease dated November 13, 2017, as amended by that certain First Amendment to Lease dated September 25, 2018, as amended by that certain Second Amendment to Lease dated November 13, 2019, as amended by that certain Third Amendment to Lease dated January 22, 2021 (collectively, the "Lease") with respect to certain Premises more particularly described therein.

B. Landlord and Tenant have agreed to modify the Lease, subject to and in accordance with the further terms, covenants and provisions of this Amendment.

NOW, THEREFORE, in consideration of the execution and delivery of the Lease, the foregoing Recitals, the mutual agreements, covenants and promises contained in this Amendment and other good and valuable considerations, the receipt, sufficiency and validity of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Definitions. Capitalized terms used in this Amendment without definition shall have the meanings assigned to such terms in the Lease unless the context expressly requires otherwise.

2. Additional Premises Rent Commencement Date. Landlord and Tenant hereby agree that the Additional Premises Rent Commencement Date (as defined in the Second Amendment) is hereby amended to be March 1, 2021. The expiration date of the Lease Term (only with respect to the Additional Premises) shall be extended by six (6) months and twenty-two (22) days and shall expire on December 22, 2028.

3. Estoppel. Tenant and Landlord each hereby affirms by execution of this Amendment that to the best of such party's knowledge the Lease is in full force and effect and such party does not have any presently existing claims against the other party or any offsets against any amounts due under the Lease. To the best of each party's knowledge, there are no defaults of the other party under the Lease and there are no existing circumstances which with the passage of time, notice or both, would give rise to a default under the Lease.

4. Full Force and Effect. Except as expressly modified by this Amendment, the Lease remains unmodified and in full force and effect. All references in the Lease to "this Lease" shall be deemed references to the Lease as modified by this Amendment.

5. Counterparts; Electronic Signatures. This Amendment may be executed in one or more counterparts and the signature pages combined to constitute one document. Electronic signatures shall have the same force and effect as original signatures.

(signatures on next page)

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date and year first above written.

LANDLORD:

VESTAR GATEWAY, LLC, a Delaware limited liability company

By: SLC Gateway Retail, LLC,
a Delaware limited liability company,
its Sole Member

By: VGSLM, LLC,
a Delaware limited liability company,
its Managing Member

By: _____
Name: R. Patrick McGinley
Title: Manager

TENANT:

RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation

DocuSigned by:
By: Brackon Curtis
D984BB1E1E7842...
Name: Brackon Curtis
Its: Senior Director of People Operations

FIFTH AMENDMENT TO OFFICE LEASE

THIS FIFTH AMENDMENT TO OFFICE LEASE (this "Amendment") is made and entered into as of the 15th day of May, 2021 (the "Amendment Effective Date") by and between VESTAR GATEWAY, LLC, a Delaware limited liability company ("Landlord") and RECURSION PHARMACEUTICALS, INC., a Delaware corporation ("Tenant").

RECITALS:

A. Landlord and Tenant have previously executed and delivered that certain Office Lease dated November 13, 2017, as amended by that certain First Amendment to Lease dated September 25, 2018, as amended by that certain Second Amendment to Lease dated November 13, 2019, as amended by that certain Third Amendment to Lease dated January 22, 2021, and as amended by that certain Fourth Amendment to Lease dated February 25, 2021 (collectively, the "Lease") with respect to certain Premises more particularly described therein.

B. Landlord and Tenant have agreed to modify the Lease, subject to and in accordance with the further terms, covenants and provisions of this Amendment.

NOW, THEREFORE, in consideration of the execution and delivery of the Lease, the foregoing Recitals, the mutual agreements, covenants and promises contained in this Amendment and other good and valuable considerations, the receipt, sufficiency and validity of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Definitions. Capitalized terms used in this Amendment without definition shall have the meanings assigned to such terms in the Lease unless the context expressly requires otherwise.

2. Expansion Premises Termination. Tenant's right to terminate the Lease as set forth in Paragraph 6 of the Third Amendment to Lease is hereby deleted.

3. Access to Adjoining Suites. If Tenant determines during the Expansion Premises Work that Tenant requires access to any one or more of the following three (3) suites that are adjacent to the Expansion Premises: (i.e., the "Sprint" premises (containing 612 square feet), the "Head Gate Studios" premises (containing 654 square feet), or the "Urban Homes" premises (containing 1,115 square feet)), each as depicted on Exhibit "A" to this Amendment (collectively, the "Adjoining Suites", Tenant may provide to Landlord written notice of the need for such access. Within ninety (90) days following receipt of such written notice with respect to the "Urban Homes" premises and the "Head Gate Studios" premises and within one hundred twenty (120) days following receipt of such written notice for the "Sprint" premises, Landlord shall tender to Tenant possession of the Adjoining Suites designated by Tenant free and clear of all occupants thereof and their personal property. In accordance with the terms of the Lease, Tenant shall have the right to install an exhaust system and discharge stack that may include vertical and horizontal ducting, fans, motors, and related facilities and improvements (the "Exhaust System") within the Adjoining Suites in accordance with plans and specifications prepared by Tenant and approved by Landlord, which approval shall not be unreasonably withheld. Landlord acknowledges that the installation of the Exhaust System will require modifications to the roof deck and steel roof structure and agrees not to withhold its consent to such plans and specifications for such reasons. Upon completion of Tenant's Expansion Premises Work in the Adjoining Suites, but in no event later than the Expansion Premises Rent Commencement Date, Tenant shall return to Landlord possession of the Adjoining Suites in broom clean condition. Landlord shall have forty-five (45) days following Tenant returning to Landlord possession of the Adjoining Suites to determine whether the installation of the Exhaust System has rendered the Adjoining Suites unleasable due to lowered ceiling heights, column spacing or other physical limitations within the Adjoining Suites directly attributable to the Exhaust System. If the Adjoining Suites are not in leasable condition solely for the reasons set forth in the preceding sentence, then Landlord shall provide to Tenant notice and the Adjoining Suites will become a portion of the Premises and the rentable square footage of the Premises will be increased by the square footage of the Adjoining Suites retroactive to the Expansion Premises Rent Commencement Date. If, however, the Adjoining Suites are in leasable condition, Tenant's obligation with respect to the Adjoining Suites shall terminate; provided, however, Tenant shall have the right to use and maintain the Exhaust System for the remainder of the Expansion Premises Lease Term for no additional rent.

4. Occupancy of Adjoining Suites. Terminating the existing leases for the Adjoining Suites and relocating the tenants currently occupying the Adjoining Suites shall be at Landlord's sole cost and expense and will not be charged to Tenant. Furthermore, Tenant's right to access the Adjoining Suites or require Landlord to tender possession of the Accessed Suites to Tenant terminates once Tenant completes the Expansion Premises Work. As such, if Tenant does not request that Landlord tender possession of the Accessed Suites, and Tenant then performs the Expansion Premises Work and opens for business within the Expansion Premises, Tenant has no right at a later date to request possession of the Adjoining Suites.

5. Estoppel. Tenant and Landlord each hereby affirms by execution of this Amendment that to the best of such party's knowledge the Lease is in full force and effect and such party does not have any presently existing claims against the other party or any offsets against any amounts due under the Lease. To the best of each party's knowledge, there are no defaults of the other party under the Lease and there are no existing circumstances which with the passage of time, notice or both, would give rise to a default under the Lease.

6. Full Force and Effect. Except as expressly modified by this Amendment, the Lease remains unmodified and in full force and effect. All references in the Lease to "this Lease" shall be deemed references to the Lease as modified by this Amendment.

7. Counterparts; Electronic Signatures. This Amendment may be executed in one or more counterparts and the signature pages combined to constitute one document. Electronic signatures shall have the same force and effect as original signatures.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date and year first above written.

LANDLORD:

VESTAR GATEWAY, LLC, a Delaware limited liability company

By: SLC Gateway Retail, LLC,
a Delaware limited liability company,
its Sole Member

By: VGSLM, LLC,
a Delaware limited liability company,
its Managing Member

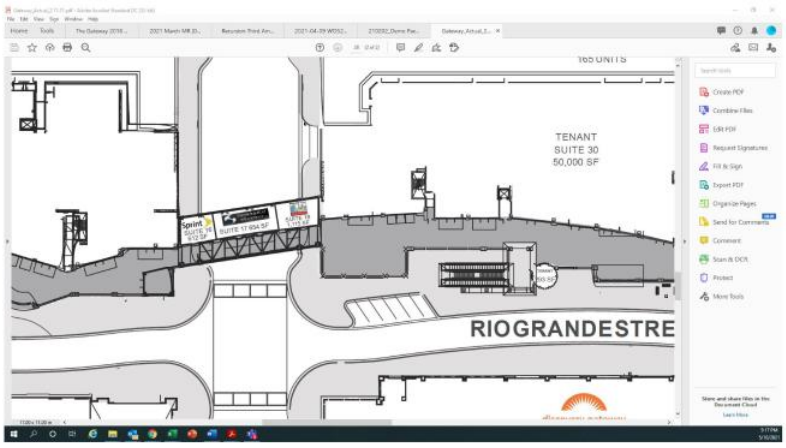
DocuSigned by:
By: David Larcher
7DB52FB497...
Name: David Larcher
Title: Manager

TENANT:

RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation

DocuSigned by:
By: Tina Larson
4CE4C5D49E6...
Name: Tina Larson
Its: President & COO

EXHIBIT "A"
100 S. BRIDGE AREA ACCESSIBLE TO TENANT



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SIXTH AMENDMENT TO OFFICE LEASE

THIS SIXTH AMENDMENT TO OFFICE LEASE (this "Amendment") is made and entered into as of the 18 day of October, 2021 (the "Amendment Effective Date") by and between VESTAR GATEWAY, LLC, a Delaware limited liability company ("Landlord") and RECURSION PHARMACEUTICALS, INC., a Delaware corporation ("Tenant").

RECITALS:

A. Landlord and Tenant have previously executed and delivered that certain Office Lease dated November 13, 2017 ("Original Lease"), as amended by that certain First Amendment to Lease dated September 25, 2018, as amended by that certain Second Amendment to Office Lease dated November 13, 2019, as amended by that certain Third Amendment to Office Lease dated January 22, 2021 (the "Third Amendment"), as amended by that certain Fourth Amendment to Office Lease dated February 25, 2021, and as amended by that certain Fifth Amendment to Office Lease dated May 15, 2021 (collectively, with the Original Lease, the "Lease") with respect to certain Premises more particularly described therein.

B. Landlord and Tenant have agreed to modify the Lease, subject to and in accordance with the further terms, covenants and provisions of this Amendment.

NOW, THEREFORE, in consideration of the execution and delivery of the Lease, the foregoing Recitals, the mutual agreements, covenants and promises contained in this Amendment and other good and valuable considerations, the receipt, sufficiency and validity of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Definitions. Capitalized terms used in this Amendment without definition shall have the meanings assigned to such terms in the Lease unless the context expressly requires otherwise.

2. Supplementary Premises. In addition to and together with the Premises, from and after the Expansion Premises Rent Commencement Date (as defined in the Third Amendment), Landlord leases to Tenant and Tenant leases from Landlord that certain Supplementary Premises (herein so called) consisting of approximately twelve thousand one hundred forty (12,140) square feet of Floor Area within the Expansion Premises Building and adjacent to the Expansion Premises (as each is defined in the Third Amendment) and identified as the "Supplementary Premises" on the Site Plan attached hereto as **Exhibit "A"**. Additionally, Tenant shall have exclusive use and control of the existing elevators that are accessible from the ground level of the Expansion Premises Building and the Supplementary Premises. From and after the Supplementary Premises Rent Commencement Date, references in the Lease to the "Premises" shall be deemed to include the "Supplementary Premises" and Tenant's use, lease and occupancy of the Supplementary Premises shall be subject to all of the terms, covenants and provisions of the Lease. Tenant acknowledges that the provisions of Article 10 of the Lease apply to Tenant's entry in the Supplementary Premises.

3. Term. The Term of the Lease with respect to the Supplementary Premises shall be coterminous with the Expansion Premises Lease Term (as defined in the Third Amendment).

4. Use. The Supplementary Premises shall be used solely for general office purposes (no laboratory work); provided, however, the Supplementary Premises may be used for the purposes expressly set forth in Article 5 of the Lease upon Tenant providing advance written notice to Landlord of such change, and for no other purpose.

5. Base Rent. From and after the Expansion Premises Rent Commencement Date, Base Rent shall be payable with respect to the Supplementary Premises in accordance with the schedule of Base Rent set forth below.

Month of Lease Term	**Monthly Rental**	**Annual Rental**	**Annual Rental Rate Per Square Foot**
Expansion Premises Rent Commencement Date – 12	$25,291.67	$303,500.00	$25.0000
13-24	$26,050.42	$312,605.00	$25.7500
25-36	$26,831.93	$321,983.15	$26.5225
37-48	$27,636.89	$331,642.64	$27.3182
49-60	$28,465.99	$341,591.92	$28.1377
61-72	$29,319.97	$351,839.68	$28.9819
73-84	$30,199.57	$362,394.87	$29.8513
85-96	$31,105.56	$373,266.72	$30.7468
97-108	$32,038.73	$384,464.72	$31.6693
109-120	$32,999.89	$395,998.66	$32.6193

6. Operating Expenses, Taxes – Supplementary Premises. Tenant acknowledges that its obligation for payments for Direct Expenses, Operating Expenses and Tax Expenses with respect to the Supplementary Premises shall be calculated in the same manner as the original Premises (as is set forth in Article 4 of the Original Lease; provided, however, with respect to the Supplementary Premises, the Base Year shall be calendar year 2021).

7. Delivery of Supplementary Premises. Landlord shall tender possession of the Supplementary Premises to Tenant promptly following the Amendment Effective Date; provided, however such tender of possession of the Supplementary Premises shall not include Suites 78, 79 and 80 (the "Exception Suites") within the Supplementary Premises. Landlord shall tender possession of the Exception Suites to Tenant in grey shell condition as more fully described in Exhibit "B" hereto on or before the date that is sixty-three (63) days after the Amendment Effective Date. Except for Landlord's representations and warranties contained in this Amendment and in the Lease, (a) no representations, inducements, understanding or anything of any nature whatsoever, made, stated or represented by Landlord or anyone acting for or on Landlord's behalf, either orally or in writing, have induced Tenant to enter into this Amendment, and (b) Tenant acknowledges, represents and warrants that Tenant has entered into this Amendment under and by virtue of Tenant's own independent investigation. Except for Landlord's representation and warranties contained in this Amendment and in the Lease, Tenant hereby shall accept the Supplementary Premises (except the Exception Suites) in its current "as is" and "where is" condition without warranty of any kind, express or implied, including, without limitation, any warranty as to title, physical condition or the presence or absence of Hazardous Materials, and if the Supplementary Premises (except the Exception Suites) are not in all respects entirely suitable for the use or uses to which the Supplementary Premises or any part thereof will be put, then it is the sole responsibility and obligation of Tenant, subject to and in accordance with the provisions of the Lease, to take such action as may be necessary to place the Supplementary Premises (except the Exception Suites) in a condition entirely suitable for such use or uses. **IN CONNECTION WITH THE ABOVE, TENANT HEREBY ACKNOWLEDGES AND REPRESENTS TO LANDLORD THAT TENANT HAS HAD AMPLE OPPORTUNITY TO INSPECT AND EVALUATE THE SUPPLEMENTARY PREMISES AND THE FEASIBILITY OF THE USES AND ACTIVITIES TENANT IS ENTITLED TO CONDUCT THEREON; THAT TENANT IS EXPERIENCED; THAT TENANT WILL RELY ENTIRELY ON TENANT'S EXPERIENCE, EXPERTISE AND ITS OWN INSPECTION OF THE SUPPLEMENTARY PREMISES IN ITS CURRENT STATE IN PROCEEDING WITH THIS AMENDMENT (SUBJECT TO LANDLORD'S REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS AMENDMENT AND THE LEASE AND LANDLORD'S WORK TO BE PERFORMED WITH RESPECT TO THE EXCEPTION SUITES); TENANT ACCEPTS THE SUPPLEMENTARY PREMISES IN ITS PRESENT CONDITION (SUBJECT TO LANDLORD'S REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS AMENDMENT AND THE LEASE AND LANDLORD'S WORK TO BE PERFORMED WITH RESPECT TO THE EXCEPTION SUITES), AND THAT, TO THE EXTENT THAT TENANT'S OWN EXPERIENCE WITH RESPECT TO ANY OF THE FOREGOING IS INSUFFICIENT TO ENABLE TENANT TO REACH AND FORM A CONCLUSION, TENANT HAS ENGAGED THE SERVICES OF PERSONS QUALIFIED TO ADVISE TENANT WITH RESPECT TO SUCH MATTERS. TENANT IS NOT RELYING ON ANY EXPRESS OR IMPLIED, ORAL OR WRITTEN REPRESENTATIONS, OR WARRANTIES MADE BY LANDLORD OR ITS REPRESENTATIVES, OTHER THAN THOSE SET FORTH IN THIS AMENDMENT AND IN THE LEASE.** In this regard, except as set forth in this Amendment, Tenant shall be responsible, at its sole cost and expense, for the work within the Supplementary Premises in accordance with the provisions of the Lease and this Amendment**.**

8. Allowance. If the Lease is in full force and effect and if Tenant is not in breach or default of any of the terms, conditions, covenants and provisions of this Lease, Tenant shall be entitled to a one-time "Supplementary Premises Allowance" in the amount of Seventy and No/100 Dollars ($70.00) gross square foot for partial reimbursement of the cost to ready the Supplementary Premises for occupancy ("Tenant's Work"). Payment of the Supplementary Premises Allowance shall be made to Tenant by Landlord within thirty (30) days after the later to occur of (i) Tenant requesting, in writing, disbursement of the Supplementary Premises Allowance, which request may be made only after Tenant has opened at the Supplementary Premises for business to the general public in accordance with the terms, covenants and provisions of this Amendment, and (ii) delivery to Landlord of the following: (a) a copy of the Certificate of Occupancy or comparable permit issued by the City of Salt Lake and/or the County of Salt Lake, Utah for the Supplementary Premises, (b) unconditional lien waivers from Tenant's contractor and all subcontractors and suppliers who furnished labor and/or materials in connection with the construction of the Supplementary Premises in a form substantially similar to the form previously delivered to Landlord with respect to the original Supplementary Premises Allowance, and (c) a copy of all permits, licenses or other governmental, quasi-governmental or other licensing authority authorizations required as a prerequisite for Tenant (or the third party operator) conducting business operations at the Supplementary Premises, and (d) execution and delivery by Tenant to Landlord of an estoppel certificate in the form attached to the Lease as an Exhibit, and (e) copies of invoices and work orders demonstrating the cost of Tenant's Work, and (f) a copy of the "as-built" plans (or record drawings marked to show field changes) for the Supplementary

Premises. Tenant shall deliver the request for the Supplementary Premises Allowance to Landlord no later than three hundred sixty (360) days after the Expansion Premises Rent Commencement Date (the "Allowance Cutoff Date"). In the event Tenant does not submit the request for the Supplementary Premises Allowance within thirty (30) days after the Allowance Cutoff Date, Landlord shall not be obligated to fund any portion of the Supplementary Premises Allowance to Tenant and the Supplementary Premises Allowance shall be forfeited by Tenant without any reduction or adjustment to the Base Rent, Additional Rent (as defined in the Lease) or other charges payable by Tenant to Landlord under this Lease. Tenant's Work shall be performed in accordance with the applicable provisions of the Lease, including the payment to Landlord of a construction supervision and management fee in an amount equal to one percent (1%) of the Supplementary Premises Allowance.

9. Existing Bathrooms; Fire Egress. The Supplementary Premises incorporates an existing hallway that runs along the northern boundary (the "Existing Hallway"). The Existing Hallway provides access to public restrooms located to the west of the Supplementary Premises (the "Public Bathrooms") and also serves as a fire egress route for the Expansion Premises Building. In order to allow Tenant to fully integrate the Supplementary Premises with the Expansion Premises, the parties hereby agree as follows: (a) Tenant shall not alter or remove the Public Bathrooms; (b) the Public Bathrooms shall not be accessible to, or used as restrooms by, other tenants or the general public for the duration of the Expansion Premises Lease Term; and (c) Tenant shall incorporate, at part of Tenant's Work, a replacement fire egress hallway within the Supplementary Premises and/or Expansion Premises that meets fire code requirements for the Expansion Premises Building.

10. Expansion Premises. The size of the Expansion Premises as more fully described in the Third Amendment shall be reduced from 91,748 rentable square feet to 91,494 rentable square feet, a reduction needed of 254 square feet so as to avoid relocating the south HVAC unit as shown on Exhibit A. Tenant will be responsible for adding the needed demising wall as shown on Exhibit A.

11. Base Rent – Expansion Premises. The rental chart set forth in Paragraph 6 of the Third Amendment is amended and restated in its entirety as follows:

Year of Lease Term	**Monthly Rental**	**Annual Rental**	**Annual Rental Rate Per Square Foot**
1	$245,890.13	$2,950,681.50	$32.2500
2	$253,266.83	$3,039,201.95	$33.2175
3	$260,864.64	$3,130,375.72	$34.2140
4	$268,690.43	$3,224,285.16	$35.2404
5	$276,751.81	$3,321,021.76	$36.2977
6	$285,054.13	$3,420,649.58	$37.3866
7	$293,605.77	$3,523,269.25	$38.5082
8	$302,413.59	$3,628,963.12	$39.6634
9	$311,485.99	$3,737,831.83	$40.8533
10	$320,830.57	$3,849,966.88	$42.0789

The Expansion Premises Allowance granted to Tenant (which has been stated as One Hundred Ten and No/100 Dollars ($110.00) per rentable square foot of the Expansion Premises) shall be adjusted based upon the reduced square footage of the Expansion Premises.

12. Parking. In addition to Tenant's existing parking rights set forth in the Lease, Tenant shall have the additional right, but not the obligation, to utilize up to three (3) parking passes for every one-thousand (1,000) rentable square feet comprising the Expansion Premises and the Supplementary Premises for use on a monthly basis throughout the Expansion Premises Lease Term for use in the north and south parking garages owned by Landlord, which passes shall be unreserved and on a first-come, first-served basis. The cost for such parking passes described herein for the Expansion Premises Lease Term shall be Eighty-Five and No/100 Dollars ($85.00) per pass per month. All other terms and provisions with respect to parking passes shall be as set forth in Article 28 of the Lease.

13. Estoppel. Tenant and Landlord each hereby affirms by execution of this Amendment that to the best of such party's knowledge the Lease is in full force and effect and such party does not have any presently existing claims against the other party or any offsets against any amounts due under the Lease. To the best of each party's knowledge, there are no defaults of the other party under the Lease and there are no existing circumstances which with the passage of time, notice or both, would give rise to a default under the Lease.

14. Full Force and Effect. Except as expressly modified by this Amendment, the Lease remains unmodified and in full force and effect. All references in the Lease to "this Lease" shall be deemed

references to the Lease as modified by this Amendment. However, the provisions of Section 2.4 of the Original Lease shall not be applicable to this Amendment or to the Supplementary Premises.

15. Counterparts; Electronic Signatures. This Amendment may be executed in one or more counterparts and the signature pages combined to constitute one document. Electronic signatures shall have the same force and effect as original signatures.

[Signatures on following page]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date and year first above written.

LANDLORD:

VESTAR GATEWAY, LLC, a Delaware limited liability company

By: SLC Gateway Retail, LLC,
a Delaware limited liability company,
its Sole Member

By: VGSLM, LLC,
a Delaware limited liability company,
its Managing Member

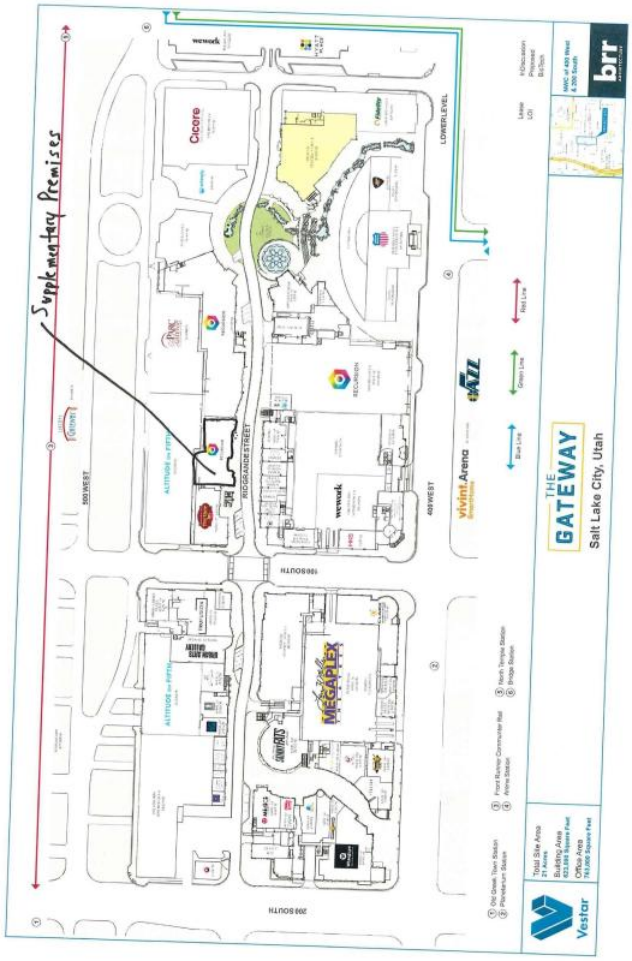
DocuSigned by:
By: _____
Name: David Larcher
Title: Manager

TENANT:

RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation

DocuSigned by: DocuSigned by:
By: Tina Larson Nathan Hatfield
Name: Tina Larson Nathan Hatfield
Its: President & COO V.P. Legal and Associate General Counsel

EXHIBIT "A"
SITE PLAN



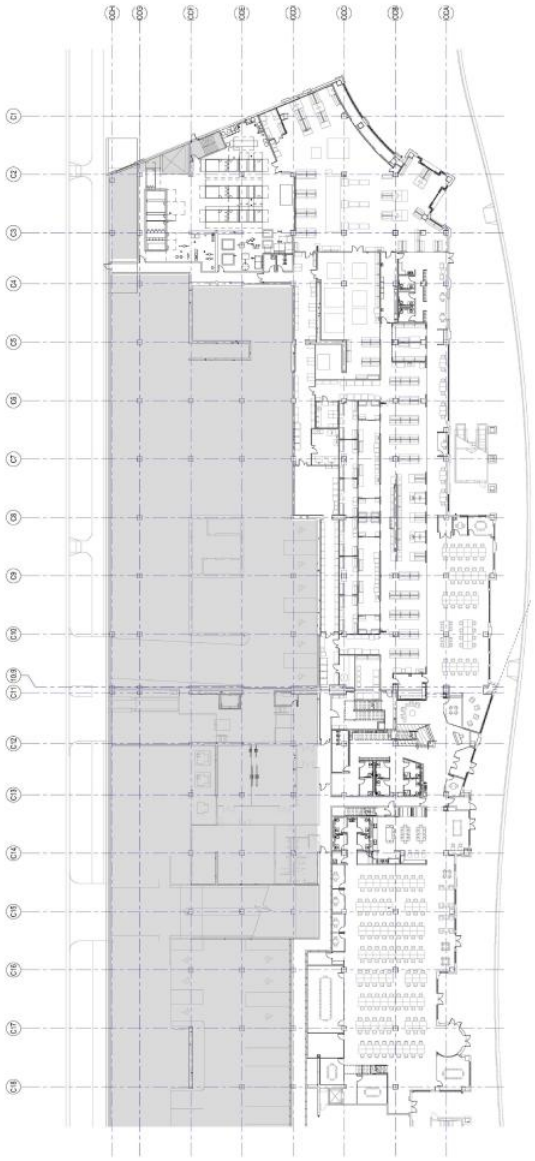


EXHIBIT "B"

EXCEPTION SUITES GREY SHELL CRITERIA

LANDLORD SHALL PROVIDE THE FOLLOWING GRAY SHELL IMPROVEMENTS TO THE PREMISES HEREINAFTER REFERRED TO AS "**LANDLORD'S WORK**":

A. **STRUCTURES**:

1. **Frame**: The building is constructed of steel frame, reinforced concrete, or masonry bearing wall, as provided within the existing Gateway project.
2. **Exterior Walls**: The exterior wall(s) are of masonry, steel framed, or such other material or materials, as provided within the existing Gateway project.
3. **Ceiling Heights**: Tenant's responsibility as to clear height from floor slab.
4. **Roof**: The roof is of single ply material type, or equal, as provided within the existing Gateway project.
5. **Partitions**: Interior partition walls are Tenant's responsibility.
6. **Door(s) and Frame(s)**: Exterior service door(s) and frame(s) shall be hollow metal.
7. **Storefront Doors**: See Paragraph F.

B. **INTERIOR FINISHES**:

1. **Floors**: Landlord shall furnish a standard four inch (4") thick concrete slab or suspended structural slab throughout the interior of the Premises.
2. **Suspended Structural Slab**: The elevated floor slabs of this building are of post-tension concrete construction. Any attachments for mechanical, electrical, or architectural elements shall be limited to a 1" maximum drilled or driven anchor embedment. If deeper embedment or core drilling is required, the slab shall be scanned to locate PT tendons and location adjusted to provide at least 3" clear from any PT tendon. In the event that PT tendons become damaged or cut, they must be repaired to bring the building back to the original design condition. Cost of these repairs shall be the responsibility of the Contactor.
3. **Walls**: Demising wall(s) shall be unpainted masonry or unpainted drywall finish, taped over stud, Tenant shall be responsible for final preparation and finish. Height shall be determined by Project Architect. Any cross partition(s) shall be Tenant's responsibility. Exterior and rear wall(s) shall be unpainted masonry or concrete finish or such other material(s) as selected by Project Architect.
4. **Ceilings**: None provided, Tenant's responsibility.

C. **SANITARY FACILITIES:**

1. **Toilet Room**: None provided, Tenant's responsibility. (Existing toilet rooms can remain if tenant so chooses.)

D. **UTILITIES:**

1. **Water and Sewer**: Landlord shall furnish a minimum of one (1), one inch (1") cold water supply and one (1), four inch (4") waste water line to the Premises per Landlord's plans. Tenant is responsible for stubbing access to both the supply and waste lines.
2. **Electricity**: Landlord shall furnish existing electrical cabinets and breakers, located on the rear of the building, capable of accommodating the following minimum service requirements. All down stream conduit from existing panels to be removed except for power to F.C.U.'s and misc. fire alarm devices.

   (a) Service at gutter shall be a 200A – 120/208V of service, terminated at the gutter.

(b) Any electrical requirements (step-down transformer, distribution, wiring, convenience outlets, etc.) beyond said service above shall be Tenant's responsibility.

3. **Lighting**: None provided, Tenant's responsibility.

4. **H.V.A.C.**: Landlord shall provide chilled and heating water from the central plant to the space and provide an outside air connection for space ventilation, based on the following:

(a) Distribution System Design: All air distribution system(s) shall be Tenant's responsibility including providing 4-pipe fan coils, heating and chilled water distribution, outside air distribution and thermostats. Chilled water coils will be designed for 48°F EWT. Heating water coils will be designed for 145°F EWT.

(aa) Central Plant Deliverable: Hot water and chilled water delivered from the central plant is intended for artificial cooling and heating of the space and for heating domestic hot water. Hot water and chilled water temperature set points change seasonally for efficiencies but are always adequate to maintain 72°F (Cooling Mode) and 70°F (Heating Mode) air temperatures year-round and to maintain 120°F domestic hot water. Tenant is responsible for obtaining Landlord approval for use of the central plant's hot and chilled water which exceed these parameters.

(b) Capacity: The air conditioning capacity shall not exceed one (1) ton for each three hundred (300) square feet of Floor Area for retail space.

(c) Special Equipment: In the event that Tenant's use of the Premises requires fresh air and/or exhaust air for special equipment, cooking equipment, additional personnel, stock room areas, or show windows, and the like, Tenant shall provide same at Tenant's sole expense, subject to the prior approval of Landlord. Tenant shall connect to base building systems where available.

5. **Fire Sprinkler System**: Landlord will provide a main fire line stubbed through the Premises and a layout of upright heads for shell construction as required by code.

E. TELEPHONE:

One (1), one inch (1") conduit, with pull string from the building telephone mounting board to Premises will be provided by the Landlord.

F. STORE FRONTS:

1. Design and Installation: A standard minimum of one (1) store front shall be designed by the Project Architect and installed by Landlord consisting of a minimum of one (1) single door with cylinder lock. Landlord may elect to provide a double-entry door, at Landlord's sole discretion, predicated on the square footage of the Premises.

SEVENTH AMENDMENT TO OFFICE LEASE

THIS SEVENTH AMENDMENT TO OFFICE LEASE (this "Amendment") is made and entered into as of the 11th day of February, 2022 (the "Amendment Effective Date") by and between VESTAR GATEWAY, LLC, a Delaware limited liability company ("Landlord") and RECURSION PHARMACEUTICALS, INC., a Delaware corporation ("Tenant").

RECITALS:

A. Landlord and Tenant have previously executed and delivered that certain Office Lease dated November 13, 2017, as amended by that certain First Amendment to Lease dated September 25, 2018, as amended by that certain Second Amendment to Office Lease dated November 13, 2019, as amended by that certain Third Amendment to Office Lease dated January 22, 2021, as amended by that certain Fourth Amendment to Office Lease dated February 25, 2021, and as amended by that certain Fifth Amendment to Office Lease dated May 15, 2021, as amended by that certain Sixth Amendment to Office Lease dated October 18, 2021 (collectively, the "Lease") with respect to certain Premises more particularly described therein.

B. Landlord and Tenant have agreed to modify the Lease, subject to and in accordance with the further terms, covenants and provisions of this Amendment.

NOW, THEREFORE, in consideration of the execution and delivery of the Lease, the foregoing Recitals, the mutual agreements, covenants and promises contained in this Amendment and other good and valuable considerations, the receipt, sufficiency and validity of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Definitions. Capitalized terms used in this Amendment without definition shall have the meanings assigned to such terms in the Lease unless the context expressly requires otherwise.

2. Loading Dock and Storage. Subject to compliance by Tenant with the codes and ordinances of governmental authorities having jurisdiction, for a term co-terminus with Tenant's lease of the Supplementary Premises (a) Landlord grants Tenant the non-exclusive right to use "Loading Dock #5" in connection with Tenant's use of the Supplementary Premises for deliveries; and (b) Landlord grants to Tenant a license to utilize a portion of the loading dock adjacent to the Supplementary Premises and depicted on Exhibit "A" attached hereto (the "Storage Area") for the placement of Co2 bulk tanks. All of Tenant's indemnification and insurance obligations contained in the Lease with respect to the Supplementary Premises shall be applicable to Tenant's use of Loading Dock #5 and the Storage Area. There shall be no separate charge to Tenant for the rights granted in this Paragraph 2.

3. Estoppel. Tenant and Landlord each hereby affirms by execution of this Amendment that to the best of such party's knowledge the Lease is in full force and effect and such party does not have any presently existing claims against the other party or any offsets against any amounts due under the Lease. To the best of each party's knowledge, there are no defaults of the other party under the Lease and there are no existing circumstances which with the passage of time, notice or both, would give rise to a default under the Lease.

4. Full Force and Effect. Except as expressly modified by this Amendment, the Lease remains unmodified and in full force and effect. All references in the Lease to "this Lease" shall be deemed references to the Lease as modified by this Amendment. However, the provisions of Section 2.4 of the Original Lease shall not be applicable to this Amendment or to the Supplementary Premises.

5. Counterparts; Electronic Signatures. This Amendment may be executed in one or more counterparts and the signature pages combined to constitute one document. Electronic signatures shall have the same force and effect as original signatures.

[Signatures on following page]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date and year first above written.

LANDLORD:

VESTAR GATEWAY, LLC, a Delaware limited liability company

By: SLC Gateway Retail, LLC,
a Delaware limited liability company,
its Sole Member

By: VGSLM, LLC,
a Delaware limited liability company,
its Managing Member

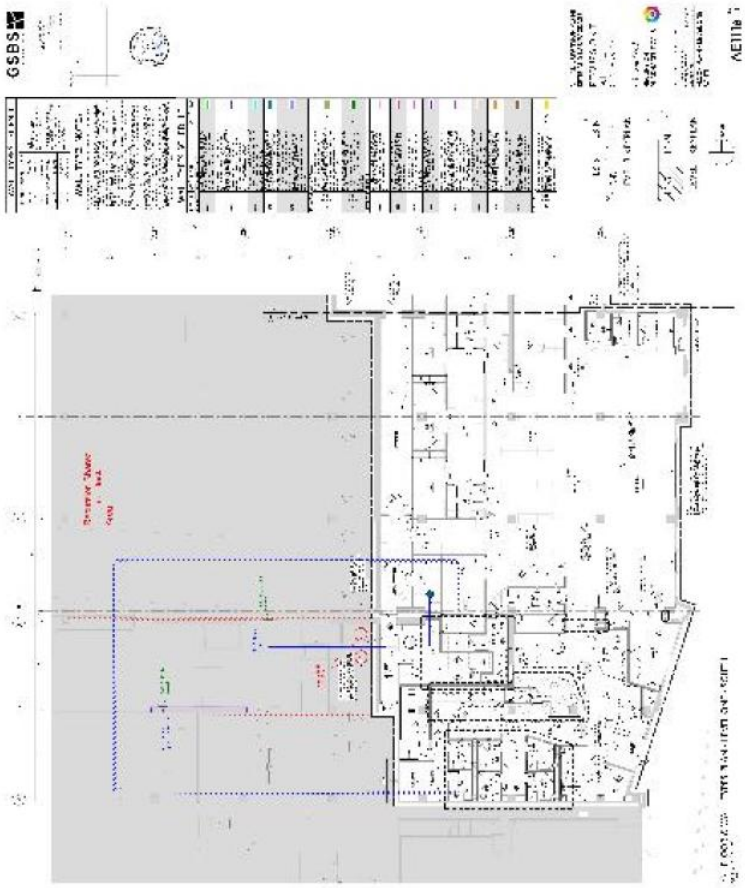
By: _____
Name: _____
Title: Manager

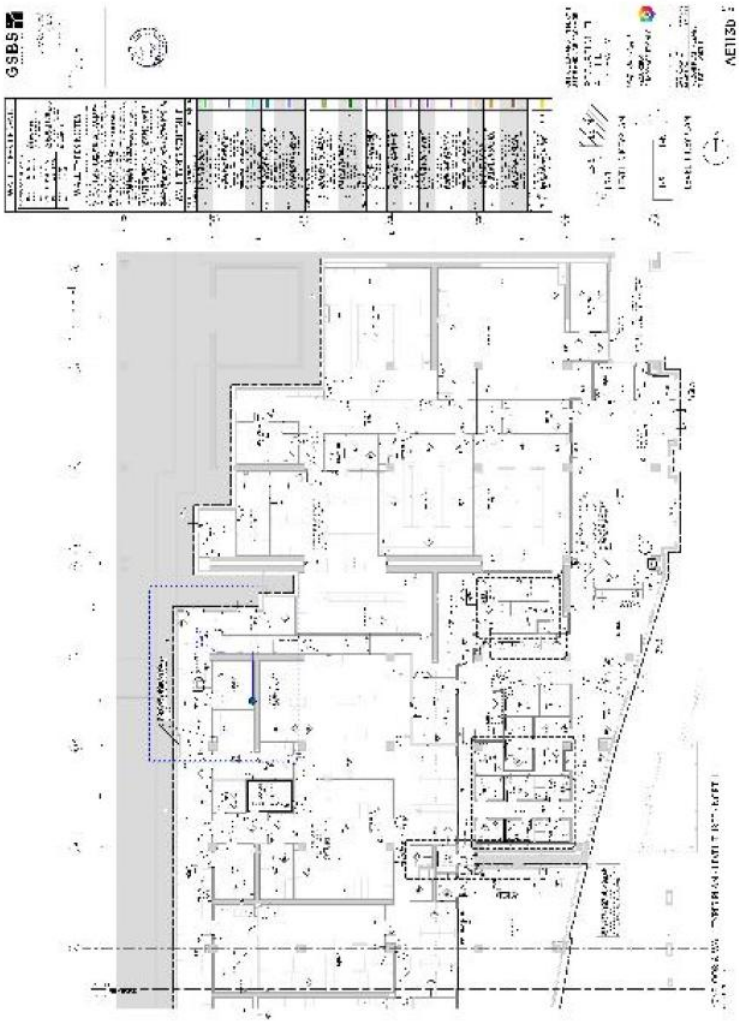
TENANT:

RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation

DocuSigned by:
By: Tina Larson
Name: Tina Larson
Its: Chief Operating Officer

EXHIBIT "A"
TANK AREA





CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THIS DOCUMENT BECAUSE IT IS NOT MATERIAL AND (I) WOULD BE COMPETITIVELY HARMFUL TO THE REGISTRANT IF PUBLICLY DISCLOSED OR (II) IS INFORMATION THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. SUCH INFORMATION HAS BEEN MARKED WITH "[***]" TO INDICATE WHERE OMISSIONS HAVE BEEN MADE.

Collaboration Expansion Agreement

Recursion Pharmaceuticals, Inc., a Delaware corporation with offices at 41 S Rio Grande Street, Salt Lake City, UT 84101 ("Recursion") and Bayer AG, a German corporation with offices at 42096 Wuppertal, Germany ("Bayer") (each of Recursion and Bayer a "Party" and together the "Parties") entered into a Research Collaboration and Option Agreement dated August 28th, 2020 (the "Agreement") and now wish to expand the Agreement (the "Expansion") effective as of December 1st, 2021 (the "Expansion Effective Date") as described below.

WHEREAS, the Agreement contemplated Recursion using Screening Hypotheses to generate Primary Hits, the Parties would like to also allow Primary Hits to be generated using Recursion's Inferential Search Approach.

1. Except as set forth in this Expansion, the Agreement is unaffected and shall continue in full force and effect in accordance with its terms. All definitions in the Agreement carry over to this Expansion. If there is any conflict between this Expansion and the Agreement or any earlier amendment, except with respect to such definitions, the terms of this Expansion will prevail.
2. Definitions:
   2.1. Brute-Force Approach: Under the Agreement, [***] will provide up to [***] Screening Hypotheses of relevance to Fibrosis diseases. Based on the Screening Hypotheses, [***] will work to develop a viable Primary Screening Assay using [***] and, subject to JSC approval and the creation of a Project Plan, screen the Bayer Library Compounds and Recursion Library Compounds using the Primary Screening Assay. Compounds that show beneficial activity [***] will be considered Primary Hits. These activities will henceforth be referred to as the Brute-Force Approach.
   2.2. Inferential Search Approach: Pursuant to this Expansion, [***] will use [***] to profile the Bayer Library Compounds, the Recursion Library Compounds and [***] (as described below, each [***] a "Phenomap"). Using its machine learning algorithms, [***] will query each Phenomap to identify Compounds that are predicted to have therapeutic benefit in Fibrosis, and subsequently perform activities to potentially validate these predictions and generate Primary Hits.
   2.3. The definition of "Excluded IP" shall be expanded to mean:

(i) with regard to Recursion: [***]; and

(ii) with regard to Bayer: [***].

2.4. The definition of "Recursion Technology" shall be expanded to mean:

Recursion's proprietary methods for [***], compound management, high-throughput screening lab, data analysis algorithms, high-dimensional phenotypic and other assays, engineering infrastructure, and databases, but, for the avoidance of doubt, shall exclude any data. For purposes of this Agreement, Recursion Technology shall be treated as Background Know-How of Recursion, regardless whether it was Created prior to or in the course of any Project or activities under the Collaboration Plan, or outside the Collaboration.

3. Use of Inferential Search Approach to identify Primary Hits and initiate Projects

3.1. The Parties agree that [***] additional Projects using Recursion's Inferential Search Approach, beyond the [***] Projects originally specified in the Agreement, can be instituted under this Expansion (each such Project, an "Inferential Search Project"). Additionally, [***] using the Inferential Search Approach in place of yet-to-be-initiated Brute Force Approach Projects originally specified in the Agreement, [***].

3.2. [***] will use [***] to profile each of the Bayer Library Compounds, the Recursion Library Compounds, and [***].

3.2.1. [***]:

[***]:

- [***]
- [***]
- [***]

3.2.2.[***]:

[***]:

- [***]
- [***]

3.3. With respect to [***], Recursion may [***].

3.4. The JPT may meet to discuss which [***].

3.5. Using its machine learning algorithms, [***] will subsequently [***] to identify Compounds that are predicted to have therapeutic benefit in Fibrosis based on [***] (for each such Compound, an "Initial Small Molecule Insight"). [***]. If agreed upon by the JPT, Recursion may perform [***] validation activities on prioritized Initial Small Molecule Insights to [***], including:

- [***]

- [***]
- [***]

3.6. Compounds that are validated in the aforementioned activities will be considered Primary Hits. Recursion will [***].

3.7. Upon review [***], and subject to [***], the JSC may agree to approve and initiate a Project. If so approved, [***].

3.8. [***].

3.9. The Parties agree that the Inferential Search Approach above is an acceptable alternative to generate Primary Hits, Primary Hit Series and other potential candidates for Development, as compared to clauses 3.1.1-3.1.5 of the Agreement, which can also lead to Qualified Hits and Qualified Hit Series according to clause 3.1.6 of the Agreement, and that such Qualified Hits and Qualified Hit Series, and the related rights and data with respect to such Qualified Hits and Qualified Hit Series, will be treated the same as those generated under clauses 3.1.1-3.1.5 of the Agreement even though they may not have been through a Primary Screening Assay.

IN WITNESS WHEREOF, the Parties have caused this Expansion to be executed by their duly authorized representatives as of the Expansion Effective Date.

Recursion Pharmaceuticals, Inc.

By: */s/ Chris Gibson*

Name: Chris Gibson, PhD

Title: Co-Founder and CEO

By: */s/ Shafique Virani*

Name: Shafique Virani, MD, FRCS

Title: Chief Corporate Development Officer

Bayer AG

By (ppa.) */s/ Authorized Signatory*

Name: [***]

Title: Head of Research and Early Development CV, EMR & New Areas

By (ppa.) */s/ Authorized Signatory*

Name: [***]

Title: Head of Regional & Digital BD&L and Divestitures

INDUSTRY
SALT LAKE CITY

LEASE AGREEMENT

By and Between:

INDUSTRY OFFICE SLC, LLC
a Delaware limited liability company
LANDLORD

and

RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation
TENANT

650 South 500 West
Salt Lake City, UT 84101

INDUSTRY COMMERCIAL BUILDING OFFICE LEASE
SALT LAKE CITY

SUMMARY OF BASIC LEASE TERMS

Capitalized terms, first appearing in quotations in this Summary of Basic Lease Terms, elsewhere in the Lease or any Exhibits, are definitions of such terms as used in the Lease and Exhibits and shall have the defined meaning whenever used.

1) "**Effective Date**":	The date of the last signature affixed to this Lease.
2) "**Commencement Date**":	The first day after each of the following has occurred: (a) Landlord has delivered the Premises to Tenant with Landlord's Work Substantially Completed (both in Warm Shell Condition and completion of the Office Improvements (as each is defined in the Work Letter attached as **Exhibit C** hereto (the "**Work Letter**")), and (b) Tenant has completed its improvements to the Laboratory Premises (as defined herein); provided, however, that in no event shall the actual Commencement Date and the commencement of Tenant's Base Rent obligations occur later than May 31, 2022 (the "**Outside Commencement Date**"). The anticipated Commencement Date shall be set forth in the Schedule (as defined in the Work Letter).
3) "**Expiration Date**":	The last day of the twenty-fourth (24th) full calendar month following the Commencement Date.
4) "**Lease Term**" or "**Term**":	Twenty-Four (24) whole calendar months following the Commencement Date.
5) **"Building Address"**:	650 South 500 West, Salt Lake City, Utah 84101
6) "**Landlord**":	INDUSTRY OFFICE SLC, LLC, and/or its assigns
7) "**Landlord's Address**":	c/o INDUSTRY Denver 3001 Brighton Boulevard, Suite 449 Denver, CO 80216 ATTN: SLC Management Email: slcmgmt@industryoffice.com
8) "**Tenant**":	Recursion Pharmaceuticals, Inc., a Delaware corporation
9) "**Tenant's Address**":	Recursion Pharmaceuticals, Inc. 41 South Rio Grande Street Salt Lake City, Utah 84101 Contact: Tina Larson Email: tina.larson@recursion.com

10) "**Building**":	INDUSTRY Salt Lake City Commercial Building.
11) "**Building Complex**":	The Building Complex is comprised of the Land, the Building (along with all improvements and common areas), and the garage.
12) "**Land**":	The land legally described on **Exhibit A-1** attached hereto, upon which the Building is situated.
13) "**Security Deposit**":	One Hundred Eighty Thousand and 00/100 Dollars ($180,000.00) due within ten (10) days of the Effective Date.
14) "**Premises**":	The area of the Building containing at least 25,000 rentable square feet ("**RSF**") (but not to exceed 55,000 RSF) generally depicted on a floor plan to be attached as **Exhibit B** hereto on or before March 31, 2021, with an address of 650 South 500 West, Suite **TBD**, Salt Lake City, Utah, 84101. The final location and RSF of the Premises shall be determined by the parties during the co-design process outlined in the Work Letter and shall be certified per as-built architectural drawings and memorialized in the Commencement Date, Premises Area Measurement and Base Rent Confirmation Certificate as depicted in **Exhibit E** attached hereto. The portion of the Premises containing office uses is referred to herein as the "**Office Premises**" and the portion containing laboratory / research and development uses is referred to herein as the "**Laboratory Premises**."
15) "**Base Rent**":	From and after the Commencement Date, Tenant shall pay monthly Base Rent in accordance with the following schedule. The monthly and annual Base Rent shall be certified per as-built architectural drawings and memorialized in the Commencement Date, Premises Area Measurement and Base Rent Confirmation Certificate as depicted in **Exhibit E** of the Lease by multiplying the Base Rent PSF by the final, certified area (Base Rent PSF shall not change). Tenant shall be responsible for Building and Amenity Expenses during any Base Rent abatement periods.

BASE RENT (OFFICE PREMISES)

Period	Annual Base Rent PSF	Estimated Expenses PSF*	Estimated Monthly Rent
Commencement Date – Month 12	$25.00	$9.01	
Month 13 – Expiration Date	$25.75	$9.01	

BASE RENT (LABORATORY PREMISES)

Period	Annual Base Rent PSF	Estimated Expenses PSF*	Estimated Monthly Rent
Commencement Date – Month 12	$18.00	$9.01	
Month 13 – Expiration Date	$18.54	$9.01	

* Estimate only. Additional Rent, including Building Expenses and Amenity Expenses, shall be calculated and reconciled as set forth in Paragraph 4 below.

16) "**Guaranty**": Intentionally omitted.

17) "**Permitted Use**": General office, scientific and laboratory uses, including, without limitation, wet and dry laboratory uses (including, without limitation, a chemistry laboratory) and research and development uses, together with all ancillary uses relating thereto, subject to the limitations set forth in this Lease.

INDUSTRY COMMERCIAL BUILDING
OFFICE LEASE

THIS INDUSTRY COMMERCIAL BUILDING OFFICE LEASE (this "**Lease**") is dated as of the Effective Date, by and between Landlord and Tenant. Landlord and Tenant for themselves and their successors and assigns, hereby agree as follows:

1. **Premises**. Landlord, in consideration of the rents to be paid and the covenants and agreements to be performed by Tenant as hereinafter set forth, hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises for the exclusive use of the Tenant in the Building for the Lease Term and upon the conditions and agreements hereinafter set forth below. Landlord and Tenant stipulate that the estimated rentable square footages of the Premises and the Building, respectively, are as set forth in the Summary of Basic Lease Terms.

This Lease shall constitute a binding agreement between the parties effective as of the Effective Date. In addition to the use of Premises, Tenant shall have use of all of the hallways, entryways, stairs, elevators, driveways, parking areas, walkways, common kitchens, conference rooms, restrooms and all other areas in the Building or on the Land that are provided from time to time by Landlord for the general nonexclusive use by Tenant and other tenants of the Building (the "**Common Area**"). Tenant will have the ability to use additional amenities, on a non-exclusive basis, including certain common kitchens, bathrooms, conference rooms, and other amenities provided by the Landlord to Tenant from time to time pursuant to the terms of this Lease (the "**Amenities**"), which Amenities are a part of the Common Area and situated in certain areas designated by Landlord (the "**Amenities Area**"). Provisions regarding the remodeling or construction of Landlord's Work within the Premises are set forth in the Work Letter. Except as set forth in the Work Letter or otherwise in this Lease, Landlord has no obligation for the completion of any finish work or remodeling of the Premises, other than being delivered freshly painted and in broom clean condition. Other than as set forth herein, Tenant shall accept the Premises on the Commencement Date in their "as is" condition, and, except as expressly set forth in this Lease, Landlord shall not be deemed to have made any representations or warranties with respect to the suitability of the Premises for Tenant's use, or otherwise, and shall have no other obligation for the completion of the Premises. By taking possession of the Premises, Tenant shall be deemed to have agreed that the same is in good order, repair, and condition. Notwithstanding the foregoing, Tenant may access the Premises prior to the Commencement Date for purposes of constructing and installing its improvements within the Laboratory Premises. Any such period of early occupancy shall be governed by all of the terms and conditions of this Lease, except that Tenant shall have no obligation to pay rent except as set forth in Paragraph 3.

2. **Term**. The term of this Lease shall be for the Lease Term, beginning at 12:00 midnight on the Commencement Date and expiring at 11:59 p.m. on the Expiration Date. Within ten (10) days of the Commencement Date, Landlord and Tenant shall execute a Commencement Date Certificate in the form attached as **Exhibit E** hereto setting forth the exact date of the Commencement Date and the Expiration Date of the Lease Term; provided, however, that failure to enter into the Commencement Date Certificate shall not affect the Commencement Date or the occurrence thereof. Notwithstanding anything herein to the contrary, if prior to the Commencement Date either Tenant or Landlord determines that (a) the Building cannot feasibly accommodate Tenant's technical or design specifications within Landlord's or Tenant's construction budget (and Tenant is otherwise unwilling to pay for such increased costs and expenses), or (b) Tenant will not be permitted by any applicable governmental authority with jurisdiction to use and occupy the Premises for any of the uses comprising the Permitted Use or as

otherwise contemplated under this Lease, then either Landlord or Tenant may terminate this Lease upon written notice to the other so long as (i) such notice is provided in writing not later than forty-five (45) days after the date of the last signature affixed to this Lease, and (ii) Tenant reimburses Landlord for the actual, reasonable costs and expenses incurred by Landlord as of the date of termination, including, without limitation, design and engineering costs and other hard and soft costs, to complete Landlord's Work, with such reimbursement due within thirty (30) days after written request of Landlord, together with reasonable supporting documentation of such costs. Upon such termination and reimbursement required hereunder by Tenant, neither party shall have any further obligation or liability to the other under this Lease.

3. **Base Rent**. The Base Rent shall be payable in monthly installments as set forth in Item 15 of the Summary of Basic Lease Terms, in advance without notice, demand, setoff or deduction, due and payable from and after the Commencement Date; provided, however, the initial payment of Base Rent for the first month of the Term shall be paid by Tenant to Landlord no later than thirty (30) days after the date of the last signature affixed to this Lease, and will be applied to the entire first full month's Base Rent due hereunder. Thereafter the monthly installments shall be due on the 1st day of each month following the Commencement Date. The Base Rent and Additional Rent are collectively referred to herein as "**Rent**," and shall be paid to Landlord without notice or demand, unless expressly provided for herein, and without deduction or offset, to Landlord's Address or to such other person or place as Landlord may from time to time designate in writing. All other sums or charges as are required to be paid by Tenant under this Lease in addition to Base Rent, including without limitation Building Expenses and Amenity Expenses (both as defined and determined below), shall be referred to as "**Additional Rent**" and shall be payable in the manner provided for herein and recoverable by Landlord as Rent.

4. **Additional Rent**. In addition to Base Rent, Tenant shall pay Tenant's Building Expense Pro-Rata Share (as hereinafter defined) of the expenses described below ("**Building Expenses**"). Tenant will also pay Tenant's Amenity Expense Pro-Rata Share (as hereinafter defined) of charges for Tenant's use of the Amenities ("**Amenity Expenses**") to be determined by the Landlord, as set forth below.

(a) Building Expenses. All tenants that have access to the Amenities in the Building are referred to herein as the "**Collaborative Tenants**." The combined leased premises of all the Collaborative Tenants and the amenity area is collectively referred to herein as the "**Collaborative Office**." Tenant will pay a pro-rata share of the total Building Expenses allocated to the Collaborative Office where the numerator is the square footage of the Premises and the denominator is the sum total of the square footage of the leased premises of all Collaborative Tenants including space held by Landlord to be rented by future tenants ("**Tenant's Building Expense Pro-Rata Share**").

(b) Building Expenses include all reasonable, customary and actual costs, expenses, fees and other charges actually incurred by Landlord in the connection with this Lease and the ownership, operation, management, maintenance and repair of the Building determined in accordance with generally accepted accounting principles consistently applied, including, without limitation, the following:

(i) reasonable wages and salaries of all employees directly and actually engaged in the operation, repair, replacement, maintenance or security of the Building, including taxes, insurance, other benefits and overhead related thereto;

(ii) all supplies and materials used in the operation and maintenance of the Building, including holiday decorations;

(iii) costs of all utilities and maintenance of utility systems for the Building, including but not limited to the cost of water, power, heating, lighting, air conditioning, ventilating, sewer and trash disposal, except for those costs billed to Tenant or other tenants;

(iv) costs of all third party maintenance and service agreements for the Building, including, but not limited to, alarm service, janitorial service, window cleaning, security service, elevator maintenance, grounds maintenance and heating, ventilating and air conditioning systems to the extent such agreements are not separately billed to Tenant or other tenants;

(v) costs of all insurance premiums relating to the Building, including, without limitation, the cost of casualty, liability and property damage insurance applicable to the Building and Landlord's personal property used in connection therewith (except to the extent that any tenant pays Landlord directly or is otherwise responsible for increases in insurance premiums caused by the acts or omissions of such other tenant in the Building, which shall be the obligation of such other tenant);

(vi) costs of any repairs and general maintenance to the Building, or any part thereof and the equipment therein (excluding repairs and general maintenance paid by proceeds of insurance, by Tenant or by other third parties, and alterations attributable solely to tenants of the Building);

(vii) capital investment items, excluding costs of the original construction of the Building, (amortized over the useful life of such item) which reduce Building Expenses, or which are required by any governmental order, including the cost of compliance with any laws affecting the Building;

(viii) professional management fees to manage the Building, including, without limitation, rental for the manager's office space and costs of supplying the manager with commercially reasonable and customary office equipment and storage space in the Building, and the pro rata share attributable to the Building for commercially reasonable and customary amounts directly charged to the Building Complex for the manager's salary plus benefits;

(ix) accounting, inspection, legal and other consultation fees or expenses of enforcing the rules and regulations of the Building which are incurred in the ordinary course of operating the Building including, without limitation, commercially reasonable fees charged by consultants retained by Landlord for services that are intended to produce a reduction in Building Expenses, reduce the rate of increase in Building Expenses, or reasonably improve the operation, maintenance, or state of repair of the Building Expenses, and any dues or other assessments charged or imposed as a result of the inclusion of the Building in any metropolitan district or property owners association or sub-association;

(x) costs incurred by Landlord, or its agents, in engaging experts or other consultants to assist them in making the computations required hereunder;

(xi) all real estate taxes and assessments, including without limitation special assessments, imposed upon the Land and Building by any governmental bodies or authorities, and all charges specifically imposed in lieu of such taxes and any costs incurred in connection with appealing or contesting such assessments. The term “taxes” as used in this

paragraph shall not include state, local or federal personal and corporate income taxes measured by the income of Landlord; estate and inheritance taxes, franchise, succession and transfer taxes; interest on taxes and penalties resulting from failure to pay real estate taxes; and ad valorem taxes on Landlord's personal furniture and furnishings, and on Landlord's leasehold improvements to the extent that the same exceed standard Building allowances;

(xii) costs for lighting, heating and cooling, painting and cleaning the Building;

(xiii) costs of maintenance, lighting, sanding, paving repairs, restriping and general maintenance of parking areas, snow and ice removal, rubbish removal and landscaping; and

(xiv) costs of licensing, permits, service and usage charges, costs of compliance with all rules and regulations and orders of governmental authorities pertaining to the Building, including those related to engineering and environmental issues, air pollution control and monitoring air quality, and any costs of any environmental clean-up undertaken by Landlord as a result of environmental contamination caused solely by or under Tenant.

TENANT UNDERSTANDS THAT THE BUILDING IS AN EVOLVING OFFICE ENVIRONMENT. THE DENOMINATOR FOR THE CALCULATION OF TENANT'S BUILDING EXPENSE PRO-RATA SHARE OF THE COLLABORATIVE TENANTS WILL FLUCTUATE BASED ON THE NUMBER AND SIZE OF THE TENANTS AND HOW THE BUILDING IS UTILIZED.

(c) Building Expenses expressly exclude the following:

(i) costs incurred in connection with the initial development and improvement of the Building Complex or Building, including, without limitation, impact fees;

(ii) costs of capital improvements (as opposed to capital repairs that are capital in nature), except to the extent the same are either expected to reduce the normal Building Expenses (including, without limitation, utility costs) of the Building, or for the purpose of complying with any law, rule or order (or amendment thereto) not in effect as of the date of this Lease. All capital costs that are allowable as Building Expenses shall be amortized using a commercially reasonable interest rate over the time period reasonably estimated by Landlord to be the item's useful life;

(iii) non-cash items, such as but not limited to depreciation and amortization (except as set forth in subsection (ii) above);

(iv) debt service on indebtedness secured by any mortgage, deed of trust or similar instrument encumbering the Building, and points, prepayment penalties and financing and refinancing costs for such indebtedness, including, without limitation, the cost of appraisals, title insurance and environmental, geotechnical, zoning and other reports;

(v) expenses of procuring tenants and marketing, negotiating and enforcing Building leases, including, without limitation, brokerage commissions, attorneys' fees, advertising and promotional expenses, rent concessions and costs incurred in resolving

disputes and/or in removing and storing the property of former tenants and other occupants of the Building;

(vi) expenses of any tenant improvement work that Landlord performs for any tenant or prospective tenant of the Building, including, without limitation, tenant improvement work to the Premises that Landlord performs for Tenant, and of relocating and moving any tenant in the Building;

(vii) items for which Landlord is otherwise reimbursed or would have been reimbursed but for Landlord's failure to comply with the requirements therefor, including, without limitation, by insurance or condemnation proceeds or under any warranties;

(viii) expenses (including, without limitation, late fees, penalties and interest) resulting from the violation of laws or any contract by Landlord, Landlord's employees, agents or contractors, including, without limitation, any expenses arising out of Landlord's failure to make timely payment and performance of its obligations;

(ix) Landlord's general corporate overhead;

(xi) expenses for repairs and other work caused by (a) construction or design defects to the initial shell and core of the Building, or (b) the failure of the Building to comply as of the Commencement Date with any then-existing laws;

(xiii) expenses to remove hazardous materials (as defined below) in or under the Building, Land or the Building Complex not caused by or under Tenant;

(xiv) expenses in connection with services or other benefits provided on an ongoing basis to other Building tenants that are not available to Tenant;

(xv) costs as a result of (a) the negligence or willful misconduct of Landlord or Landlord's employees, agents or contractors, (b) the breach by Landlord of any lease in the Building beyond any applicable notice and cure period, and (c) the negligence or willful misconduct of other identified tenants of the Building;

(xvi) costs for which Landlord receives payment from other tenants directly (other than as a part of Building Expenses) under the provisions of such tenants' leases, and the cost of any item or service for which Tenant separately reimburses Landlord or pays third parties;

(xvii) rental under any ground or underlying lease and under any lease or sublease assumed, directly or indirectly, by Landlord (e.g., a take-back sublease);

(xviii) Landlord's charitable, civic and political contributions and professional dues (excepting any LEED or similar certification applicable to the Building or Project, the commercially reasonable amounts associated therewith shall be recoverable Building Expenses);

(xix) costs arising from actual and potential claims, litigation and arbitration pertaining to Landlord and the Building Complex (including in connection therewith all attorneys' fees and costs of settlement and judgments and payments in lieu thereof);

(xx) excluding the Amenities, expenses for special events and other uses of the Building by third parties, including, without limitation, shows, promotions, filming, photography, private events and parties and ceremonies;

(xxii) costs of selling, syndicating and otherwise transferring the Building and Landlord's interest in the Building, including, without limitation, brokerage commissions, attorneys' and accountants' fees, closing costs, title insurance premiums and transfer and other similar taxes and charges;

(xxiii) costs of "tap fees" and sewer and water connection fees for the benefit of any particular tenant in the Building; and

(xxix) bad debt and rent loss reserves.

(d) The Building Expenses that vary with occupancy and that are attributable to any part of the Lease Term in which less than 95% of the rentable square footage of the Building is occupied by tenants, will be adjusted by Landlord to the amount which Landlord reasonably believes that they would have been if 95% of such area had been so occupied. Notwithstanding the foregoing, Amenity Expenses shall be grossed up to (which, excepting any management or administrative fees expressly permitted herein), shall not exceed 100%.

(e) Amenity Expense. Tenant will pay a monthly Amenity Expense for use of the Building's Amenities. Determination of the monthly Amenity Expense amount will be based on the Tenant's share of the rentable square footage of the Collaborative Office and the number of employees working in the Building with adjustments made by Landlord, in Landlord's sole discretion ("**Tenant's Amenity Expense Pro-Rata Share**"; Tenant's Building Expense Pro-Rata Share and Tenant's Amenity Expense Pro-Rata Share are sometimes collectively referred to herein as "**Tenant's Pro-Rata Share**"). Reasons for adjustments to Tenant's Amenity Expense Pro-Rata Share include (but are not limited to) unusually heavy use of Amenities by Tenant (but not other tenants of the Building), extra cleaning or damage after events held by Tenant (but not other tenants of the Building), use of rented equipment, or any disproportionate use by Tenant (but not other tenants of the Building) of the Amenity Area that results in actual additional expenses incurred by Landlord. Amenity Expense items include (but are not limited to) building internet, building receptionist, coffee, tea, milk, kitchen water machines, building programing, Common Area technology (i.e. projectors, video conferencing, etc.), concierge services and general kitchen supplies.

TENANT UNDERSTANDS THAT THE COMMON AREA, THE AMENITY AREA(S) AND AMENITIES ARE PROVIDED FOR THE USE OF ALL TENANTS. IN ORDER TO ENSURE AMENITIES ARE NOT ABUSED BY ONE TENANT AT THE EXPENSE OF THE OTHERS, LANDLORD WILL ASSESS MONTHLY AMENITY EXPENSES IN ITS SOLE BUT REASONABLE DISCRETION.

(f) Payment of Building Expenses and Amenity Expenses. For each calendar year during the Lease Term, Landlord shall provide Tenant with Landlord's reasonable estimate of Tenant's Pro-Rata share of Building Expenses and Amenity Expenses for the following calendar

year (the "**Estimate Statement**"), which shall show, in reasonable detail, the breakdown of estimated Building Expenses and Amenity Expenses for such year by category. Tenant shall thereafter pay in advance in monthly installments, with the Base Rent, Tenant's Pro-Rata Share of the Building Expenses and Amenity Expenses. Such Estimate Statement shall be based on the actual Building Expenses and Amenity Expenses for the immediately preceding calendar year and Landlord's reasonable estimate of such expenses for the following calendar year. If, based on actual expenses incurred during such calendar, Landlord determines that the Estimate Statement materially over or underestimates Tenant's Pro-Rata share, Landlord may (but if the variation is a material reduction in Tenant's Pro-Rata share, Landlord shall) deliver to Tenant (but no more than once every calendar year under the Lease) a revised the Estimate Statement, together with reasonable documentation justifying such change. Tenant shall have no less than 30 days after the delivery of any Estimate Statement to may any payment required to be made pursuant thereto. Landlord shall within the period of 120 calendar days (or as soon thereafter as possible) after the close of each calendar year give Tenant a statement showing in reasonable detail such year's actual Building Expenses and Amenity Expenses, together with a reconciliation statement comparing the actual costs with the costs set forth in the Estimate Statement. In the event such reconciliation statement reveals an underpayment by Tenant, Tenant shall, within 30 days, pay to Landlord the amount of such underpayment. If, on the other hand, the reconciliation statement reveals an overpayment, then Landlord shall promptly refund to Tenant the amount of such overpayment within 30 days or, at Tenant's election, credit such amount to the succeeding monthly installments of Base Rent; provided, however, no refunds of Additional Rent, or amounts escrowed hereunder, shall be paid to Tenant if Tenant is in default of any of its obligations under the Lease beyond any applicable notice and cure period. The failure of Landlord to submit statements provided for herein shall not relieve Tenant of its obligation to pay Tenant's Pro-Rata Share of Building Expenses and Amenity Expense; provided, however, Landlord shall not be entitled to collect from Tenant any Building Expenses or Amenity Expenses that are billed to Tenant for the first time more than twenty-four (24) months after such expenses arise; however, the limitation set forth in this clause shall not apply with respect to taxes or Tenant's obligation to pay any deficiency with respect to Tenant's share of taxes for any calendar year. Excepting any management or administrative fees expressly permitted herein. for any particular calendar year of the Term, Landlord may not collect Building Expenses or Amenity Expenses from tenants in the Building in an amount that is in excess of one hundred percent (100%) of the Building Expenses or Amenity Expenses, as applicable, actually paid or incurred by Landlord for such calendar year. Landlord shall use commercially reasonable efforts to control Building Expenses and Amenity Expenses to the extent reasonably practicable, and shall pay all Building Expenses and Amenity Expenses in a timely manner prior to delinquency.

Notwithstanding anything contained in this Paragraph 4 to the contrary, at Landlord's option: (i) Landlord shall have the right, acting reasonably and in good faith, to allocate certain Building Expenses to less than all of the occupants in the Building, in which event Tenant's share of such costs (the "**Cost Pool**") shall be as follows: (A) in the event Tenant is one of the occupants participating in such Cost Pool, its share of such Building Expenses shall be calculated in the manner set forth in Paragraph 4(a), but the denominator used to determine such share shall exclude those occupants not participating in such Cost Pool; or (B) in the event Tenant is not one of occupants participating in such Cost Pool, its share of such Building Expenses shall be set forth in the manner set forth in Paragraph 4(a) but the denominator used to determine such share shall exclude those occupants participating in such Cost Pool; or (ii) Landlord shall have the right to cause Tenant to directly pay for any extraordinary expenses resulting from Tenant's operations from the Premises.

(g) Audit. So long as Tenant is not then in monetary default of any term or condition of this Lease beyond any applicable notice and cure period, Tenant shall have the right to conduct a Tenant's Review, as hereinafter defined, at Tenant's sole cost and expense (except as provided herein) (including, without limitation, photocopy and delivery charges), upon thirty (30) days' prior written notice to Landlord. "**Tenant's Review**" shall mean a review and audit of Landlord's books and records relating to (and only relating to) Building Expenses and Amenity Expenses payable by Tenant hereunder for the most recently completed calendar year as reflected on Landlord's final year-end reconciliation of Building Expenses and Amenity Expenses ("**Final Statement**"). Tenant's Review must be performed by either an employee of Tenant or by a Certified Public Accountant ("**CPA**") reasonably satisfactory to Landlord. Tenant must elect to perform a Tenant's Review by written notice of such election received by Landlord within ninety (90) days following delivery to Tenant of the Final Statement for the most recently completed calendar year. In the event that Tenant fails to make such election in the time and manner required or fails to diligently perform such Tenant's Review to completion, then Landlord's calculation of Building Expenses and Amenity Expenses shall be final and binding on Tenant. Tenant hereby acknowledges and agrees that even if it has elected to conduct a Tenant's Review, Tenant shall nonetheless pay all Building Expenses and Amenity Expenses payments to Landlord, subject to readjustment. Tenant further acknowledges that Landlord's books and records relating to the Building may not be copied in any manner, are confidential, and may only be reviewed at any time during normal business hours at a location reasonably designated by Landlord, but Landlord will make such records available within the metropolitan area in which the Premises is located. Tenant shall provide to Landlord a copy of Tenant's Review as soon as reasonably possible after the date of such Tenant's Review. If Tenant's Review reflects a reimbursement owing to Tenant by Landlord, and if Landlord disagrees with Tenant's Review, then Tenant and Landlord shall jointly appoint an auditor to conduct a review ("**Independent Review**"), which Independent Review shall be deemed binding and conclusive on both Landlord and Tenant. If the Independent Review results in a reimbursement owing to Tenant equal to four percent (4%) or more of the amounts reflected in the Final Statement, the costs of the Independent Review shall be paid by Landlord, but otherwise Tenant shall pay the costs of Tenant's Review and the Independent Review. For any overcharge, Tenant shall be entitled to receive, at Tenant's option, a credit against Tenant's upcoming Rent payments or a refund due and payable to Tenant within thirty (30) days after completion of such Tenant Review or Independent Review, as applicable. Under no circumstances shall Tenant conduct a review of Landlord's books and records whereby the auditor operates on a contingency fee or similar payment arrangement. Any such reviewer must sign a commercially reasonable non-disclosure, non-solicitation, and confidentiality agreement. Tenant agrees to use reasonable efforts to keep the results of its audit confidential, except for such disclosures to Tenant's agents, employees, attorneys, accountants, financial advisors, officers, directors, members and contractors, and except for such disclosures as may be required by law, compelled by judicial process or which may be necessary to enforce the terms and provisions of this Lease.

5. **Security Deposit**. Within ten (10) days of the Effective Date, Tenant shall deposit with Landlord the Security Deposit as set forth in Item 13 of the Summary of Basic Lease Terms as security for the full and faithful performance by Tenant of all Tenant's obligations hereunder. No interest shall be paid upon the Security Deposit nor shall Landlord be required to maintain the deposit in a segregated account. The Security Deposit shall not be construed as prepaid Rent. In the event that Tenant shall default in the full and faithful performance of any of the terms hereof, then Landlord may either retain the Security Deposit as liquidated damages, or a portion thereof, for damages caused by Tenant beyond ordinary wear and tear, or Landlord may retain the same and apply it toward any damages sustained by Landlord, including but not limited to actual

damages sustained by the Landlord by reason of the default of Tenant, including any past due Rent. Upon each such application, Tenant shall, on demand, pay to Landlord the sum so applied, which shall be added to the Security Deposit so that the same shall be restored to the amount first set forth above. In the event of bankruptcy or other debtor-creditor proceedings, either voluntarily or involuntarily instituted by or against Tenant, the Security Deposit shall be deemed to be applied in the following order: to actual damages caused by Tenant beyond ordinary wear and tear, obligations and other charges, including any damages sustained by Landlord, other than unpaid Rent, due to Landlord for all periods prior to the filing of such proceedings; to accrued and unpaid Rent prior to the filing of such proceeding, and thereafter to actual damages, obligations, other charges and damages sustained by Landlord and Rent due the Landlord for all periods subsequent to such filing. In the event of a sale of the Land and the Building, Landlord shall transfer the Security Deposit to the buyer, and shall confirm the same to Tenant in writing, after which transfer and written confirmation Landlord shall have no further obligation regarding the Security Deposit. Notwithstanding the foregoing, and so long as Tenant is not in default of this Lease beyond any applicable cure period, Landlord shall return to Tenant (or, at Tenant's option, or apply to subsequent payments of Rent due hereunder) a portion of the Security Deposit in the amount of Sixty Thousand and 00/100 Dollars ($60,000.00) upon the first anniversary of the Commencement Date and also upon the date that is eighteen (18) months after the Commencement Date. The remaining balance of the Security Deposit shall be held until the expiration of the Lease Term. If Tenant fully and faithfully complies with all of the terms hereof, the Security Deposit or any balance thereof shall be returned to Tenant within thirty (30) days after expiration of the Lease Term or thirty (30) days after the final day Tenant occupies the Premises.

6. **Character and Design of Building**.

TENANT ACKNOWLEDGES THE ADAPTIVE REUSE OF THE BUILDING MAY RESULT IN THE APPEARANCE OF UNFINISHED OR INTENTIONALLY ROUGH FINISHES. AS SUCH, ITEMS INCLUDING BUT NOT LIMITED TO UNPAINTED BEAMS AND OTHER STEEL WORK, CONCRETE CRACKING (UNLESS STRUCTURAL IN NATURE OR A TRIP OR OTHER HAZARD IN LANDLORD'S REASONABLE OPINION), GRAFFITI AND OTHER SUCH FEATURES MAY BE FOUND THROUGHOUT THE BUILDING AND THE PREMISES. THESE FEATURES ARE BY DESIGN (INTENTIONAL) AND SHALL NEITHER DELAY THE COMMENCEMENT DATE NOR BECOME FEATURES LANDLORD IS REQUIRED TO ALTER.

TENANT ACKNOWLEDGES THE BUILDING HAS BEEN DESIGNED (FROM AN HVAC PERSPECTIVE) FOR AN OCCUPANCY LOAD OF ONE PERSON PER 100 SQUARE FEET OF RENTABLE SPACE. MANY TENANTS EXCEED THIS CAPACITY WITHOUT ISSUE, HOWEVER LANDLORD SHALL NOT BE LIABLE FOR HEATING AND COOLING PROBLEMS, SHOULD THEY OCCUR, IN THE PREMISES IF TENANT EXCEEDS THE RECOMMENDED CAPACITY AND/OR IF TENANT USES EQUIPMENT WHICH, IN LANDLORD'S REASONABLE OPINION, GENERATES SIGNIFICANT QUANTITIES OF HEAT.

TENANT FURTHER ACKNOWLEDGES THERE MAY BE NOISE AND INTERRUPTIONS ON ACCOUNT OF LANDLORD BUILDING OUT IMPROVEMENTS FOR OTHER TENANTS IN THE BUILDING. LANDLORD SHALL USE COMMERCIALLY REASONABLE EFFORTS TO MITIGATE INCONVENIENCES TO ALL TENANTS DURING THE PERIOD FOLLOWING OPENING OF THE BUILDING AND STABILIZATION/LEASE-

UP OF OTHER TENANT SUITES – BUT SHALL NOT BE LIABLE TO TENANT FOR OCCASIONAL NOISE.

7. **Use of Premises**.

(a) The Premises and Common Area shall be used for the Permitted Use and for no other purpose without the prior written consent of Landlord, in its sole discretion. Tenant shall have keys and necessary security clearance to access the Building and Premises, including Common Area, 24 hours per day, 7 days per week. Landlord shall supply Tenant with up to five keys FOBs per 1,000 rentable square feet of the Premises at Landlord's sole cost. Additional FOBs shall be provided to Tenant at the cost of $75.00 per FOB. Landlord shall maintain reception staff for the Building from 8 am to 5 pm Mondays through Fridays (excluding holidays); provided, however, that Landlord's failure to do so shall not be a default under this Lease.

(b) Tenant shall act in accordance with and not violate any restrictions or covenants of record affecting the Premises and Common Area or the Building. Tenant shall not use or occupy the Premises and Common Area in violation of any applicable law, code, regulation or ordinance, and shall immediately discontinue any use of the Premises and Common Area which is declared by either any governmental authority having jurisdiction or the Landlord to be a violation of any such law, code, regulation or ordinance. Tenant shall comply with any direction of any governmental authority having jurisdiction which shall, by reason of the nature of Tenant's use or occupancy of the Premises and Common Area, impose any duty upon Tenant or Landlord with respect to the Premises and Common Area or with respect to the use or occupancy thereof.

(c) Tenant shall not do nor permit to be done anything which will invalidate or increase the cost of any casualty and extended coverage insurance policy covering the Building and/or property located therein (and Tenant shall not do nor permit to be done anything which will invalidate or increase the cost of such policy) and shall comply with all rules, orders, regulations and requirements of the appropriate Fire Rating Bureau or any other organization performing a similar function. Tenant shall promptly upon written demand and a reasonable opportunity to cure any problem which results in an invalidation or increase in the cost of any casualty and extended coverage insurance policy, reimburse Landlord, as Additional Rent, for any additional premium charged for such policy by reason of Tenant's failure to comply with the provisions of this paragraph. Tenant shall not do or permit anything to be done in, on or about the Premises and Common Area which would in any way obstruct or interfere with the rights of other tenants or occupants of the Building, or use or allow the Premises and Common Area to be used for any unlawful purpose, nor shall Tenant maintain or permit any nuisance or commit or suffer to be committed any waste in, on or about the Building.

(d) Use of the Premises shall also include Common Area. Tenant shall have the non-exclusive right (except with respect to exclusive, pre-approved events in the Amenity Area(s) (or portion thereof) approved by Landlord) to use the Common Area on a reasonable basis that does not interfere with the ability of other tenants to also use said space or with events which have been scheduled and reserved in advance. It is understood that areas of the Building may be used for events and other uses that may cause significant increase in traffic at certain times and any such use shall not be a basis for any constructive eviction of Tenant, or entitle Tenant to any offset or abatement of Rent so long as Landlord provides at least forty-eighty (48) hours' advance notice of an event that may cause a material disruption to Tenant's use of the Common Areas or Amenity Areas, but in no event shall any such event interfere with Tenant's Permitted Use or its use and

occupancy of the Premises; Tenant hereby acknowledging and agreeing to such use by execution of this Lease.

8. **Building Services, Maintenance**.

(a) Landlord shall maintain in good condition and repair and in compliance with all laws (and shall make all repairs and perform all maintenance necessary to keep in good condition) the Building, Common Area of the Building and any structural (including the foundation, roof, and walls) mechanical, plumbing and electrical systems serving the Building and Premises (the cost of which shall be included in the Building Expenses, subject to the provisions of Paragraph 4 of this Lease), the Temporary Parking Area and, if and when constructed, the Structured Parking (as each is defined in Paragraph 14). Landlord shall cause the following utilities to be provided to the Premises: electricity, gas service, hot and cold water, and basic HVAC service per "**Exhibit C**". Landlord shall provide general janitorial services in and about the Common Area of the Building as necessary or desirable in Landlord's reasonable judgment and consistent with the level of janitorial service typically provided in comparable buildings in the downtown area of Salt Lake City, which janitorial services shall include, but not be limited to, wiping down high traffic glass walls, cleaning floors, and emptying waste baskets and full-sized trash and recycling containers, cleaning and stocking restrooms and kitchens within the Common Area and Amenities Area. Landlord shall be responsible for snow and ice removal, landscaping, and groundskeeping for the Building, Common Area, Amenities Area, Temporary Parking Area and Structured Parking. Tenant is responsible for its own janitorial services in the Premises beyond the normal cleaning services provided by Landlord. In addition, in the event the Premises contains a kitchen or restroom that is not part of the Common Area or Amenities Area, Landlord shall maintain such kitchen and/or restroom in the same manner it maintains the kitchens and restrooms in the Common Area and Amenities Area (i.e., all kitchens and restrooms shall be similarly monitored and stocked by Landlord). With respect to any work performed by Landlord pursuant to this Paragraph 8 and except as otherwise set forth in this Lease, (a) Landlord shall be liable to Tenant only for physical damage caused to Tenant's personal property located within the Premises to the extent such damage is caused by or under Landlord; (b) in no event shall Landlord have any liability to Tenant for any other damages not caused by Landlord, or for any inconvenience or interference with the use of the Premises by Tenant, or for any consequential damages, including lost profits, as a result of performing any such work; and (c) Landlord reserves the right to interrupt any or all utility services to the Common Area or Amenities Area in case of accident or breakdown, or for the purpose of making alterations, repairs or improvements thereto. With respect to any utility services provided by Landlord to the Premises, Landlord shall not be liable for the failure to furnish or delay in furnishing any or all of such services when same is caused by or is the result of strikes, labor disputes, labor, fuel or material scarcity, or governmental or other lawful regulations or requirements, or the failure of any corporation, firm or person with whom the Landlord may contract for any such service, or for any service incident thereto, to furnish same, or is due to any cause; and the failure to furnish any of such services in such event shall not be deemed or construed as an eviction or relieve Tenant from the performance of any of the obligations imposed upon Tenant by this Lease; provided that if Tenant is unable to use the Premises for the Permitted Use for more than three (3) consecutive business days as a result of an interruption within Landlord's reasonable control, Tenant's Base Rent shall be abated from forth (4th) business day following the interruption to the date on which the services are restored; provide if Tenant is unable to use the Premises for one hundred eighty (180) days or more for any reason within Landlord's control, Tenant may terminate this Lease upon written notice to Landlord. Except in exigent circumstances, Landlord shall provide at least five (5) business days' advance notice to Tenant in the event of Landlord's temporary interruption any utility services, and in all

instances Landlord shall coordinate repairs to such utility services with Tenant and shall undertake all commercially reasonable efforts to minimize impacts on Tenant's business operations. Notwithstanding any other provision of this Lease, in no event shall Landlord have any liability for loss of business (including, without limitation, lost profits) by Tenant in connection with a failure to furnish utilities as set forth in this Paragraph 8. Tenant shall be solely responsible for and shall promptly pay all charges for IT, telephone, internet and other communication services separately metered to the Premises and billed to Tenant directly.

(b) Tenant shall maintain the Premises in good repair and condition and shall make all repairs and perform all maintenance necessary to keep the Premises in good condition (except for any damage caused by or under Landlord); provided that Landlord shall be responsible for repairing, replacing and maintaining all structural components of the Building (including, without limitation, the foundation, roof, and walls). In addition, Tenant shall promptly repair, in a good and workmanlike manner, any damage to the Premises or other part of the Building caused by any breach by Tenant of this Lease, including Tenant's maintenance obligations set forth herein, or by any act or omission of Tenant, or of any employee, agent or invitee of Tenant. If Tenant fails to do so, after written notice thereof by Landlord, and an opportunity to cure or make repairs within thirty (30) days, Landlord shall have the right to repair any such damage and Tenant shall pay Landlord for the cost of all such repairs, plus interest at the Interest Rate (as defined below).

(c) Tenant shall not permit undue accumulations of garbage, trash, rubbish or other refuse within the Premises and Common Area and shall keep all refuse in appropriate containers until disposal of such refuse. Tenant shall be solely responsible for disposing of all hazardous substances, wastes and materials brought into the Premises or Common Area by Tenant in accordance with applicable law and Landlord shall have no duty or obligation to remove any hazardous substances, wastes or materials brought into the Premises or Common Area by Tenant. Tenant covenants that Tenant shall not use, generate, place, store, release, discharge, transport or otherwise dispose of hazardous materials in, on, about or under the Premises or other portions of the Building in violation of any applicable law and Tenant's use of and operations within the Premises shall strictly comply with all environmental regulations and other applicable laws. If Tenant breaches the foregoing, Tenant shall give Landlord written notice of such breach and shall immediately, at Tenant's sole cost and expense, undertake remedial action in accordance with all environmental regulations; provided, however, Landlord may properly require its consent to the selection of the contractors and other professionals involved in the inspection, testing and removal or remediation activities, the manner and method for performance of such activities and such other matters as may be reasonably required or requested by Landlord for the safety of and continued use of the Building and the tenants and visitors thereof. For purposes of this Lease, "**hazardous materials**" means and includes substances defined as "hazardous materials," "hazardous wastes", "hazardous substances" or "toxic substances" under applicable law as well as any "bio-medical hazardous materials" (as defined in the attached Rider).

(d) Tenant shall have no liability of any kind to Landlord for any pre-existing hazardous materials located in or under the Building or on the Land as of the Effective Date and for any hazardous materials that migrate onto or under the Building or Land or otherwise become present at the Building or Land as the result of the activities of anyone other than Tenant, all of which Landlord shall promptly remove and remediate in compliance with all applicable laws at Landlord's sole cost.

9. **Alterations**. Following the Commencement Date, Tenant shall not make any changes, additions, alterations, improvements or additions to the Premises and Common Area or

attach or affix any articles thereto without Landlord's prior written consent, which shall not be unreasonably withheld, conditioned or delayed. All alterations, improvements, and additions to the Premises (other than the Laboratory Premises) and Common Area (as permitted by Landlord in accordance with this Paragraph) shall be done only by Landlord or contractors or mechanics approved by Landlord, and shall be at Tenant's sole expense and at such times and in such manner as Landlord may reasonably approve. Any work approved by Landlord hereunder affecting the Laboratory Premises may be performed, at Tenant's option, by Tenant or its contractors or mechanics (which shall be reasonably approved by Landlord), at Tenant's sole cost and expense. Any mechanics or materialman's lien for which Landlord has received a notice of intent to file or which has been filed against the Premises and Common Area or the Building arising out of work done for, or materials furnished to or on behalf of Tenant, its contractors or subcontractors shall be discharged, bonded over, or otherwise satisfied by Tenant within ten days following the earlier of the date Landlord receives (1) notice of intent to file a lien or (2) notice that the lien has been filed. If Tenant fails to discharge, bond over, or otherwise satisfy any such lien, Landlord may do so at Tenant's expense, and the amount expended by Landlord, including reasonable attorneys' fees, shall be paid by Tenant within 10 days following Tenant's receipt of a bill from Landlord. All alterations, improvements, or additions, whether temporary or permanent in character, made by Landlord or Tenant in or upon the Premises shall become Landlord's property and shall remain upon the Premises at the termination of this Lease by lapse of time or otherwise, without compensation to Tenant (excepting only Non-Standard Alterations [as defined below] and the following defined "**Tenant's Property**": Tenant's movable office furniture, trade fixtures, office and professional equipment, laboratory equipment and benches, prefabricated laboratory pods and related trade fixtures and equipment, process tanks and piping, materials handling and storage shelving and related fixtures, generators, and any network-powered broadband, communication and/or coaxial cables installed by or for the benefit of Tenant, hereunder "**cabling**").

Further, Landlord may require that Tenant remove any Non-Standard Alterations (hereinafter defined) at the expiration or earlier termination of the Lease Term, and restore the Premises to its prior condition, reasonable wear and tear excepted, but only if Landlord has notified Tenant at the time that Landlord and Tenant agree upon and attach the Plans (as defined in the Work Letter) as **Exhibit C-1** to the Work Letter that Tenant will be required to remove any particular Non-Standard Alteration upon Lease expiration. As used herein, "**Non-Standard Alterations**" shall mean any improvements or alterations constructed within or as part of the Laboratory Premises that cannot be cost-effectively redesigned and/or repurposed for general office use in accordance with Landlord's standard office specifications. Non-Standard Alterations expressly excludes each of the following, which may be surrendered by Tenant and left in place at the end of the Lease Term (collectively, the "**Remaining Improvements**"): upgrades or enhancements to utilities or related services; HVAC equipment and related fixtures; ventilation equipment, including, without limitation, rooftop vents (notwithstanding the provisions of Section 5 of the Rider regarding Rooftop Equipment); loading dock improvements; and flooring. Unless Landlord requires their removal (to the extent permitted, and subject to the terms, provisions and conditions, under this Lease), all Tenant Improvements and Alterations which may be made on the Premises (other than Tenant's Property) shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Lease Term. Except as otherwise set forth below, all of Tenant's Property shall remain Tenant's sole property during and after the Lease Term regardless of whether such property is affixed or attached to the Premises. Unless Landlord notifies Tenant otherwise or if Landlord requests that any alteration, improvement, or addition remain, any other alteration, improvement, or addition made by Tenant to any portion of the Premises other than the Laboratory Premises after the Commencement Date which was designated for Tenant's removal

at the time when such alteration, improvement or addition was approved by Landlord pursuant to this Paragraph shall, at Tenant's sole cost, be removed upon the termination of this Lease. Tenant shall also, at Tenant's sole cost, repair any damage caused to the Premises or the Building as a result of any such removal and restore the Premises to substantially the same condition existing as of the Commencement Date. In the event Tenant fails to perform the repairs required hereunder, Landlord shall be entitled to perform the same and recover from Tenant the reasonable costs and expenses thereof, including reasonable attorneys' fees. In the event that Landlord incurs any expenses in the removal of trash, or the cleaning of elevators, public corridors, loading areas, and other Common Areas as a result of Tenant's contractors' work, then Tenant agrees it shall reimburse Landlord within seven calendar days of the date of billing.

10. **Liability Insurance; Indemnity**.

(a) Tenant shall and hereby does indemnify and hold Landlord harmless from and against any and all claims brought against Landlord by a third party arising from: (i) Tenant's use of the Premises or the conduct of Tenant's business or profession therein; (ii) any activity, work, or thing done, permitted or suffered by Tenant in or about the Premises, Common Area, or the Building; (iii) any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease; or (iv) any negligent or willful acts or omissions of Tenant, or of Tenant's agents, employees or contractors, on or about the Premises, Common Area, or the Building. Tenant shall and hereby does further indemnify, defend and hold Landlord harmless from and against all costs, reasonable attorneys' fees, expenses and liabilities incurred in connection with any such claim or any action or proceeding brought thereon. In case any action or proceeding is brought against Landlord by reason of any such claim, Tenant, upon notice from Landlord, shall defend same at Tenant's expense by counsel reasonably satisfactory to Landlord. Except as set forth in this Lease and subject to Landlord's obligations hereunder, Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises from any cause other than the negligence or intentional act or omission of a Landlord or its representatives, employees or agents.

(b) Landlord shall and hereby does indemnify and hold Tenant harmless from and against any and all claims brought against Tenant by a third party arising from: (i) any breach or default in the performance of any obligation on Landlord's part to be performed under the terms of this Lease; (ii) the presence of any hazardous materials in or under the Building or Land existing on or before the Commencement Date or introduced by Landlord and/or its employees, contractors, and agents; and (ii) the negligent or willful acts of Landlord, or of Landlord's agents, employees or contractors, on or about the Premises, Common Area, or the Building. Landlord shall and hereby does further indemnify, defend and hold Tenant harmless from and against all costs, reasonable attorneys' fees, expenses and liabilities incurred in connection with any such claim or any action or proceeding brought thereon. In case any action or proceeding is brought against Tenant by reason of any such claim, Landlord, upon notice from Tenant, shall defend same at Landlord's expense by counsel reasonably satisfactory to Tenant or selected by Landlord's insurer. The indemnities herein shall survive the termination of this Lease and shall continue in effect until any and all claims, actions or causes of action with respect to any of the matters indemnified against are fully and finally barred by the applicable statute of limitations. In no event shall any of the insurance provisions set forth in this Lease be construed as a limitation on the scope of indemnification set forth herein.

(c) Tenant, at Tenant's expense, agrees to keep in force during the Lease Term:

(i) Commercial general liability insurance which insures against claims for bodily injury, personal injury, and property damage based upon, involving, or arising out of the use, occupancy, or maintenance of the Premises and the Building. Such insurance shall afford, at a minimum, the following limits:

Each Occurrence	$1,000,000
General Aggregate	$4,000,000
Products/Completed Operations Aggregate	$1,000,000
Personal and Advertising Injury Liability	$1,000,000
Fire Damage Legal Liability	$100,000
Medical Payments	$5,000

Tenant's commercial general liability insurance shall include Landlord and Landlord's mortgagees, as additional insureds. This coverage shall be written on the most current ISO CGL form (or its equivalent), shall include contractual liability, premises-operations and products-completed operations and shall contain an exception to any pollution exclusion which insures damage or injury arising out of heat, smoke, or fumes from a hostile fire. Such insurance shall be written on an occurrence basis and contain a standard separation of insureds provision.

(ii) Business automobile liability insurance covering owned, hired and non-owned vehicles with minimum limits of $1,000,000 combined single limit per occurrence.

(iii) Employer's liability insurance in an amount not less than $1,000,000.

(iv) Workers' compensation insurance in accordance with Utah law.

(v) Umbrella/excess liability insurance, on an occurrence basis, that applies excess of the required commercial general liability, business automobile liability, and employer's liability policies with the following minimum limits:

Each Occurrence:	$5,000,000
Annual Aggregate:	$5,000,000

Umbrella/Excess liability policies shall contain an endorsement stating that any entity qualifying as an additional insured on the insurance stated in the Schedule of Underlying Insurance shall be an additional insured on the umbrella/excess liability policies, and that they apply immediately upon exhaustion of the insurance stated in the Schedule of Underlying Insurance as respects the coverage afforded to any additional insured. The umbrella/excess liability policies shall also provide that they apply before any other insurance, whether primary, excess, contingent or on any other basis, available to an additional insured on which the additional insured is a named insured (which shall include any self-insurance), and that the insurer will not seek contribution from such insurance.

(vi) Property insurance "the equivalent of causes of loss – special form" including earthquake, windstorm, theft, sprinkler leakage and boiler and machinery coverage on all of Tenant's trade fixtures, furniture, inventory and other personal property in the Premises, and on any alterations, additions, or improvements made by Tenant upon the Premises all for the full replacement cost thereof. Tenant shall use the proceeds from such insurance for the replacement of trade fixtures, furniture, inventory and other personal property and for the restoration of Tenant's

improvements, alterations, and additions to the Premises. Landlord shall be named as loss payee with respect to alterations, additions, or improvements of the Premises where Tenant cannot remove at the end of the Lease Term wherein ownership then reverts to Landlord.

(vii) Business income and extra expense insurance with limits not less than 100% of all income and charges payable by Tenant under this Lease for a period of 12 months.

(d) All policies required to be carried by Tenant hereunder shall be issued by an insurance company licensed or authorized to do business in Utah with a rating of at least "A-: X" or better as set forth in the most current issue of Best's Insurance Reports, unless otherwise approved by Landlord. Tenant shall not do or permit anything to be done that would invalidate the insurance policies required herein. Liability insurance maintained by Tenant shall be primary coverage on behalf of Landlord, its trustees, officers, directors, members, agents, and employees, Landlord's mortgagees, and Landlord's representatives and any policies of Landlord, its trustees, officers, directors, members, agents, and employees, Landlord's mortgagees, and Landlord's representatives shall be non-contributory. Certificates of insurance, acceptable to Landlord, evidencing the existence and amount of each insurance policy required hereunder shall be delivered to Landlord prior to delivery or possession of the Premises and 10 days following each renewal date. Certificates of insurance shall evidence that Landlord and Landlord's mortgagees are included as additional insureds on liability policies so long as the names of such parties are provided to Tenant and that Landlord is included as loss payee on the property insurance as stated in subparagraph (c)(vi) above. In the event that Tenant fails to provide evidence of insurance required to be provided by Tenant in this Lease, prior to the Tenant's entry upon the Premises for purposes of completing Tenant's improvements prior to the Commencement Date and thereafter during the Term, within 10 days following Landlord's request thereof, and 30 days prior to the expiration of any such coverage, Landlord shall be authorized (but not required) to procure such coverage in the amount stated with all costs thereof to be chargeable to Tenant and payable upon written invoice thereof. The limits of insurance required by this Lease, or as carried by Tenant, shall not limit the liability of Tenant or relieve Tenant of any obligation thereunder, except to the extent otherwise provided for herein. Any deductibles selected by Tenant shall be the sole responsibility of Tenant. Tenant insurance requirements stipulated in Paragraph 10 are based upon current industry standards. Landlord reserves the right to require additional coverage or to increase limits as industry standards change.

(e) Should Tenant engage the services of any contractor or subcontractor to perform work in the Premises, Tenant shall ensure that such party complies with the requirements of this Paragraph 10 and carries commercial general liability, business automobile liability, umbrella/excess liability, worker's compensation and employer's liability coverages in substantially the same forms as required of the Tenant under this Lease and in amounts approved by landlord and/or landlord's property manager.

(f) Landlord shall procure and maintain the following, the cost of which shall be included in the Building Expenses:

(i) Property insurance "the equivalent of causes of loss – special form" on the Building. Landlord shall not be obligated to insure any of Tenant's Property or other furniture, equipment, trade fixtures, machinery, goods, or supplies which Tenant may keep or maintain in the Premises or any alteration, addition, or improvement which Tenant may make upon the Premises. In addition, Landlord may elect to secure and maintain rental income insurance. If the annual cost to Landlord for such property or rental income insurance exceeds the standard rates

because of the nature of Tenant's operations, Tenant shall, upon receipt of appropriate invoices, reimburse Landlord for such increased cost.

(ii) Commercial general liability insurance, which shall be in addition to, and not in lieu of, insurance required to be maintained by Tenant. Tenant shall not be included as an additional insured on any policy of liability insurance maintained by Landlord.

(g) Landlord waives any and all rights of recovery against Tenant for or arising out of damage to, or destruction of the Premises to the extent that Landlord's property insurance policies then in force insure against such damage or destruction and permit such waiver and only to the extent of insurance proceeds actually received by Landlord for such damage or destruction. Tenant waives any and all rights of recovery against Landlord for or arising out of damage to or destruction of any property of Tenant to the extent that Tenant's property insurance policies then in force or the policies required by this Lease, whichever is broader, insure against such damage or destruction.

(h) Neither Landlord nor its agents shall be responsible for or liable to Tenant for any loss or damage that may be occasioned by or through the acts or omissions of persons occupying adjoining premises or any part of the premises adjacent to or connected with the Premises or any part of the Building, nor shall Landlord or its agents be liable for any damage to property entrusted to employees of the Building, nor for loss of or damage to any property by theft or otherwise, nor for any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak from any part of the Building or from the pipes, appliances or plumbing works therein or from the roof, street or subsurface, or from any other place or resulting from dampness or any other cause whatsoever, except to the extent due to the negligence or willful act or omission of Landlord, its agents, servants or employees. Neither Landlord nor Tenant will be liable under any circumstances to the other for any incidental or consequential damages; provided, however, that Landlord may recover consequential damages arising out of an unauthorized holdover by Tenant. Tenant shall give prompt notice to Landlord in case of fire or accident in the Premises or in the Building or of defects therein or in the fixtures or equipment.

(i) Any and all "the equivalent of causes of loss – special form" insurance which is required to be carried by Tenant shall be endorsed with a subrogation clause, substantially as follows: "This insurance shall not be invalidated should the insured waive, in writing, prior to a loss, any and all right of recovery against any party for loss occurring to the property described herein"; and Tenant hereto waives all claims for recovery from Landlord, its officers, agents or employees for any loss or damage (whether or not such loss or damage is caused by negligence of Landlord, its officers, agents or employees, and notwithstanding any provisions contained in this Lease to the contrary) to any of its real or personal property insured under valid and collectible insurance policies to the extent of the collectible recovery under such insurance.

11. **Damage or Destruction**. In the event the Premises or the Building are damaged by fire or other insured casualty, and the insurance proceeds have been made available therefor by the holder or holders of any mortgages or deeds of trust covering the Building, the damage shall be repaired by and at the expense of Landlord to the extent of such insurance proceeds available therefor, provided such repairs can, in Landlord's sole opinion, be completed within 180 calendar days after the occurrence of such damage, without the payment of overtime or other premiums. Until such repairs are completed, the Rent shall be abated in proportion to the part of the Premises which is unusable by Tenant in the conduct of its business; provided, however, if the damage is

due to the negligence or willful act or omission of Tenant or its employees, agents, or invitees, there shall be no abatement of Rent. If repairs cannot, in Landlord's sole but reasonable opinion, be made within said 180 calendar day period, Landlord shall notify Tenant within 45 calendar days of the date of occurrence of such damage as to whether or not Landlord shall have elected to make such repairs. If Landlord elects not to make such repairs or if such repairs will require more than 180 days to complete, then either party may, by written notice to the other, terminate this Lease as of the date of the occurrence of such damage; provided, however, Tenant shall not have the right to terminate this Lease if the damage is due to the negligence or willful act or omission of Tenant or its employees, agents or invitees. If neither party elects to terminate this Lease and Landlord undertakes such repairs but such repairs are not completed within such 180-day period, Tenant may, by written notice to Landlord, terminate this Lease upon written notice to Landlord delivered not later than ten (10) days after such 180-day period, which termination notice shall be effective unless Landlord completes such repairs within 15 calendar days of its receipt of Tenant's notice. If insurance proceeds are insufficient or unavailable to repair the damage, Landlord may, at its sole option, terminate this Lease by written notice to Tenant given not more than 45 days after the occurrence of the damage. Except as provided in this Paragraph 11, there shall be no abatement of Rent and no liability of Landlord by reason of any injury, inconvenience, temporary limitation of access or interference to or with Tenant's business or property arising from the making of any necessary repairs, or any alterations or improvements in or to any portion of the Building or the Premises, or in or to fixtures, appurtenances, and equipment therein necessitated by such damage.

12. **Eminent Domain**. If the Building, the Premises and Common Area or a material part thereof be taken by any authorized entity by eminent domain or by negotiated purchase under threat thereof, so that the Premises shall become totally untenantable, this Lease shall terminate as of the earlier of the date when title or possession thereof is acquired or taken by the condemning authority, Landlord shall retain any award by the condemning authority for such taking (excluding, however, any separate award made to Tenant for loss of or damage to Tenant's Property, loss of business, and moving expenses) and all rights of Tenant in this Lease shall immediately cease and terminate. If a part of the Building or a portion of the Premises shall be taken such that the Premises becomes only partially untenantable, this Lease shall continue in full force and effect as to the portion of the Premises which is not taken and Base Rent shall be proportionately abated so long as Tenant's business operations within the Premises are not materially and adversely affected by such partial taking. If, however, such partial taking materially and adversely interferes with Tenant's business operations, Tenant may terminate this Lease upon written notice to Landlord. Landlord may without any obligation or liability to Tenant stipulate with any condemning authority for a judgment of condemnation without the necessity of a formal suit or judgment of condemnation, and the date of taking under this clause shall then be deemed the date agreed to under the terms of such agreement or stipulation.

13. **Assignment and Subletting**.

(a) Tenant shall not, either voluntarily or by operation of law, directly or indirectly, sell, assign or transfer this Lease, in whole or in part, or sublet the Premises or any part thereof, or permit the Premises and Common Area or any part thereof to be occupied by any person, corporation, partnership, or other entity except Tenant or Tenant's employees, without the prior written consent of Landlord in each instance. A merger, acquisition, or transfer of stock control in Tenant, if Tenant is a corporation, or a transfer of a greater than 49% beneficial ownership interest in Tenant, if Tenant is a partnership or other entity, shall be deemed an act of assignment hereunder. Any sale, assignment, mortgage, transfer or subletting of this Lease or the Premises or Common Area which is not in compliance with the provision of this Paragraph 13

shall be void. The consent by Landlord to any assignment or subletting shall not relieve Tenant from the obligation to obtain the express prior written consent of Landlord to any further assignment or subletting, or relieve Tenant from any liability or obligation hereunder, whether or not then accrued. Notwithstanding the forgoing, Landlord's consent to a sublease of all or a portion of the Premises to a third party shall not be unreasonably withheld, conditioned or delayed.

(b) If Landlord consents to any assignment or sublease by Tenant, Tenant shall not be relieved of its obligations under this Lease and Tenant shall remain liable, jointly and severally and as a principal, and not as a guarantor or surety, under this Lease, to the same extent as though no assignment or sublease by Tenant had been made. .

(c) If an assignment or sublease is consented to by Landlord and the rental due and payable by an assignee or subtenant (or a combination of rent payable thereunder plus any other consideration directly or indirectly incident to the assignment or sublease) exceeds the rent payable under this Lease, then Tenant shall pay to Landlord, as Additional Rent, 100% of such excess rental within 10 days following receipt thereof by Tenant from the assignee or subtenant, as the case may be. In such event, any rent received by Tenant from an assignee or subtenant shall be held by Tenant in trust for Landlord, to be forwarded immediately to Landlord without offset or reduction at any time, and, upon election by Landlord, such rental shall be paid directly to Landlord and credited to any amounts owed by Tenant hereunder.

(d) If Landlord consents to an assignment or sublease by Tenant, any option to renew this Lease or right to extend the Lease Term shall automatically terminate unless otherwise agreed to in writing by Landlord. Any request for an assignment or sublease shall be accompanied by a minimum fee of $1,500.00 for Landlord's administrative costs in connection with the processing of the request. In addition, Tenant shall pay to Landlord, within 10 days after demand by Landlord, the reasonable out-of-pocket costs and expenses incurred by Landlord in connection with any request by Tenant for consent to an assignment or sublease by Tenant, including reasonable attorneys' fees, regardless of whether consent of Landlord is given to the assignment or sublease by Tenant.

(e) Notwithstanding any provision of this Lease to the contrary, provided that Tenant remains liable on this Lease, provides Landlord with prior written notice and names of the applicable transferee and a copy of the applicable assignment or sublease agreement, and Tenant is not then in default beyond any applicable notice and cure period, then the following transfers will not require Landlord's prior consent (each a "**Permitted Transfer**"):

(i) a transfer or sublease to any entity which is controlled by Tenant;

(ii) a transfer or sublease to any entity which controls Tenant ("**Parent**");

(iii) a transfer or sublease to any entity which is controlled by Tenant's Parent; and/or

(iv) a transfer to any entity which merges with Tenant or purchases substantially all of Tenant's assets, provided that Tenant provides to Landlord financial statements evidencing that such transferee or surviving corporation has a credit rating and net worth (exclusive of intangible assets) at least as favorable as Tenant.

(f) Additionally, any of the following transfers shall not be deemed a transfer or assignment under this Paragraph 13 and shall not require Landlord's consent or the delivery of notice to Landlord:

(i) a transfer involving any sale of stock for capital raising purposes in which Tenant is the surviving corporation, or the sale of stock or other equity interests in Tenant on a public stock exchange (e.g., NYSE or NASDAQ), whether in connection with an initial public offering or thereafter;

(ii) a transfer effected exclusively to change the domicile of Tenant; and

(iii) so long as Tenant remains the "Tenant" under the Lease and Tenant's tangible net worth is not negatively impacted, any financing, refinancing or funding of Tenant or its business, whether such financing, refinancing or funding takes the form of debt or equity investments through publicly or privately traded equity or any other form, including, without limitation, any transaction whereby a venture capital or equity investor directly or indirectly provides financing or refinancing for Tenant and/or purchases ownership interests in Tenant, its parent or any affiliate of Tenant.

14. **Parking**. Tenant shall have the right to two (2) parking spaces per 1,000 RSF within the Premises in the parking area designated in attached **Exhibit A-2** (the "**Temporary Parking Area**") at no cost to Tenant, and, once completed, within improved parking areas adjacent to the Building (the "**Structured Parking**") at a rate that will not exceed the fair market rental rate charged by substantially similar buildings in the applicable submarket. Tenant acknowledges that the Temporary Parking Area may not be located on the Land, but will be located within one (1) city block of the Building. If the Structured Parking is not completed prior to the expiration of the Lease Term, the Temporary Parking Area shall remain be available at no cost to Tenant for Tenant's use as off-street parking for the duration of the Lease Term. Landlord represents and warrants that the use of the Temporary Parking Area is permitted under applicable law and Salt Lake City ordinances. When the Structured Parking has been completed, Landlord shall offer the allotted number of parking stalls to the Tenant. Tenant then has fourteen (14) business days to respond with the number of stalls that it requests within its allotment. Landlord will then grant the right to Tenant to use the requested number of stalls for the Lease Term. If the Tenant requests additional stalls and Landlord has such additional stalls available for Tenant's use, then Landlord may, at its sole discretion, lease those stalls to Tenant at such time. Tenant agrees to comply with such reasonable rules and regulations as may be made by Landlord from time to time in order to insure the proper operation of the Structured Parking if or when created or designated so long as such rules and regulations do not adversely affect Tenant's rights under this Lease. Landlord shall have the right at any time to assign spaces in the Structured Parking to individual tenants, in its sole discretion, provided that Landlord shall make available for Tenant the number of spaces provided for herein. Subject to the terms of this Lease, all vehicles parked in the Temporary Parking Area and the Structured Parking and the personal property therein shall be at the sole risk of Tenant, Tenant's employees, agents, contractors, invitees and the users of such spaces and Landlord shall not be responsible for any injuries to any person nor any damage to any automobile, vehicle or other property that occurs in or about the parking areas. Landlord reserves the right in its sole discretion to enforce its reasonable rules and regulations, including but not limited to policing and towing. Landlord may, in its sole discretion, change the location and nature of the parking spaces available to Tenant, provided that after such change, there shall be available to Tenant the same number of spaces within the same proximity to the Premises as before such change. Notwithstanding the foregoing, the rights granted to Tenant to use any parking spaces is a

license only and Landlord's inability to make spaces available at any time for reasons beyond Landlord's reasonable control (other than due to Landlord's breach of its contractual obligations or this Lease or its negligence or willful misconduct) is not a breach by Landlord of its obligations hereunder so long as Landlord provides substantially similar alternative parking spaces for Tenant's use and undertakes all commercially reasonable efforts to allow Tenant to use the Temporary Parking Facilities or Structured Parking, as applicable.

15. **Default**.

(a) The occurrence of any of the following shall constitute a material default and breach of the Lease by Tenant:

(i) the abandonment of the Premises by Tenant;

(ii) any failure by Tenant to pay Rent or to make any other payment required to be made by Tenant hereunder on or before the date due and such failure continues for five (5) days after written notice thereof from Landlord (provided, however, that Tenant shall only be entitled to such written notice on two (2) occasions during any twelve (12) month period);

(iii) any failure of Tenant to maintain the insurance as required in this Lease;

(iv) any failure to provide any document or instrument described in Paragraph 22 of this Lease within the time period set forth in such paragraph;

(v) the filing or recording of any lien or other encumbrance of title against the Building by or under Tenant;

(vi) any other failure by Tenant to observe and perform any other obligation under this Lease to be observed or performed by Tenant, other than payment of any Rent, within thirty (30) days after written notice by Landlord to Tenant specifying wherein Tenant has failed to perform such obligation; provided, however, that if the nature of Tenant's obligation is such that more than 30 days are required for its performance, then Tenant shall not be deemed to be in default if it shall commence such performance within such 30-day period and thereafter diligently prosecute the same to completion (but in no event to exceed ninety (90) days); or

(vii) the making by Tenant or any guarantor of this Lease of any general assignment for the benefit of creditors; the filing by or against Tenant or such guarantor of a petition to have Tenant or such guarantor adjudged a bankrupt or the filing of a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant or such guarantor, the same is dismissed within 60 days); the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within 30 days; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within 30 days.

(b) Landlord shall not be deemed to be in default in the performance of any obligation required to be performed by it hereunder unless and until it has failed to perform such obligation within thirty (30) days after written notice by Tenant to Landlord specifying wherein Landlord has failed to perform such obligation (provided, however, that if the nature of Landlord's

obligation is such that more than 30 days are required for its performance, then Landlord shall not be deemed to be in default if it shall commence such performance within such 30-day period and thereafter diligently prosecute the same to completion within ninety (90) days).

16. **Remedies**. In the event Tenant commits an act of default as set forth in subparagraph 15(a) beyond any applicable cure period, Landlord may exercise one or more of the following described remedies, in addition to all other rights and remedies available at law or in equity, whether or not stated in this Lease.

(a) Landlord may continue this Lease in full force and effect and shall have the right to collect Rent when due. During the period Tenant is in default, Landlord may re-enter the Premises in accordance with applicable law and relet them, or any part of them, to third parties for Tenant's account. Tenant shall be liable immediately to Landlord for any brokers' commissions, expenses of repairing and/or the cost of tenant improvements to the Premises required by the reletting (except to the extent such costs are amortized over the term of a new lease for the Premises), attorneys' fees and costs and like costs. Reletting can be for a period shorter or longer than the remaining Lease Term. In the event of a default by Tenant, Landlord shall use commercially reasonable efforts to mitigate its damages in accordance with applicable law. On the dates such Rent is due, Tenant shall pay to Landlord a sum equal to the Rent due under this Lease, less the rent Landlord receives from any reletting. No act by Landlord allowed by this Paragraph shall terminate the Lease unless Landlord notifies Tenant in writing that Landlord elects to terminate this Lease.

(b) Landlord may terminate this Lease at any time. Upon termination, Landlord shall have the right to collect an amount equal to: reasonable attorneys' fees and costs in connection with recovering the Premises; all reasonable costs and charges for the care of the Premises while vacant; all repair costs incurred in connection with the preparation of the Premises for a new tenant; all past due Rent which is unpaid, plus interest thereon at the Interest Rate; and an amount by which the entire Rent for the remainder of the Term exceeds the loss of Rent that Tenant proves could have been reasonably avoided.

Landlord may avail itself of these as well as any other remedies or damages allowed by law. All rights, options and remedies of Landlord provided herein or elsewhere by law or in equity shall be deemed cumulative and not exclusive of one another. Should any of these remedies, or any portion thereof, not be permitted by applicable law, then such remedy or portion thereof shall be considered deleted and unenforceable, and the remaining remedies or portions thereof shall be and remain in full force and effect.

17. **Rules and Regulations**. Tenant shall observe faithfully and comply strictly with the rules and regulations set forth on **Addendum A** attached to this Lease and made a part hereof, and such other rules and regulations as Landlord may from time to time reasonably adopt (so long as such rules and regulations do not materially and adversely affect Tenant's rights under this Lease). Landlord shall not be liable to Tenant for violation of any such rules and regulations, or for the breach of any covenant or condition in any lease by any other tenant in the Building. By the signing of this Lease, Tenant acknowledges that Tenant has read and has agreed to comply with such rules and regulations.

18. **Right of Access**. Except in exigent circumstances, Landlord and its agents shall provide notice to Tenant at least one (1) business day in advance of entering the Premises during normal business hours for the purpose of inspection, to make reasonable repairs as required

hereunder (provided, however, Landlord shall have no obligation as a result of such examination to make any repairs other than expressly set forth herein), and to exhibit the same to prospective purchasers, lenders, investors or tenants.

19. **End of Term**.

(a) At the termination or expiration of the Lease Term, subject to the provisions of Paragraph 9, Tenant shall surrender the Premises to Landlord in as good condition and repair as at the Commencement Date, reasonable wear and tear and casualty excepted, and will leave the Premises broom-clean.

(b) In the event Tenant holds over after the expiration of this Lease with the written permission of Landlord, such holding over shall thereafter constitute a tenancy at will terminable at any time by Landlord or Tenant giving 30 days' written notice to the other. Such holding over shall be on all of the same terms and conditions as this Lease (other than the duration of the term) and Tenant shall pay Landlord Base Rent and Additional Rent for the period of its hold over at the times for payment specified herein, which Base Rent shall be in the same amounts in effect immediately prior to the expiration of this Lease, including existing annual increases and terms. If Tenant remains in possession of the Premises after the expiration of this Lease without the written permission of Landlord, Tenant shall be subject to eviction and shall pay Landlord Base Rent for the period of its hold over in an amount equal to 150% of Base Rent in effect immediately prior to the expiration of this Lease together with Additional Rent.

20. **Transfer of Landlord's Interest.** In the event of any transfer or transfers of Landlord's interest in the Premises or in the real property of which the Premises are a part, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer so long as such transferee assumes in writing the obligations of Landlord hereunder.

21. **Estoppel Certificates; Attornment and Non-Disturbance**.

(a) Within 10 business days following receipt of written request from the other party (the "**Requesting Party**"), the non-Requesting Party shall deliver, executed in recordable form, a declaration to any person designated by the Requesting Party stating the Commencement Date and Expiration Date of this Lease and certifying that (i) this Lease is in full force and effect and has not been assigned, modified, supplemented or amended (except by such writings as shall be stated); (ii) all conditions under this Lease to be performed by the Requesting Party have been satisfied (stating exceptions, if any); (iii) no defenses, credits or offsets against the enforcement of this Lease by the Requesting Party exist (or stating those claimed); (iv) the sum of advance Rent, if any, paid by Tenant; (v) the date to which Rent has been paid; (vi) the amount of the Security Deposit held by Landlord, if any; and (vii) such other information as the Requesting Party reasonably requires. Persons receiving such statements of the non-Requesting Party shall be entitled to rely upon them. The failure of either party to timely execute, acknowledge and deliver such estoppel certificate shall constitute an acknowledgment by such party that statements included in the estoppel certificate are true and correct, without exception.

(b) In the event of the sale or assignment of Landlord's interest in the Land or the Building or if the holder of any existing or future mortgage, deed to secure debt, deed of trust, or the lessor under any existing or future underlying lease pursuant to which Landlord is the lessee, shall hereafter succeed to the rights of Landlord under this Lease, then at the option of such

successor, Tenant shall attorn to and recognize such successor as Tenant's landlord under this Lease so long as such successor agrees in writing to accept this Lease and agrees not disturb Tenant's occupancy of the Premises (so long as Tenant is not in default hereunder), and shall promptly execute and deliver a commercially reasonable instrument that may be necessary to evidence such attornment. If any such successor requests such attornment, this Lease shall continue in full force and effect as a direct lease between such successor, as Landlord, and Tenant, subject to all of the terms, covenants and conditions of this Lease, regardless of whether Tenant executes and delivers the instrument requested by such successor landlord so long as such successor agrees in writing to accept this Lease and agrees not disturb Tenant's occupancy of the Premises so long as Tenant is not in default hereunder.

(c) This Lease shall be subject to and subordinate and inferior at all times to the lien of any mortgage, to the lien of any deed of trust or other method of financing or refinancing now or hereafter existing against all or a part of the real property upon which the Building is located, and to all renewals, modifications, replacements, consolidations and extensions of any of the foregoing. Tenant shall execute and deliver all commercially reasonable documents requested by any mortgagee, security holder or lessor to effect such subordination so long as Tenant's rights under this Lease are not adversely affected thereby. In the event of any act or omission by Landlord under this Lease which would give Tenant the right to terminate this Lease or to claim a partial or total eviction, if any, Tenant will not exercise any such right until: (A) it has given written notice (by United States certified or registered mail, postage prepaid) of such act or omission to the holder of any mortgage or deed of trust on the Land (so long as such holder's name and address have been furnished to Tenant); and (B) any such holder of any mortgage or deed of trust on the Property shall, following the giving of such notice, have failed with reasonable diligence to commence and to pursue reasonable action to remedy such act or omission in accordance with the terms of, and timeframes set forth in, this Lease.

(d) With respect to any first lien mortgages, deeds of trust or other liens entered into by and between Landlord and any such mortgage and/or any beneficiary of any deed of trust or other such lien granted by Landlord, or lessor under any ground lease (collectively as "**Landlord's Mortgagee**"), Landlord shall use commercially reasonable efforts to secure and deliver to Tenant a non-disturbance agreement on Landlord's Mortgagee's standard form (subject to reasonable negotiation by Tenant at Tenant's sole cost and expense), from and executed by Landlord's Mortgagee for the benefit of Tenant whereby, as a condition to any attornment or subordination by Tenant to Landlord's Mortgagee, Tenant shall not be disturbed in its possession of the Premises throughout the Term or its rights under the Lease terminated by Landlord's Mortgagee so long as Tenant is not in default.

22. **Notices**. Any notice required or permitted to be given hereunder shall be in writing and may be given by: (1) confirmed electronic mail (except for notices and other communications that have a potential legal effect such as any communication that triggers a payment or performance obligation, any notice of failure to perform any obligation, notices of default, notices or communications that begin or affect time periods to exercise rights, and the like) or hand delivery, which shall be deemed given on the date of delivery; (2) registered or certified mail and shall be deemed given the third day following the date of mailing; or (3) overnight delivery by a nationally recognized courier service and shall be deemed given the following day. All notices to Tenant shall be addressed to Tenant at the Premises. All notices to Landlord shall be addressed to Landlord's Address. Either party may change its address by notice given in accordance with this paragraph.

23. **Miscellaneous Provisions**.

(a) As the operation and creation of the Building and Landlord's business model contains significant intellectual property and because the ongoing methods of Landlord's operation are not typical, it is crucial that all parties adhere to a strict policy of non-disclosure and confidentiality. Furthermore, it is understood that terms of leases differ based on need, use, etc. Consequently, each party agrees to keep confidential the terms of this Lease, including, but is not limited to the Lease Term, Base Rent rates, special provisions, practices, allowances, etc.

(b) In the event of any legal proceeding between Tenant and Landlord to enforce any provision of this Lease or any right of either party hereto, the unsuccessful party to such legal proceeding shall pay to the successful party all costs and expenses, including reasonable attorneys' fees, incurred therein. To the extent permitted by law, Landlord and Tenant hereby waive the right to a jury trial in any legal action or proceeding relating to this Lease.

(c) Time is of the essence with respect to the performance of every provision of this Lease.

(d) The captions contained in this Lease are for convenience only and shall not be considered in the construction or interpretation of any provision hereof. The word "Landlord" means the owner of the Building from time to time, and in the event of any sale, conveyance or lease of the Building, the transferring Landlord shall be released from all covenants and conditions as Landlord hereunder in accordance with the terms hereof and without further agreement between the parties. No consent of Tenant shall be required in the event of any such sale, conveyance, or lease of the Building which is made subject to this Lease, or to any sale or conveyance of the Building pursuant to which Landlord leases the Building back from such purchaser or other transferee, in which case this Lease shall remain in full force and effect as a sublease between Landlord, as sublessor and Tenant, as sublessee, so long as Tenant's rights hereunder are not materially and adversely affected thereby.

(e) This Lease, any Addenda and the Exhibits attached hereto and incorporated herein contain all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest.

(f) Upon Tenant paying the Rent reserved hereunder and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the entire Lease Term hereof, subject to all the provisions of this Lease, as against persons claiming by, through, or under Landlord.

(g) No waiver by a party of any provision of this Lease shall be deemed to be a waiver of any other provision hereof or of any subsequent breach by a party of the same or any other provision. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act of Tenant, whether or not similar to the act so consented to or approved. No act or thing done by Landlord or Landlord's agents during the Lease Term shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such a surrender shall be valid unless in writing and signed by Landlord. The subsequent acceptance of

Rent shall not be deemed a waiver of any preceding breach by Tenant of any term, covenant or condition of the Lease, other than the failure of Tenant to pay the particular Rent so accepted.

(h) If any monthly installment of Base Rent or any payment of Additional Rent is not paid by the 5th day of the month in which it is due, Tenant shall, upon demand, pay Landlord a late charge of 5% of the amount of such installment or payment. Such late charge is to defray the administrative costs and inconvenience and other expenses which Landlord will incur on account of such delinquency. In addition, any amounts payable to Landlord under this Lease, if not paid in full on or before the due date thereof, shall bear interest on the unpaid balance at the interest rate of 15% per annum (the "**Interest Rate**"). Landlord shall execute a 'zero tolerance' policy and recommends early payment or payment by regularly scheduled electronic method to avoid such situations.

(i) [Relocation option intentionally omitted].

(j) This Lease shall be binding upon, and inure to the benefit of the parties hereto, their heirs, successors, assigns, executors and administrators.

(k) This Lease shall be governed by the laws of the state of Utah.

(l) Tenant shall not operate on the Premises, and shall not permit any other person to operate on the Premises, any trade or business consisting (1) the operation of any private or commercial golf course, country club, massage parlor, hot tub facility, suntan facility, racetrack or other facility used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises, or (2) farming, as that term is defined in Section 2032A(e)(5)(A) or (B) and Section 45D of the Code, nor shall it enter into any sublease with a tenant which intends to operate any such trade or business on the Premises. Tenant shall comply with the terms of any financing documents related to the Premises and applicable to a lessee of the Premises, including without limitation, all requirements relating to the operation of a "qualified business" under Section 45D of the Code and the Treasury Regulations thereunder upon Landlord's delivery to Tenant of a copy of each such requirement. Further, no recreational or medical marijuana may be grown or consumed on the Premises or in the Building by Tenant or its employees, guests or invitees.

(m) Should any mortgagee or beneficiary under a deed of trust require a modification of this Lease, which modification will not bring about any increased cost or expense to Tenant or will not in any other way adversely change the rights and obligations of Tenant hereunder, then and in such event, Tenant agrees to negotiate such amendment in good faith.

(n) If Tenant is a corporation or other legal entity, each individual executing this Lease on behalf of said entity represents and warrants that (1) he/she is duly authorized to execute and deliver this Lease on behalf of said entity in accordance with its bylaws or operating agreements; (2) this Lease is binding upon said corporation or entity; and (3) a resolution to that effect in a form reasonably acceptable to Landlord shall be provided immediately upon request.

(o) Landlord and all of its partners, shareholders, or members, on the one hand, and Tenant and its partners, shareholders, and members, on the other hand, as the case may be, shall have absolutely no personal liability with respect to any provision of this Lease, or any obligation or liability arising in connection therewith. Tenant shall look solely to the equity in the Building in which the Premises is located, for the satisfaction of any remedies of Tenant in the

event of a breach by the Landlord of any of its obligations. Such exculpation of liability shall be absolute without any exception whatsoever.

(p) Tenant shall be solely responsible for the cost of installation and maintenance of any high-speed cable or fiber optic that Tenant requires in the Premises. Landlord shall provide reasonable access to the Building's electrical lines, feeders, risers, wiring and other machinery to enable Tenant to install high speed cable or fiber optic to serve its intended purpose, if any. All such cabling installed by Tenant shall be subject to Landlord's prior written approval and shall be tagged by Tenant at their point of entry into the Building, at the terminal end of the cable and in the riser closet indicating the type of cable, the Tenant's name and the service provided. Installation of cabling and/or low voltage wiring shall be performed by vendors reasonably approved by Landlord in advance of working in the Building. Tenant shall be responsible for the removal of such cabling and fiber optic at the termination or expiration of the Lease Term or the early termination of the Tenant's right to occupy the Premises. Failure to remove any abandoned or unused cabling at the expiration or termination of this Lease or the early termination of Tenant's right to occupy the Premises will be deemed to be a holdover under this Lease. In the event Tenant fails to remove such cabling as set forth herein, Landlord may, but shall not be obligated to, remove such cabling, all at Tenant's sole cost and expense.

(q) Any agreement by Landlord for free or abated rent or other charges applicable to the Premises, or for the giving or paying by Landlord to or for Tenant of any cash or other bonus, inducement or consideration for Tenant's entering into this Lease, including, but not limited to, any rent abatement, free rent, tenant finish allowance, free parking or commissions, all of which concessions are hereinafter referred to as "**Inducement Provision**" shall be deemed conditioned upon Tenant's full and faithful performance of all of the terms, covenants and conditions of the Lease to be performed or observed by Tenant during the term hereof as the same may be extended. Upon the occurrence of an uncured act of default by Tenant, any such Inducement Provision shall automatically be deemed deleted from the Lease and of no further force or effect, and any Rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Landlord under such an Inducement Provision shall be immediately due and payable by Tenant to Landlord, and recoverable by Landlord, as Additional Rent due under the Lease. The acceptance by Landlord of Rent or the cure of the act of default by Tenant which initiated the operation of this subparagraph shall not be deemed a waiver by Landlord of the provisions of this subparagraph unless specifically so stated in writing by Landlord at the time of such acceptance.

(r) Upon periodic request from Landlord (but not more often than once per calendar quarter), Tenant shall report the number of people employed by Tenant at the Premises. This is needed so Landlord can deliver accurate data to local, state and/or federal authorities as it relates to Landlord's certification of the number of small and large businesses in occupying of the Building. Further, within ten (10) business days after Landlord's request, but not more than once per year, Tenant shall deliver to Landlord the then current financial statements of Tenant, which statements shall be certified by an officer of Tenant to be true and accurate. The terms and conditions of this Paragraph shall not be applicable if Tenant reports its financial condition to the United States Securities and Exchange Commission or if the financial statements of Tenant are readily available to the public. Landlord shall only request such financial statements for a legitimate business purpose, such as if requested by a prospective lender or purchaser, if Tenant is in default, if Tenant requests a consent to assignment or subletting, or if Tenant requests Landlord to subordinate its lien. Any such financial statements obtained by Landlord shall be kept strictly confidential and Landlord shall not disclose the same to any person or entity other than its

attorneys, accountants, lenders, equity partner(s), brokers, management agents, or, subject to the execution of a confidentiality and non-disclosure agreement reasonably acceptable to Tenant, others with a legitimate business interest in Landlord or the Building.

(s) SHOULD LANDLORD AND TENANT MUTUALLY AGREE IN WRITING TO RELOCATE TENANT WITHIN THE BUILDING PURSUANT TO TENANT REQUEST, TENANT SHALL PAY LANDLORD A FEE OF $500.00. ADDITIONALLY, TENANT SHALL REIMBURSE LANDLORD FOR ACTUAL REASONABLE COSTS INCURRED BY LANDLORD, INCLUDING BUT NOT LIMITED TO REPAINTING, REPAIRING THE ORIGINAL PREMIESS, RELOCATING SIGNAGE AND ANY OTHER FEES INCURRED.

24. **Landlord Reservations**. Landlord reserves the following rights, exercisable without notice (except as provided herein) and without liability to Tenant for damage or injury to property, person, or business, and without effecting an eviction, constructive or actual, or disturbance of Tenant's use or possession, or giving rise to any claim for set off or abatement of Rent:

(a) to change the Building's name or street address (and Landlord shall provide written notice to Tenant at least five (5) business days prior to any such address change);

(b) to install, affix, and maintain any and all signs on the exterior and interior of the Building or the Land;

(c) to designate and approve, prior to installation, all types of window shades, blinds, drapes, awnings, window ventilators, and other similar equipment in the Common Areas or visible outside of the Premises, and to control all internal lighting within the Common Areas or visible outside of the Premises;

(d) to retain at all times, and to use in appropriate instances, keys to all doors within and into the Premises. No locks or bolts shall be altered, changed, or added without the prior written consent of Landlord;

(e) to decorate or to make repairs, alterations, additions, or improvements, whether structural or otherwise, in and about the Building, or any part thereof, and for such purposes to enter upon the Premises, and during the continuance of said work to temporarily close doors, entryways, public spaces, and corridors in the Building, and to interrupt or temporarily suspend Building services and facilities, Landlord to use reasonable efforts to minimize any interruption or interference with Tenant's use or occupancy of the Premises when performing such work;

(f) to have and retain a paramount title to the Premises, free and clear of any act of Tenant;

(g) to grant to anyone the exclusive right to conduct any business or to render any services in the Building (excluding the Premises); and

(h) to approve the weight, size, and location of safes and other heavy equipment and articles in and about the Premises and the Building, and to require all such items and furniture to be moved into and out of the Building and the Premises only at such times and in such manner as Landlord shall direct in writing. Movement of Tenant's property into or out of the Building, and

within the Building solely at the risk and responsibility of Tenant, and Landlord reserves the right to require permits before allowing any such property to be moved into or out of the Building.

25. **Brokerage**. Landlord and Tenant each warrant to the other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting Jones Lang LaSalle ("**Tenant's Broker**"), on behalf of Tenant. Landlord is not represented by a broker. Tenant's Broker shall be paid per separate agreement. Landlord and Tenant shall indemnify the other party for any claims made by any brokers other than Tenant's Broker. Tenant shall indemnify and hold Landlord harmless for any claim to a commission by a broker not listed herein.

26. **Patriot Act Certification**. Tenant and Landlord each certifies to the other that neither such party, nor any of its constituent partners, managers, members or shareholders, nor any beneficial owner of such party or any such partner, manager, member or shareholder, nor any other representative or affiliate of such party is a "**Prohibited Person**," defined as (a) a person, entity or nation named as a terrorist, "Specially Designated National or Blocked Person," or other banned or blocked person pursuant to any law, order, rule or regulation that is enforced or administered by the U.S. Treasury Department's Office of Foreign Assets Control ("**OFAC**"), including, but not limited to, Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "**Executive Order**"), and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56, the "**Patriot Act**"); (b) a person, entity or nation owned or controlled by, or acting on behalf of, any person, entity or nation named as a terrorist, "Specially Designated National or Blocked Person," or other banned or blocked person pursuant to any law, order, rule or regulation that is enforced or administered by OFAC, including, but not limited to, the Executive Order and the Patriot Act; (c) a person, entity or nation engaged directly or indirectly in any activity prohibited by any law, order, rule or regulation that is enforced or administered by OFAC, including, but not limited to, the Executive Order and the Patriot Act; (d) a person, entity or nation with whom the Landlord is prohibited from dealing or otherwise engaging in any transaction pursuant to any terrorism or money laundering law, including, but not limited to, the Executive Order and the Patriot Act; (e) a person, entity or nation that has been convicted, pleaded nolo contendere, indicted, arraigned or custodially detained on charges involving money laundering or predicate crimes to money laundering; or (f) a person, entity or nation who is affiliated with any person, entity or nation who is described above in subparagraphs (a) through (e) above. each party agrees to indemnify and save the other party and its representatives and -managing agent and mortgagee harmless against and from any and all claims, damages, losses, risks, liabilities and expenses, including attorneys' fees and costs, arising from or related to any breach of the foregoing certification.

27. **Landlord's Representations**. Landlord represents and warrants to Tenant that (unless otherwise indicated) as of the Effective Date:

(a) Landlord has good and marketable fee simple title to the Premises and the Land, with full right and authority to lease the Premises to Tenant;

(b) to Landlord's knowledge (but without independent investigation), there are no covenants, restrictions or other agreements that would interfere with the Permitted Use;

(c) to Landlord's knowledge: (i) neither the Building nor Land is in violation of any applicable laws relating to the treatment, storage, processing or disposal of hazardous materials; and (ii) there are not and have not been any releases of hazardous materials at, on or

under the Building or Land that would give rise to a cleanup or remediation obligation under any applicable law; and

(d) to Landlord's knowledge, as of the Commencement Date: (i) the Building will comply with all laws and will be free from any material defect in materials or workmanship (excluding, however, any work performed in the Premises by Tenant); (ii) the Premises will be in good, structurally sound condition and watertight; (iii) the Building utilities and mechanical, electrical and HVAC systems will be in good, working condition and repair; (iv) there are no pending Condemnation Proceeding relating to or affecting the Building or Land, and Landlord has no current, actual knowledge that any such action is presently threatened or contemplated; and (v) as of the Commencement Date, Tenant shall have exclusive possession of the Premises.

IN WITNESS WHEREOF, the parties have duly executed this Lease the day and year first above written.

[*signatures on following page]*

LANDLORD:

INDUSTRY OFFICE SLC, LLC,
a Delaware limited liability company

By: DocuSigned by: H. Jason Winkler
769EBC2E099A4F7...
Name: H. Jason Winkler
Title: Manager

Dated: February 10, 2021

TENANT:

RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation

By: DocuSigned by: Tina Larson
634721AC2C3442E...
Tina Larson, President and COO

Dated: February 10, 2021

RIDER TO LEASE

ADDITIONAL PROVISIONS

1. **This Rider Controls.** The provisions set forth in this Rider control to the extent they conflict with any provision or provisions set forth in the body of this Lease.

2. **Extension Options.** Tenant shall have the right and option to extend the Lease for two (2) consecutive periods of one (1) year each under the same terms and conditions as stated in the Lease (each an "**Extension Option**"), with the exceptions that (a) no further extension options shall exist, and (b) monthly rental for such extension term shall be as follows:

FIRST EXTENSION OPTION

BASE RENT (OFFICE PREMISES)

Period	Annual Base Rent PSF	Estimated Expenses PSF*	Estimated Monthly Rent
Month 25 – Month 36	$26.52	$TBD	

BASE RENT (LABORATORY PREMISES)

Period	Annual Base Rent PSF	Estimated Expenses PSF*	Estimated Monthly Rent
Month 25 – Month 36	$19.10	$TBD	

SECOND EXTENSION OPTION

BASE RENT (OFFICE PREMISES)

Period	Annual Base Rent PSF	Estimated Expenses PSF*	Estimated Monthly Rent
Month 36 – Month 48	$27.32	$TBD	

BASE RENT (LABORATORY PREMISES)

Period	Annual Base Rent PSF	Estimated Expenses PSF*	Estimated Monthly Rent
Month 36 – Month 48	$19.67	$TBD	

* Estimate only. Additional Rent, including Building Expenses and Amenity Expenses, shall be calculated and reconciled as set forth in Paragraph 4 of the Lease.

Each Extension Option shall be exercisable by Tenant, if at all, only by timely delivery to Landlord of written notice of election at least six (6) months prior to the expiration of the then current Expiration Date, but no earlier than twelve (12) months prior to the expiration of the then current Expiration Date. The option herein granted shall be deemed to be personal to Tenant, and if Tenant subleases any portion of the Premises or otherwise assigns or transfers any interest thereof to another party (other than a Permitted Transfer), such option shall lapse. In the event that Tenant is in default of any term or condition at the time of its exercise notice beyond any applicable notice and grace period, then there shall be no extension or renewal of the Lease as provided herein. As they apply to Tenant's right to extend the term of the Lease, the parties acknowledge and agree that the terms "extend," "extension," "renew," and/or "renewal" shall be deemed the same.

3. Potential Expansion. Landlord shall use commercially reasonable efforts to accommodate Tenant's requirements for additional space. Any such expansion shall be subject to the parties agreeing on mutually acceptable terms, including then market rental. In the event that a mutually satisfactory agreement for larger space or additional space is reached, Landlord and Tenant shall enter into a new lease or amendment to the Lease for such space. Any expansion or relocation to larger space is contingent upon availability, the parties agreeing upon all applicable terms and conditions, and the full execution of a new lease or amendment.

4. Americans With Disabilities Act. Landlord and Tenant acknowledge that in accordance with the provisions of the Americans with Disabilities Act (the "**ADA**"), responsibility for compliance with the terms and conditions of Title III of the ADA may be allocated as between Landlord and Tenant. Notwithstanding anything to the contrary contained in the Lease, Landlord and Tenant agree that the responsibility for compliance with the ADA shall be allocated as follows: (i) Tenant shall be responsible for compliance with the provisions of Title III of the ADA with respect to existing conditions within the Premises (including, without limitation, the entry and doors thereto) during the Term (not including compliance with the ADA of initial improvements constructed as Landlord's Work in the Premises) and the construction by Tenant of alterations within the Premises; and (ii) Landlord shall be responsible for compliance with the provisions of Title III of the ADA with respect to the exterior of the Building, parking areas, sidewalks and walkways, and the areas appurtenant thereto, together with all other common areas of the Building not included within the Premises, and for the initial improvements constructed as Landlord's Work in the Premises. Landlord and Tenant each agree to indemnify and hold each other harmless from and against any claims, damages, costs, and liabilities arising out of Landlord's or Tenant's failure, as the case may be, to comply with Title III of the ADA as set forth above, which indemnification obligation shall survive the expiration or termination of this Lease. Landlord and Tenant each agree that the allocation of responsibility for ADA compliance shall not require Landlord or Tenant to supervise, monitor, or otherwise review the compliance activities of the other with respect to its assumed responsibilities for ADA compliance as set forth herein.

5. Generator and Outdoor Equipment.

(a) Subject to the terms and conditions hereinafter set forth, Tenant shall have the right to install and maintain, at Tenant's option, tanks for liquid nitrogen and non-flammable gases, chillers, and, for the purpose of providing auxiliary and/or emergency electric power to the Premises, one or more portable or permanent diesel powered or natural gas electric generators and related equipment (each, a "**Generator**"), each in the locations that are acceptable to Tenant and reasonably acceptable to Landlord.

(b) Tenant shall submit to Landlord for approval plans for the Generator (including connections and related equipment) which plans shall specify noise levels. Landlord shall not unreasonably withhold or delay its approval for said plans. Tenant shall also provide to Landlord completed and true and accurate Material Safety Data Sheets for all chemicals or other materials used in connection with the Generator or upon the Premises.

(c) Tenant shall comply with Section 8(c) above and all ordinances, codes and regulations regarding the Generator (including the storage and handling of diesel fuel or other petroleum products) and shall obtain all permits therefor. Prior to commencing installation, Tenant shall provide Landlord with (i) copies of all required governmental and quasi-governmental permits, licenses and authorizations which Tenant will obtain at its own expense and which Tenant will maintain at all time during the operation of the Generator; and (ii) a certificate of insurance evidencing insurance coverage as required by this Lease and any other insurance reasonably required by Landlord for the installation and operation of the Generator. Landlord may reasonably withhold approval if the installation or operation of the Generator may damage the structural integrity of the Building, interfere with any Building systems, or violate any applicable laws.

(d) All cost of installation, operation, maintenance and removal of the Generator shall be the obligation of Tenant, including the cost of repair for damage to any portion of the Land or Building caused by such installation, operation, maintenance or removal. Tenant warrants and represents that (i) Tenant shall repair in a good and workmanlike manner any damage to the Land and/or Building caused by the installation of the Generator, (ii) the operation and maintenance of the Generator shall not cause interference with any mechanical or other systems either located at or servicing the Property, and (iii) the installation, existence, maintenance and operation of the Generator shall not constitute a violation of any applicable laws, ordinances, rules, orders, regulations, etc. of any federal, state, county and municipal authorities having jurisdiction thereover. The installation of the Generator shall be made subject to and in accordance with all of the provisions of the Lease. The contractors performing the installation of the Generator and/or performing any work on the Land and Building shall be approved or designated by Landlord prior to the commencement of any work, which approval shall not be unreasonably withheld or delayed.

(e) Tenant shall indemnify and hold Landlord harmless from any and all damages, injury, loss, liability, costs or claims (including, without limitation, court costs and reasonable attorneys' fees) directly or indirectly resulting from the installation, operation, maintenance or removal of the Generator, except to the extent due to Landlord's negligence or willful misconduct.

6. **Rooftop Equipment.** In connection with Tenant's Permitted Use, Tenant may, at its sole cost and expense, install and operate (for Tenant's own use and not for use by third parties or "for profit" services provided for the benefit of third parties) during the Term, venting stacks and mechanical equipment (hereinafter the "**Rooftop Equipment**") on the roof of the Building at a location mutually acceptable to Landlord and Tenant (hereinafter the "**Installation Area**"). The installation of such Rooftop Equipment shall be subject to the following:

(a) Tenant shall not install or operate the Rooftop Equipment until the final location of the Rooftop Equipment receives prior written approval from Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. Without limitation to the generality of the preceding sentence, it shall not be unreasonable for Landlord to withhold approval if the location of any Rooftop Equipment if such location may (i) damage the Building or roof membrane, or (ii) limit or void the roof warranty. Prior to commencing installation, Tenant shall provide Landlord

with (1) detailed plans and specifications for the installation of the Rooftop Equipment, (2) copies of all required permits, licenses and authorizations, which Tenant will obtain at its own expense and which Tenant will maintain at all times during the operation of the Rooftop Equipment, and (3) a Certificate of Insurance evidencing insurance coverage as required by this Lease and any other insurance reasonably required by Landlord for the installation and operation of the Rooftop Equipment.

(b) Tenant warrants and represents that (i) Tenant shall repair in a good and workmanlike manner any damage to the roof of the Building caused by the installation of the Rooftop Equipment, (ii) the maintenance of the Rooftop Equipment on the roof or the operation thereof shall not cause interference with any telecommunications, mechanical or other systems either located at or servicing the Building (whether belonging to or utilized by Landlord or any other tenant or occupant of the Building) or located at or servicing any building, premises or location in the vicinity of the Building limited however to that permissible under applicable F.C.C. regulations to the extent that such regulations apply, (iii) the installation, existence, maintenance and operation of the Rooftop Equipment shall not constitute a violation of any applicable laws, ordinances, rules, orders, regulations, etc. of any federal, state, county and municipal authorities having jurisdiction thereover.

(c) The installation of the Rooftop Equipment shall be made subject to and in accordance with all of the provisions of this Lease. The contractors performing the installation of the Rooftop Equipment and/or performing any work on or to the roof or risers of the Building shall be reasonably approved by Landlord prior to the commencement of any work, which approval shall not be unreasonably withheld, conditioned, or delayed.

(d) Tenant covenants and agrees that the installation, operation and removal of the Rooftop Equipment (if required to be removed by Tenant under Paragraph 9 of the Lease) will be at its sole risk. Without limiting the generality of any indemnities set forth in the Lease, Tenant agrees to indemnify and defend Landlord against all claims, actions, damages, liabilities and expenses including reasonable attorney's fees and disbursements in connection with the loss of life, personal injury, damage to property or business or any other loss or injury or as a result of any litigation arising out of the installation, operation or removal of the Rooftop Equipment (if required to be removed by Tenant under Paragraph 9 of the Lease), except to the extent due to Landlord's negligence or willful misconduct.

(e) Landlord, in its commercially reasonable discretion, may require Tenant, at any time prior to the Expiration Date, to terminate the operation of the Rooftop Equipment if it is causing physical damage to the structural exterior of the Building, interfering with any other service provided to other tenants in the Building, or violates FCC regulations or applicable law. Notwithstanding the foregoing, if Tenant can correct the damage or disturbance caused by the Rooftop Equipment to Landlord's reasonable satisfaction, Tenant may restore its operation. If the Rooftop Equipment is not corrected and restored to operation within thirty (30) days, Landlord, at its sole option, may require that Tenant remove the Rooftop Equipment at its own expense.

(f) At the expiration or sooner termination of this Lease (except as otherwise set forth in Paragraph 9 of this Lease), or upon termination of the operation of the Rooftop Equipment, or revocation of any license issued, Tenant shall remove the Rooftop Equipment (and all associated wiring and other appurtenances) from the Building and repair any damage caused thereby, at Tenant's sole cost and expense. Tenant shall leave the Installation Area in good order and repair.

If Tenant does not remove the Rooftop Equipment when so required, Tenant hereby authorizes Landlord to remove and dispose of the Rooftop Equipment and to charge Tenant for all reasonable costs and expenses incurred.

7. Medical Use Provisions. The purpose of this Section is to address some, but not all, of Landlord's specific concerns about Tenant's Permitted Use. The terms and conditions of this Section shall be in addition to and not limit the generality of any other term or condition of the Lease.

(a) Bio-Medical Hazardous Materials - Compliance with Laws. During the Term of the Lease, Tenant shall comply with all statutes, ordinances, rules, orders, regulations and requirements of the federal, state, county and city governments and all departments thereof applicable to the presence, generation, storage, use, disposal, and removal of medicines, drugs, needles, medical waste, biological waste and any and all substances related thereto (collectively, "**bio-medical hazardous materials**") in, on or about the Premises. Tenant shall at all times maintain all licenses necessary to conduct the Permitted Use.

(b) Bio-Medical Hazardous Materials - Indemnification. Without limiting the generality of any indemnities set forth in the Lease, Tenant agrees to indemnify and forever hold harmless Landlord, its agents, successors, and assigns, and Landlord's mortgagee(s), as their interest may appear, from all claims, losses, damages, expenses and costs, including, but not limited to, attorneys' fees and clean up costs, incurred by reason of Tenant's presence, generation, storage, use, disposal and removal of bio-medical hazardous materials in, on, or about the Premises, or any part of the Land or Building. Tenant's obligation to observe or perform this covenant shall survive the Expiration Date or earlier termination of this Lease.

8. Signage. Tenant shall have the right to install, at Tenant's expense, identification signage on the Building on the north-facing Building façade fronting 600 South and in such other locations and designs that are mutually acceptable to Landlord and Tenant acting reasonably and in good faith. All such signage shall comply with applicable municipal code requirements and ordinances and shall be subject to Landlord's approval, which approval shall not be unreasonably withheld, conditioned, or delayed. All costs associated with the fabrication, installation, maintenance, removal and replacement of Tenant's signage shall be the sole responsibility of Tenant, and Tenant shall maintain such signage in good condition and repair. Tenant shall remove such signage and repair any damage caused thereby, at its sole cost and expense, upon the expiration or sooner termination of the Lease. Tenant shall also have the right, at Landlord's expense, to be listed in any building directory or interior signage that Landlord provides for other tenants of the Building.

9. Conflict. In the event of any express conflict or inconsistency between the terms of this Rider and the terms of the Lease, the terms of this Rider shall control and govern.

EXHIBIT A-1

LEGAL DESCRIPTION

PARCEL 1:

LOTS 1 AND 2, SIXTH SOUTH COMMERCIAL SUBDIVISION, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE AND OF RECORD IN THE SALT LAKE COUNTY RECORDERS OFFICE.

PARCEL 2:

EASEMENTS FOR ACCESS, INGRESS AND EGRESS APPURTENANT TO LOT 1 OF PARCEL 1 PURSUANT TO THAT CERTAIN GRANT OF EASEMENT DATED OCTOBER 09, 2002 AND RECORDED OCTOBER 10, 2002 AS ENTRY NO. 8382515 IN BOOK 8663 AT PAGE 8444 OF OFFICIAL RECORDS.

EXHIBIT A-2

DEPICTION OF PARKING AREA

Unreserved Surface Parking until completion of parking structure.

*Note: This area is approximate and subject to changes based on construction activity and life/safety considerations.

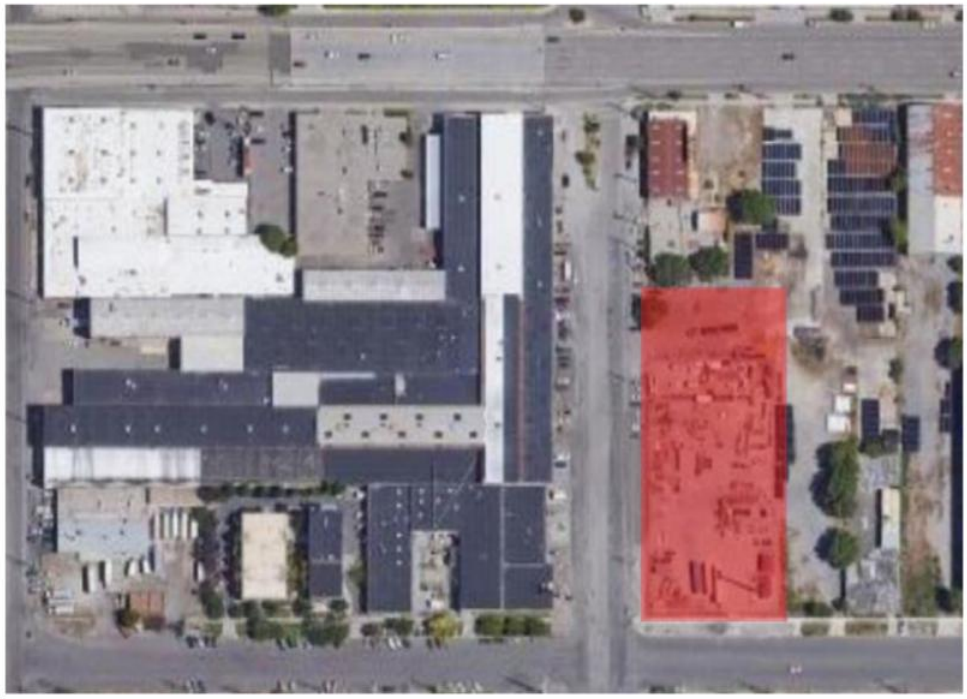


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EXHIBIT B

DEPICTION OF THE PREMISES

[to be attached on or before March 31, 2021]

EXHIBIT C

WORK LETTER

The terms used herein shall have the meanings ascribed to them in the Lease, unless otherwise specifically stated herein.

1. Plans and Schedule. The "**Plans**" shall be those certain space plans to be prepared as soon as reasonably practicable by a licensed architect and mutually agreed upon by Landlord and Tenant, a copy of which shall be attached hereto as **Exhibit C-1**, for the work to be completed Landlord within the Office Premises (the "**Office Improvements**"), which shall be consistent with the specifications set forth on **Exhibit C-2** (the "**Office Specifications**"), and Laboratory Premises in accordance with this Work Letter. The parties acknowledge and agree that Landlord requires certain specification and other information from Tenant in order to prepare the Plans and complete Landlord's Work ("**Tenant's Specifications**"). The "**Schedule**" shall be the design and construction schedule prepared by Landlord, with input by Tenant, with each party working cooperatively and in good faith, for the completion of Landlord's Work, the timing of Tenant's entry within the Premises prior to the Commencement Date, and the completion of Tenant's work within the Laboratory Premises. The parties shall endeavor to complete the Schedule and attach it as an exhibit to this Work Letter as **Exhibit C-3** by no later than March 31, 2021, subject to each party's review and approval of the same. The Schedule shall include the following key dates and milestones and any other dates/milestones that are mutually agreed to by the parties:

(a) the estimated Commencement Date;

(b) the estimated Landlord Substantial Completion Date (as defined below);

(c) the date by which Tenant is required to deliver Tenant's Specifications to Landlord; and

(d) the conditions precedent and target dates for Tenant's entry within the Premises for purposes of completing its improvements within the Laboratory Premises.

2. Objectives; Landlord's Work.

The parties acknowledge and agree that the successful and timely completion of Landlord's Work (as defined below) and Tenant's improvements within the Laboratory Premises will require the parties to work together cooperatively and in good faith and to closely coordinate concerning all aspects of the design and construction of Landlord's Work and Tenant's improvements within the Laboratory Premises. The intent of the parties is to establish and maintain a collaborative design and construction process to meet the deadlines and other requirements set forth in this Work Letter.

Subject to the limitations and terms set forth herein, Landlord shall furnish and install substantially and in all material respects in accordance with the Plans the materials and items described therein ("**Landlord's Work**"). Landlord's Work within the Office Premises shall be delivered "turnkey" in accordance with the Office Specifications. Landlord's Work within the Laboratory Premises shall be delivered in Warm Shell Condition, as defined below; provided, however, that (i) Landlord shall only be obligated to pay the cost of constructing and delivering the Laboratory Premises in Warm Shell Condition (as defined below) and the Office Premises in accordance with the Office

Specifications, and (ii) all costs of Landlord's Work or the Plans in excess of constructing the Warm Shell Condition for the Laboratory Premises or the Office Premises in excess of the Office Specifications shall be borne by Tenant pursuant to Section 3 below.

As used herein, "**Warm Shell Condition**" is as follows:

- A minimum 4" thick continuous flat concrete slab without plane changes, and a vapor barrier per Landlord's design. Any additional specialty costs will be borne by Tenant. Flat floor shall specifically be ACI Standards for FFL.
- Footings and mezzanine adequate for office use per co-design (the mezzanine shall be built to INDUSTRY standards with stairs (and no additional conveyance) and metal perimeter railing). The mezzanine shall have a polished concrete floor, and shall be without a drop ceiling or exterior drywall partitions.
- All demolition (demo plan attached as part of the Plans) complete, including non-bearing walls between columns per Landlord plans.
- Landlord, as part of Landlord's Work, shall provide adequate power (and associated INDUSTRY-standard distribution) in the office area of the Premises. In the event there is not sufficient power available to power the Laboratory Premises, the cost of sourcing additional power shall be at Tenant's cost. Landlord shall provide a single 200 amp electrical panel in the Laboratory Premises as part of Landlord's Work. Power distribution in the Laboratory Premises shall be at Tenant's sole cost.
- Water and gas lines stubbed into the Premises consistent with the Building's office standard (and any additional water service, new taps and upgrades to existing recently installed 12" city main line located in the 500 W ROW shall be at Tenant's cost). If Tenant requires additional gas than is currently available, then Tenant shall pay for additional cost.
- 4" Sewer line lateral stubbed to the Premises. Any sewer upgrades beyond the specifications set forth herein shall be borne by Tenant.
- INDUSTRY-standard HVAC units and capacity for the entirety of the space including main trunk and distribution lines per Landlord and Tenant codesign; Additional structural cost for added mass and weight distribution cost shall be borne by Tenant including additional infrastructure and RTU's above INDUSTRY standard.
- Building envelope shall be complete, watertight, and meet all code requirements as designed by Landlord.
- Space on the roof for Tenant equipment including ventilation stacks and other HVAC equipment. Any additional structural reinforcement and engineering analysis will be at Tenant's sole cost and expense. Any damage to the roof or other equipment shall be repaired at Tenant's sole cost.
- Exterior walls framed and insulated per building standard (B Occupancy Code Requirements).
- INDUSTRY-standard fire suppression wet system designed and installed throughout the office portion of the Premises plus sprinklers installed for shell condition in the Laboratory Premises. All costs to redesign the sprinkler system and costs for additional distribution throughout the Laboratory Premises will be borne by Tenant including but not limited to increased piping size, additional pumps to meet flow rates (if necessary), any specialty suppression and/or air evacuation system.

- Existing INDUSTRY SLC building fire alarm system panel for Tenant to tie into and all fire alarm devices required per building standard (B Occupancy Code Requirements).
- INDUSTRY-standard restroom group, complete with an ADA compliant restroom stall, and code compliant electrical closets, and janitor closets.
- Adequate egress doors for typical office use including ADA and exterior lighting requirements.
- Exterior patio(s) adjacent to the Premises – per co-design.
- No window coverings shall be provided by Landlord.
- Exterior walls drywalled and primed where appropriate per Tenant and Landlord co-design.
- One (1) 14' x 14' loading dock and door accessible by tractor trailer trucks (either at Building grade or above grade with internal ramps) in a location mutually approved by Landlord and Tenant.

3. Cost of Landlord Work. The cost of delivering to Tenant the Office Premises in accordance with the Office Specifications and the Laboratory Premises in Warm Shell Condition as set forth in Section 2 above shall, subject to any Change Orders (defined below), be borne by Landlord, and all other hard and soft construction costs associated with Landlord's Work shall be borne by Tenant.

Notwithstanding the foregoing, Landlord shall provide to Tenant a credit against Tenant's future Base Rent obligations, in an amount not to exceed Ten and No/100 Dollars ($10.00) per RSF of space in the Laboratory Premises, of Tenant's cost of constructing the Laboratory Premises. By way of example and not limitation, if the Laboratory Premises are determined to be 30,000 RSF, and Tenant spends at least $300,000.00 toward constructing the Laboratory Premises as is evidenced by paid invoices, lien waivers, and any other documentation reasonably requested by Landlord, then Landlord shall provide to Tenant a credit in the amount of $300,000.00 against Tenant's future Base Rent obligations.

No later than sixty (60) days after receipt of Tenant's Specifications, Landlord shall cause to be prepared a budget and cost estimate for the construction of Landlord's Work and all work reflected on the Plans, which budget and estimate shall be provided to Tenant and shall be based on actual bids received by contractors for such work. Tenant shall have thirty (30) days after receipt of the budget and cost estimate to pay to Landlord all costs of Landlord's Work and the Plans in excess of the cost of (a) the Office Specifications for the Office Premises, and/or (b) the Warm Shell Condition for the Laboratory Premises ("**Excess Costs**"). If Tenant fails to pay the Excess Costs within thirty (30) days, then Landlord may, in its sole discretion, (i) keep this Lease in full force and effect, in which case Landlord shall retain all of its rights and remedies set forth in the Lease or at law or equity; or (ii) terminate this Lease, in which case this Lease shall terminate on the date set forth in Landlord's notice, and Tenant shall reimburse to Landlord all actual and reasonable third-party costs incurred by Landlord in constructing Landlord's Work. If the actual cost to construct Landlord's Work is less than the amount that Tenant has paid Landlord for such Excess Costs, Landlord shall reimburse Tenant within thirty (30) days of completion of Landlord's Work.

4. Extra Work; Omissions; Change Orders.

(a) Tenant may request substitutions, additional or extra work and/or materials over and above Landlord's Work ("**Change Order**") to be performed by Landlord, provided that the

Change Order, in Landlord's reasonable judgment: (1) shall not delay completion of the Warm Shell Condition or Landlord's Work or otherwise delay the Commencement Date of the Lease; (2) shall be practicable and consistent with existing physical conditions in the Building and any other plans for the Building which have been filed with the appropriate municipality or other governmental authorities having jurisdiction thereover; (3) shall not impair Landlord's ability to perform any of Landlord's obligations hereunder or under the Lease or any other lease of space in the Building; and (4) shall not affect any portion of the Building other than the Premises. All Change Orders shall require the installation of new materials at least comparable to Building standards and any substitution shall be of equal or greater quality than that for which it is substituted.

(b) In the event Tenant requests Landlord to perform the work specified in the Change Order and if Landlord accedes to such request, then and in that event, prior to commencing such work, Landlord shall submit to Tenant a written estimate ("**Estimate**") for said Change Order. Within five (5) business days after Landlord's submission of the Estimate, Tenant shall, in writing, either accept or reject the Estimate. Tenant's failure either to accept or reject the Estimate within said five (5) day period shall be deemed rejection thereof. In the event that Tenant rejects the Estimate or the Estimate is deemed rejected, Tenant shall within five (5) business days after such rejection propose to Landlord such necessary revisions of the Plans so as to enable Landlord to proceed as though no such Change Order had been requested. Should Tenant fail to submit such proposals regarding necessary revisions of the Plans within said five (5) business day period, Landlord, in its sole discretion, may proceed to complete Landlord's Work in accordance with the Plans already submitted, with such variations as in Landlord's sole discretion may be necessary so as to eliminate the Change Order.

(c) Tenant may request the omission of an item of Landlord's Work, provided that such omission shall not delay the completion of Landlord's Work and Landlord thereafter shall not be obligated to install the same. Credits for items deleted or not installed shall be granted in amounts equal to credits obtainable from subcontractors or materialmen. In no event shall there be any cash credits.

(d) In the event Landlord performs any work specified in the Change Order, Tenant shall pay to Landlord, upon acceptance of the Estimate a sum equal to the Estimate. If the cost of such Change Order is less than the estimate, Tenant shall be entitled to a refund or credit for the difference between the Estimate and the actual cost of such Change Order.

5. **Punch Walk.** When Landlord and its general contractor are of the reasonable opinion that completion of (a) Landlord's Work within the Office Premises in accordance with the Office Specifications or (b) Warm Shell Condition within the Laboratory Premises has been achieved, then Landlord shall so notify Tenant. Tenant agrees that upon such notification, Landlord and Tenant shall jointly (with Landlord's general contractor) promptly (on one (1) occasion and not later than five (5) business days after the date of Landlord's said notice) inspect the Office Premises or Laboratory Premises, as applicable, and furnish to Landlord a written statement that, as applicable, the Office Premises have been completed in accordance with the Office Specifications or the Laboratory Premises are in Warm Shell Condition (or Tenant shall set forth in such notice such items that remain uncompleted and that require completion in order for Landlord's Work within such portion of the Premises to be deemed complete, which Landlord shall promptly complete within thirty (30) days of receipt of Tenant's written statement) with the exception of certain specified and enumerated items (hereinafter referred to as the "**Punch List**").

6. Substantial Completion Date. Landlord's Work shall be deemed substantially complete when Landlord's Work as set forth on the Plans have been completed, excepting only minor or cosmetic items that will not materially and adversely affect Tenant's use or occupancy of the Office Premises or its completion of its improvements within the Laboratory Premises. It is mutually agreed that if the Punch List consists only of items which would not materially impair Tenant's use or occupancy of the Office Premises or its completion of improvement within the Laboratory Premises, then, in such event, Tenant will acknowledge in writing that Landlord's Work is complete ("**Landlord Substantial Completion Date**" or "**Date of Landlord's Substantial Completion**"); provided, however, that such acknowledgment of acceptance shall not relieve Landlord of its obligations to promptly complete all such Punch List items. Notwithstanding the foregoing, in no event shall Landlord be obligated to repair latent defects, not originally listed on the Punch List, beyond a period of one (1) year after the Substantial Completion Date, as defined above. Promptly after the Commencement Date, the parties will execute an instrument in the form attached hereto as **Exhibit E**, confirming the Substantial Completion Date, the Commencement Date and the Expiration Date.

7. Landlord Obligations; Tenant Delay.

(a) Landlord's Obligation. Landlord shall use diligent and good faith efforts to complete Landlord's Work by the estimated Landlord Substantial Completion Date set forth in the Schedule. If Landlord fails to complete Landlord's Work by the estimated Landlord Substantial Completion Date (subject to extension due to any Change Orders, or due to force majeure or Tenant Delay, as each is defined below), this Lease shall continue in full force and effect and Tenant may extend the Commencement Date and the Outside Commencement Date by one day for each day of such delay. Notwithstanding anything contained in this Work Letter to the contrary, there shall be no abatement of Rent and no deferral of the Commencement Date if Landlord's Work is not substantially complete by the Landlord Substantial Completion Date due to any Tenant Delay.

(b) Tenant Delay. As used herein, "**Tenant Delay**" shall mean any event or occurrence which delays the completion of any Landlord Work in the Premises which is caused by or is described as follows: (i) special work, changes, alterations or additions requested or made by Tenant in the design or finish in any part or the Premises after approval of the plans and specifications; (ii) Tenant's delay in submitting plans, supplying information, approving plans, specifications or estimates (including, without limitation, Tenant's Specifications, as defined in Section 1 above), giving authorizations or otherwise; (iii) Tenant's failure to approve or delay payment for such work (including Change Orders) as Landlord undertakes to complete at Tenant's expense; (iv) the performance or completion, non-completion or delay in completion by Tenant or any person engaged by Tenant of any work in or about the Premises; or (v) any special work, materials or installations requested by Tenant that are not included in the Plans. In the event the Landlord Substantial Completion Date is delayed due to one or more Tenant Delays, then the Landlord Substantial Completion date shall be modified to be the date Landlord's Work would have been complete but for any Tenant Delays and monthly Rent will commence accordingly.

(c) Force Majeure. As used herein, "**force majeure**" means any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, acts of war, acts of terrorism, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, civil commotions, fire or other casualty, and other causes beyond the reasonable control of the party

obligated to perform; provided, however that force majeure shall not apply to any monetary obligation owed by one party to the other, or to either party's obligations to carry the insurance requirements under the Lease.

8. Tenant's Entry Prior to Commencement Date. Tenant and its agents or laborers may enter the Premises subject to satisfaction of the milestones set forth in the Schedule at Tenant's sole risk in order to perform through Tenant's own contractors such work as Tenant may desire within the Laboratory Premises, at the same time that Landlord's contractors are working in the Premises. The foregoing license to enter prior to the Commencement Date, however, is conditioned upon Tenant's labor not materially interfering with Landlord's contractors. If at any time such entry shall cause material interference with Landlord's Work, this license may be withdrawn by Landlord upon five (5) days' written notice to Tenant; provided, however, the Commencement Date shall extend day for day (but no later than the Outside Commencement Date) until Tenant completes such improvements and has obtained a certificate of occupancy for the Premises. Such entry shall be deemed to be under and subject to all of the terms, covenants and conditions of the Lease, and Tenant shall comply with all of the provisions of the Lease which are the obligations or covenants of Tenant, except that the obligation to pay Rent shall not commence until the Commencement Date (but not later than the Outside Commencement Date). In the event that Tenant's agents or laborers incur any charges from Landlord, including, but not limited to, charges for use of construction or hoisting equipment on the Building site, such charges shall be deemed an obligation of Tenant and shall be collectible as Rent pursuant to the Lease, and upon default in payment thereof, Landlord shall have the same remedies as for a default in payment of Rent pursuant to the Lease.

9. Landlord's Entry After Substantial Completion, Commencement Date. At any time after the Landlord Substantial Completion Date and prior to the Commencement Date, Landlord may enter the Premises in accordance with the provisions of the Lease to complete Punch List items and Landlord shall coordinate such entry and work within the Laboratory Premises with Tenant and Tenant's contractors so as not to materially interfere with Tenant's work. If such entry by Landlord is required after the Commencement Date, Landlord may enter the Premises in accordance with the provisions of the Lease to complete such remaining Punch List items and such entry by Landlord and its agents, servants, employees or contractors for such purpose shall not constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any abatement or diminution of Rent, or relieve Tenant from any obligation under this Lease, or impose any liability upon Landlord or its agents (except as set forth in the Lease). Tenant hereby accepts any and all reasonable disturbances associated with such entry and agrees to reasonably cooperate with Landlord (and such cooperation shall include, without limitation, moving furniture as necessary).

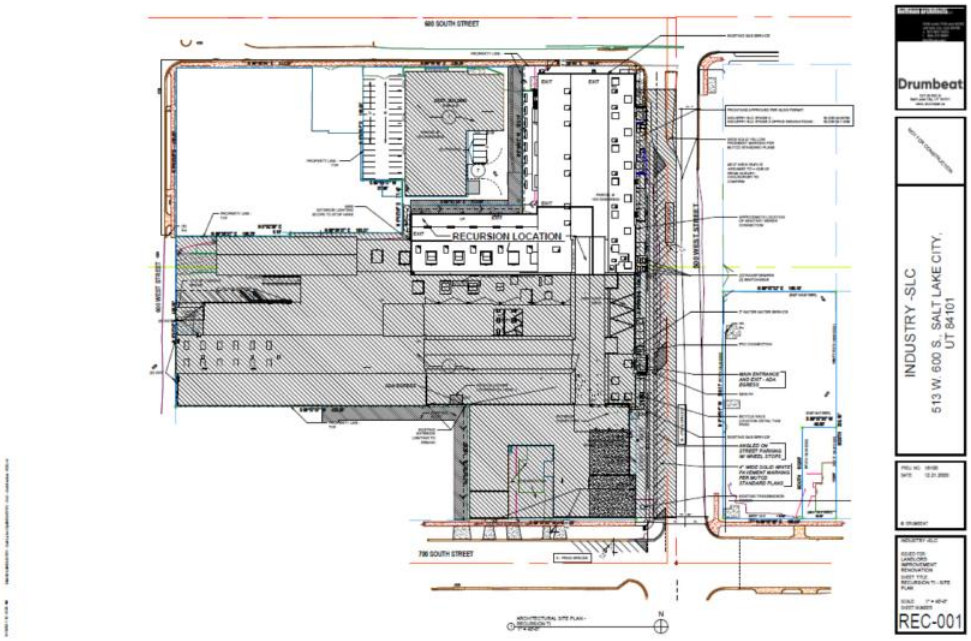
10. Delays. Landlord and Tenant mutually acknowledge that Landlord's construction process in order to complete Landlord's Work and Tenant's construction process to complete its improvements to the Laboratory Premises each requires a coordination of activities of Landlord and Tenant and a compliance by Tenant and Landlord without delay of all obligations imposed upon Tenant and Landlord pursuant to this **Exhibit C** and that time is of the essence in the performance of Tenant's obligations and Landlord's obligations hereunder and Tenant's and Landlord's compliance with the terms and provisions of this **Exhibit C**.

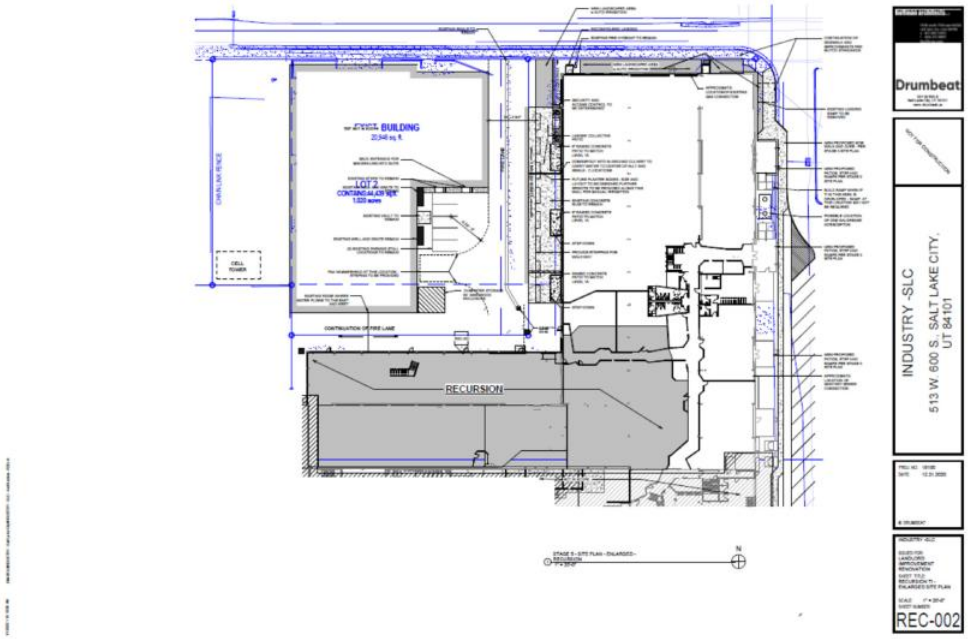
11. Provisions Subject to Lease. The provisions of this **Exhibit C** are specifically subject to the provisions of the Lease.

EXHIBIT C-1

PLANS

[The Plans depicted below are conceptual only and are subject to change as the design process proceeds.]





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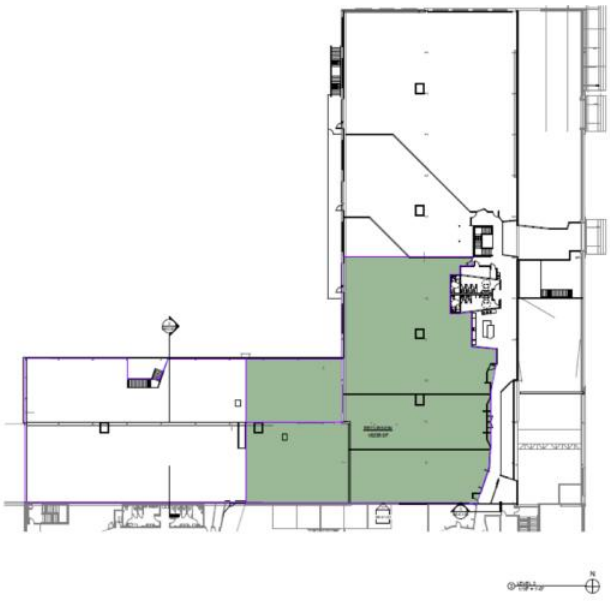

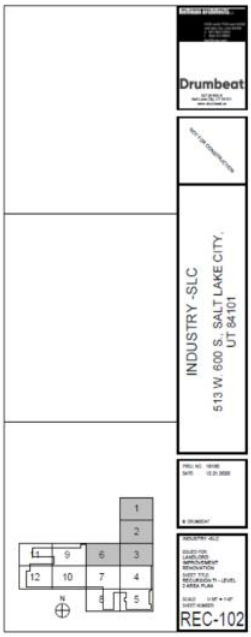

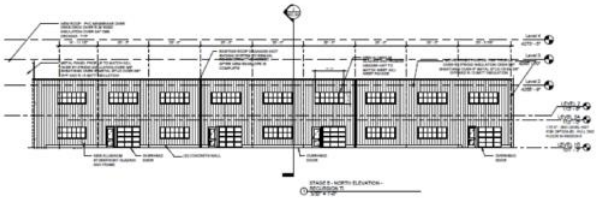

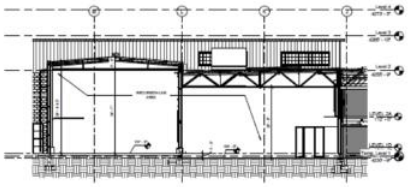

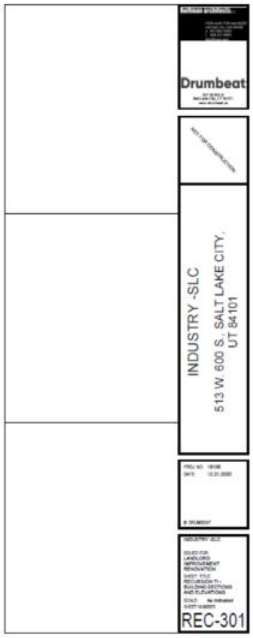

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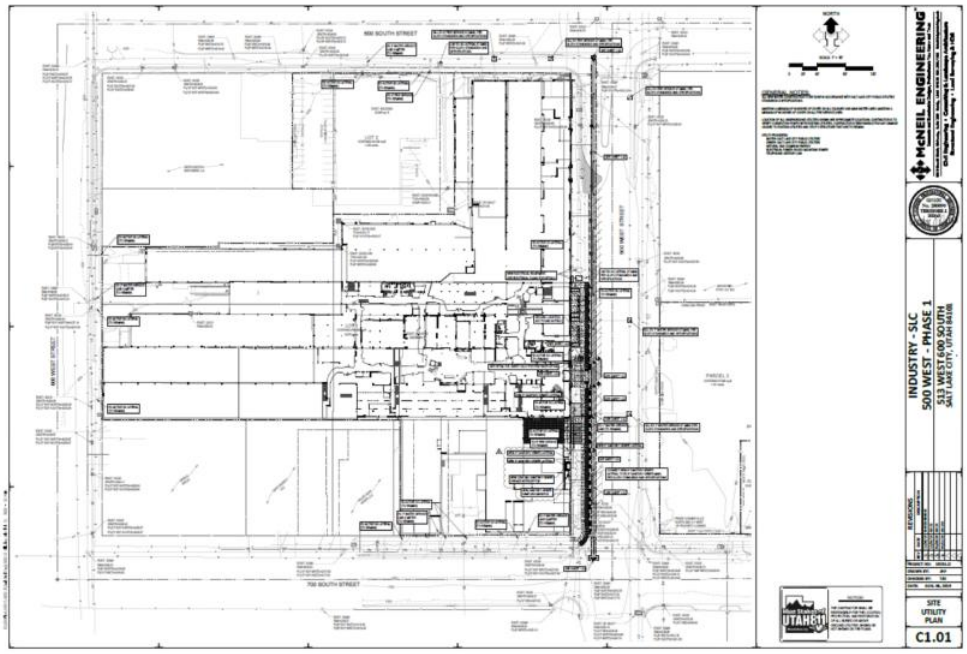

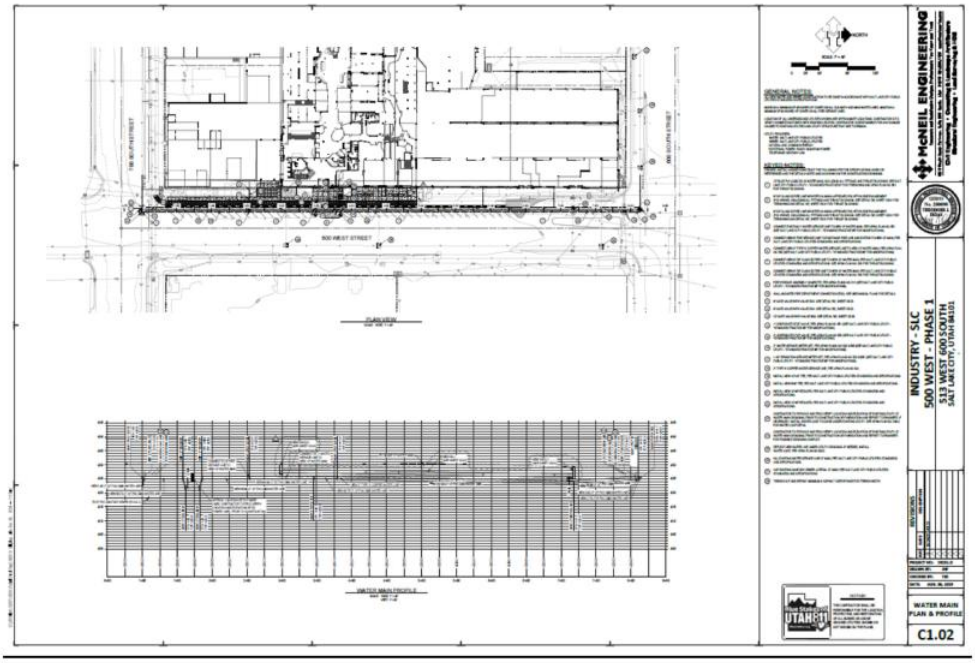

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EXHIBIT C-2

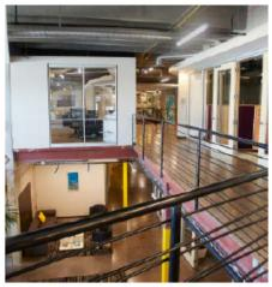
INDUSTRY-STANDARD OFFICE SPECIFICATIONS

INDUSTRY

WHAT IS INDUSTRY "TURN-KEY"?

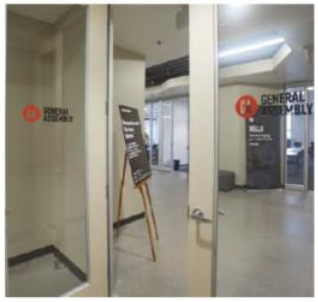
WALL SYSTEMS

Teknion Altos 9' glass walls and traditional drywall integration



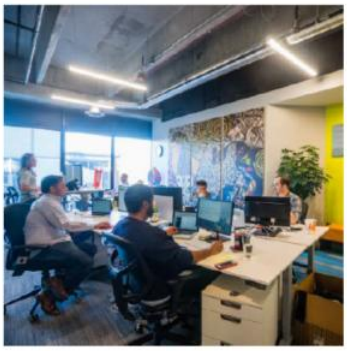
DOORS

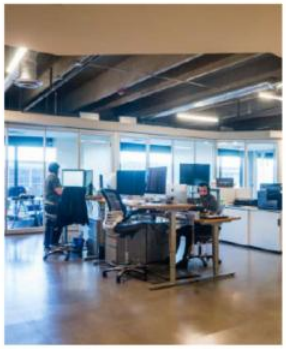
Teknion glass door on keyed entry



CEILING TYPES

Open and industrial
Closed-in with drywall





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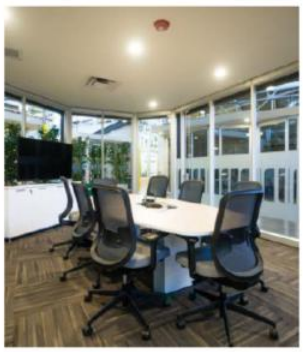
INDUSTRY

LIGHTING

Combination of LED can lights (dimmeable), LED srip lights and/or LED high-bay lighting as shown

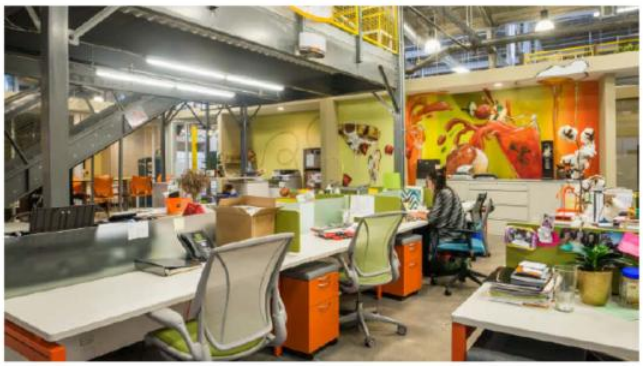


POWER

Standard power consistent with a modern commercial office

HVAC

RTU's with comprehensive (not individual suite) zones/ thermostats



FLOORING

Polished concrete and carpet

INDUSTRY

KITCHEN OPTIONS

EXHIBIT C-3

SCHEDULE

[to be attached on or before March 31, 2021]

EXHIBIT D

Intentionally omitted

EXHIBIT E

COMMENCEMENT DATE, PREMISES AREA MEASUREMENT AND BASE RENT CONFIRMATION CERTIFICATE

LANDLORD: **INDUSTRY OFFICE SLC, LLC**, a Delaware limited liability company

TENANT: Recursive Pharmaceuticals, Inc, a Delaware corporation

This Lease Commencement Certificate is made by Landlord and Tenant pursuant to that certain Lease (the "Lease") entered into as of _____ ___, 2021, for the premises known as Suite [_____] in the Building known as 650 South 500 West, Salt Lake City, Utah (the "Premises"). The Premises are confirmed to be [_____] rentable square feet, which is comprised of [_____] rentable square feet of Office Premises and [_____] rentable square feet of Laboratory Premises.

1. Lease Commencement Date. Landlord and Tenant acknowledge and agree that the Substantial Completion Date, as contemplated in the Lease, is _____, 20___, the Commencement Date, as contemplated by the Summary of Basic Terms of the Lease, is_____, 20__, and the Expiration Date is_____, 20__. Rent as contemplated by the Lease begins accruing to Landlord's benefit as of _____, 20__. All covenants in the Lease contemplated to begin on the Commencement Date shall commence as of the Commencement Date.

INSERT SPECIFIC DATE	INSERT MONTHLY RENT
INSERT SPECIFIC DATE	INSERT MONTHLY RENT
INSERT SPECIFIC DATE	INSERT MONTHLY RENT

2. Acceptance of Premises. Tenant has inspected and examined the Premises, and, subject to the terms of the Lease and based on such inspection, Tenant finds the Premises acceptable and satisfactory in their current, "as is" condition, except for the "Punchlist Items" attached hereto (if any). [All of Landlord's Work has been fully completed and fulfilled.] The attached list of Punchlist Items constitutes all matters which Tenant does not find fully and completely acceptable, and as to which Tenant desires Landlord to perform corrective work.

LANDLORD:	TENANT:
INDUSTRY OFFICE SLC, LLC, a Delaware limited liability company	**RECURSION PHARMACEUTICALS, INC.,** a Delaware corporation
By: _____ Name: H. Jason Winkler Title: Manager	By: _____ Name: _____ Title: _____

EXHIBIT F

WIRELESS CONNECTIVITY

INTERNET

INDUSTRY Salt Lake City provides a secure wireless & wired network via the SIC™ platform. This technology platform includes campus-wide Wi-Fi connectivity, security, redundant Internet feeds from multiple providers, and it operates even during power outages. Internet usage may be charged to Tenant via Building Expenses or billed separately at Landlord's discretion. **Charges for Internet usage are subject to change, provided costs remain similar to comparable market competitors**. Internet usage is not included in Base Rent.

The SIC™ technology platform includes:

- campus-wide high-speed Wi-Fi connectivity
- security (firewall, independent VLAN, user access controls)
- tenant specific user access controls (per company)
- operation during power outages

Tenants may:

- Connect and manage employees' campus-wide access to the SIC™ Platform.
    - Connect seamlessly with:
    - SD-WAN
    - VPN
    - IoT & IIoT
    - Voice
    - Telemetry
    - Audio/Video
    - Multiple other devices & systems

Tenants may, at additional expense(s) which will be added to regular invoicing:

- Leverage the SIC™ Technology Platform's integrated redundant Internet feeds.
- Connect their own independently-contracted, and SIC™ integrated, wired Internet feed(s).
- Connect and/or host their own firewall inside of the provided SIC™ firewall.
- Add Ethernet wired drops to tenant space(s).
- Utilize static public IP addresses.
- Leverage additional technical services if/as needed.

Tenants may NOT, so long as Landlord provides a SIC™ Platform in the Building:

- Broadcast or operate their own Wi-Fi network(s), as this would degrade the performance of the existing, professionally designed & operated campus-wide RF network.

While Tenant may install its own dedicated network to integrate with the SIC™ Platform, Tenant will remain responsible for its share of all costs associated with Tenant having access to the

SIC™ Platform amenity – which shall be billed and payable monthly and shall not be included in the building expenses.

Additional hosting and services are available. Please contact Landlord for a schedule of fees and applicable service.

ADDENDUM A TO OFFICE BUILDING LEASE

Rules and Regulations

1. CONDUCT

Tenant shall not conduct its practice or business, or advertise such business, profession or activities of Tenant conducted in the Premises in any manner which violates local, state or federal laws or regulations.

2. HALLWAYS AND STAIRWAYS

Tenant shall not obstruct or use for storage, or for any purpose other than ingress and egress, the sidewalks, entrance, passages, courts, corridors, vestibules, halls, elevators and stairways of the Building.

3. NUISANCES

Except for such commercially reasonable and customary noises, odors and other impacts that are inherent to the Permitted Use, Tenant shall not make or permit any noise, odor or act that is objectionable to other occupants of the Building or to emanate from the Premises, and shall not create or maintain a nuisance thereon. Tenants understand that on occasion there will be a lot of activity and special events being held by each of the Tenants of the Building. These activities and special events must be planned ahead of time and approved by the Landlord with a minimum of seven (7) days' notice given to the other Tenants of the building.

4. AUDIO EQUIPMENT, ETC.

Tenant shall not operate any audio equipment or similar instrument in such a manner as to unreasonably disturb other tenants of the Building or the neighborhood. Except as provided in the Lease, Tenant shall not install any antennae, aerial wires or other equipment outside the Building without the prior written approval of Landlord.

5. LOCKS

No additional locks or bolts of any kind shall be placed upon any of the doors or windows by Tenant, nor shall any changes be made in existing locks or the mechanism thereof. Tenant must upon the expiration of its tenancy restore to Landlord all keys to the Premises and toilet rooms either furnished to or otherwise procured by Tenant, and in the event of loss of any keys so furnished, Tenant shall pay to Landlord the cost thereof. Landlord shall charge a market fee for cutting keys (which may change from time to time) and Landlord does require all keys are cut and provided by Landlord's locksmith.

6. OBSTRUCTING LIGHT, DAMAGE

The sash doors, sashes window glass doors, lights and skylights that reflect or admit light into the halls or other places of the Building shall not be covered or obstructed unduly. The toilets and urinals shall not be used for any purpose other than those for which they were intended and

constructed, and no rubbish, newspapers or other substance of any kind shall be thrown into them. Waste and excessive or unusual use of water shall not be allowed. Tenant shall not mark, drive nails, screw or drill into, paint, nor in any way deface the walls, ceilings, partitions, floors, wood, stone or iron work. The expense of any breakage, stoppage or damage resulting from a violation of this rule by Tenant shall be borne by Tenant. Tenant shall be permitted to hang pictures on office walls, but it must be done in a workmanlike manner and in such a way as not to damage or deface such walls. Notwithstanding the forgoing, Tenant shall utilize Landlord's preferred vendor for mounting, attaching or painting anything in or one stone, brick or concrete walls.

7. WIRING

Electrical wiring of every kind shall be introduced and connected only as directed by Landlord, and neither boring nor cutting of wires will be allowed except with the consent of the Landlord. The location of the telephone, call boxes, etc., shall be subject to the approval of Landlord.

8. EQUIPMENT, MOVING, FURNITURE, ETC.

Landlord shall approve the weight, size and position of all fixtures, equipment and other property brought into the Building, and the times of moving which must be done under the supervision of Landlord. Landlord will not be responsible for any loss of or damage to any such equipment or property from any cause, and all damage done in the Building by moving or maintaining any such property shall be repaired at the expense of Tenant. All equipment shall be installed as required by law, and in accordance with and subject to written approval received on written application of Tenant. Move-in and move-out of Tenant's furniture, fixtures and equipment shall be limited to before or after normal business hours as reasonably defined by Landlord.

9. REQUIREMENTS OF TENANT

The requirements of Tenant will be attended to only upon application at the office of Landlord or its Property Manager. Employees or Landlord or its Property Manager shall not perform any work nor do anything outside their regular duties unless under special instructions from Landlord or its Property Manager. No such employees shall admit any person, Tenant or otherwise, to any other office without instruction from the office of Landlord or its Property Manager. All janitorial services personnel, guards or any outside contractors employed by Tenant shall be subject to the regulations and control of Landlord, but shall not act as an agent or servant of Landlord.

10. ACCESS TO BUILDING

Any person entering or leaving the Building may be questioned by Building security regarding his/her business in the Building and may be required to sign in and out. Anyone who fails to provide a satisfactory reason for being in the Building may be excluded.

11. PETS, REFUSE

Landlord reserves the right to bar the presence of pets at its sole discretion. Landlord may require Tenant's employees to sign a dog indemnity and behavior agreement if Tenant's employees choose to bring dogs into the Building.

Tenant shall not allow anything to be placed on the outside window ledges of the Premises or to be thrown out of the windows of the Building. Tenant shall not place or permit to be placed any obstruction or refuse in any public part of the Building.

12. EQUIPMENT DEFECTS

Tenant shall give Landlord prompt notice of any accidents to or defects in the water pipes, gas pipes, electric lights and fixtures, heating apparatus, or any other service equipment.

13. PARKING

Unless otherwise specified by Landlord, Tenant and its employees may park automobiles only in the designated parking areas provided by Landlord. Parking Permit issued by Landlord must be visible on vehicles parked in designated areas. Except as set forth in the Lease, Tenant agrees that Landlord assumes no responsibility of any kind whatsoever in reference to such automobile parking area or the use thereof by Tenant or its agents or employees. There shall be no assigned parking spaces in the designated parking areas.

14. CONSERVATION AND SECURITY

Tenant will see that all windows and doors are securely locked, and that all faucets and electric light switches are turned off before leaving the Building.

15. SIGNAGE

No sign, advertisement or notice shall be inscribed, painted or affixed on any part of the inside or outside of the Building unless of such color, size and style and in such place upon or in the Building as shall be first designated by Landlord. Landlord shall have the right to remove all non-permitted signs without notice to Tenant and at the expense of Tenant.

Certificate Of Completion

Envelope Id: 9FF1E21F98554679BF47738FFC92F9DF
Subject: Please DocuSign: Recursion Pharmaceuticals Lease
Source Envelope:
Document Pages: 65
Certificate Pages: 5
AutoNav: Enabled
EnvelopeId Stamping: Disabled
Time Zone: (UTC-07:00) Mountain Time (US & Canada)

Signatures: 2
Initials: 0

Status: Completed

Envelope Originator:
Christa Fries
555 17th Street Suite 3200
Denver, CO 80202
cfries@hollandhart.com
IP Address: 63.236.112.69

Record Tracking

Status: Original
2/10/2021 2:07:53 PM

Holder: Christa Fries
cfries@hollandhart.com

Location: DocuSign

Signer Events	Signature	Timestamp
H. Jason Winkler jason@qfactorsolutions.com Security Level: Email, Account Authentication (None)	DocuSigned by: H. Jason Winkler 769EBC2E099A4F7...	Sent: 2/10/2021 2:27:11 PM Viewed: 2/10/2021 3:23:32 PM Signed: 2/10/2021 3:23:42 PM
	Signature Adoption: Pre-selected Style Using IP Address: 128.177.29.246	
Electronic Record and Signature Disclosure: Accepted: 2/10/2021 3:23:32 PM ID: d0a8dcc2-cd06-46d3-a677-7d7e6b203ff6		
Tina Larson tina.larson@recursionpharma.com President & COO Security Level: Email, Account Authentication (None)	DocuSigned by: Tina Larson 634721AC2C34425...	Sent: 2/10/2021 2:27:11 PM Viewed: 2/10/2021 4:02:59 PM Signed: 2/10/2021 4:06:24 PM
	Signature Adoption: Pre-selected Style Using IP Address: 136.36.152.87	
Electronic Record and Signature Disclosure: Accepted: 2/10/2021 4:02:59 PM ID: e6f0b328-2e71-49f4-8e88-679a26f485d5		

In Person Signer Events	Signature	Timestamp

Editor Delivery Events	Status	Timestamp

Agent Delivery Events	Status	Timestamp

Intermediary Delivery Events	Status	Timestamp

Certified Delivery Events	Status	Timestamp

Carbon Copy Events	Status	Timestamp

Witness Events	Signature	Timestamp

Notary Events	Signature	Timestamp

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	2/10/2021 2:27:11 PM

Envelope Summary Events	Status	Timestamps
Certified Delivered	Security Checked	2/10/2021 4:02:59 PM
Signing Complete	Security Checked	2/10/2021 4:06:24 PM
Completed	Security Checked	2/10/2021 4:06:24 PM
Payment Events	**Status**	**Timestamps**
Electronic Record and Signature Disclosure		

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, Holland and Hart LLP (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through your DocuSign, Inc. (DocuSign) Express user account. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to these terms and conditions, please confirm your agreement by clicking the 'I agree' button at the bottom of this document.

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At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. For such copies, as long as you are an authorized user of the DocuSign system you will have the ability to download and print any documents we send to you through your DocuSign user account for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a $0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. To indicate to us that you are changing your mind, you must withdraw your consent using the DocuSign 'Withdraw Consent' form on the signing page of your DocuSign account. This will indicate to us that you have withdrawn your consent to receive required notices and disclosures electronically from us and you will no longer be able to use your DocuSign Express user account to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through your DocuSign user account all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact Holland and Hart LLP:
You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:
To contact us by email send messages to: ejohnson@hollandhart.com

To advise Holland and Hart LLP of your new e-mail address
To let us know of a change in your e-mail address where we should send notices and disclosures electronically to you, you must send an email message to us at ejohnson@hollandhart.com and in the body of such request you must state: your previous e-mail address, your new e-mail address. We do not require any other information from you to change your email address..
In addition, you must notify DocuSign, Inc to arrange for your new email address to be reflected in your DocuSign account by following the process for changing e-mail in DocuSign.
To request paper copies from Holland and Hart LLP
To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an e-mail to ejohnson@hollandhart.com and in the body of such request you must state your e-mail address, full name, US Postal address, and telephone number. We will bill you for any fees at that time, if any.
To withdraw your consent with Holland and Hart LLP
To inform us that you no longer want to receive future notices and disclosures in electronic format you may:

i. decline to sign a document from within your DocuSign account, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
ii. send us an e-mail to ejohnson@hollandhart.com and in the body of such request you must state your e-mail, full name, IS Postal Address, telephone number, and account number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

Operating Systems:	Windows2000? or WindowsXP?
Browsers (for SENDERS):	Internet Explorer 6.0? or above
Browsers (for SIGNERS):	Internet Explorer 6.0?, Mozilla FireFox 1.0, NetScape 7.2 (or above)
Email:	Access to a valid email account
Screen Resolution:	800 x 600 minimum
Enabled Security Settings:	•Allow per session cookies •Users accessing the internet behind a Proxy Server must enable HTTP 1.1 settings via proxy connection

** These minimum requirements are subject to change. If these requirements change, we will provide you with an email message at the email address we have on file for you at that time providing you with the revised hardware and software requirements, at which time you will have the right to withdraw your consent.

Acknowledging your access and consent to receive materials electronically
To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please verify that you were able to read this electronic disclosure and that you also were able to print on paper or electronically save this page for your future reference and access or that you were able to e-mail this disclosure and consent to an address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format on the terms and conditions described above, please let us know by clicking the 'I agree' button below.
By checking the 'I Agree' box, I confirm that:

- I can access and read this Electronic CONSENT TO ELECTRONIC RECEIPT OF ELECTRONIC RECORD AND SIGNATURE DISCLOSURES document; and

- I can print on paper the disclosure or save or send the disclosure to a place where I can print it, for future reference and access; and

- Until or unless I notify Holland and Hart LLP as described above, I consent to receive from exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to me by Holland and Hart LLP during the course of my relationship with you.

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this "***Amendment***"), dated to be effective March 26, 2020 (the "***Effective Date***"), is entered into between **INDUSTRY OFFICE SLC, LLC,** a Delaware limited liability company ("***Landlord***"), and **RECURSION PHARMACEUTICALS, INC.** a Delaware corporation ("***Tenant***"), with reference to the following:

A. Landlord and Tenant entered into that certain Lease Agreement dated February 10, 2021 (the "***Lease***"), covering at least 25,000 rentable square feet, located at 650 South 500 West, Salt Lake City, Utah 84101 (the "***Premises***").

B. Landlord and Tenant now desire to amend the Lease as set forth below. Unless otherwise expressly provided in this Amendment, capitalized terms used in this Amendment shall have the same meanings as in the Lease.

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. **Section 2 of the Lease**. The third sentence of Section 2 of the Lease is hereby deleted and replaced with the following language:

> "Notwithstanding anything herein to the contrary, if prior to the Commencement Date either Tenant or Landlord determines that (a) the Building cannot feasibly accommodate Tenant's technical or design specifications within Landlord's or Tenant's construction budget (and Tenant is otherwise unwilling to pay for such increased costs and expenses), or (b) Tenant will not be permitted by any applicable governmental authority with jurisdiction to use and occupy the Premises for any of the uses comprising the Permitted Use or as otherwise contemplated under this Lease, then either Landlord or Tenant may terminate this Lease upon written notice to the other so long as (i) such notice is provided by April 26, 2021, and (ii) Tenant reimburses Landlord for the actual, reasonable costs and expenses incurred by Landlord as of the date of termination, including, without limitation, design and engineering costs and other hard and soft costs, to complete Landlord's Work, with such reimbursement due within thirty (30) days after written request of Landlord, together with reasonable supporting documentation of such costs."

2. **Section 1; Exhibit C of the Lease**. The date "March 31, 2021" as set forth in Section 1 of Exhibit C in the Lease is hereby deleted and replaced with "May 31, 2021".

3. **Exhibit C-3 of the Lease**. The date "March 31, 2021" as set forth in Exhibit C-3 of the Lease is hereby deleted and replaced with "May 31, 2021".

4. **Miscellaneous**. This Amendment shall become effective only upon full execution and delivery of this Amendment by Landlord and Tenant. This Amendment contains the parties' entire agreement regarding the subject matter covered by this Amendment, and supersedes all prior correspondence, negotiations, and agreements, if any, whether oral or written, between the parties concerning such subject matter. There are no contemporaneous oral agreements, and there are no representations or warranties between the parties not contained in this Amendment on which the parties have relied. Except as modified by this Amendment, the terms and

provisions of the Lease shall remain in full force and effect, and the Lease, as modified by this Amendment, shall be binding upon and shall inure to the benefit of the parties hereto, their successors and permitted assigns.

[***Signatures to follow***]

LANDLORD AND TENANT enter into this Amendment to be effective as of the Effective Date.

LANDLORD:

INDUSTRY OFFICE SLC, LLC,
a Delaware limited liability company

By: DocuSigned by: H. Jason Winkler 769EBC2E099A4F7...
Name: H. Jason Winkler
Title: Manager

TENANT:

RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation

By: DocuSigned by: Tina Larson 634721AC2C34425...
Name: Tina Larson
Title: President and COO

EXHIBIT A

DEPICTION OF THE PREMISES

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SECOND AMENDMENT TO LEASE

THIS SECOND AMENDMENT TO LEASE (this "***Amendment***"), dated to be effective July 1, 2021 (the "***Effective Date***"), is entered into between **INDUSTRY OFFICE SLC, LLC,** a Delaware limited liability company ("***Landlord***"), and **RECURSION PHARMACEUTICALS, INC.** a Delaware corporation ("***Tenant***"), with reference to the following:

A. Landlord and Tenant entered into that certain Lease Agreement dated February 10, 2021, as amended by that certain First Amendment to Lease dated March 26, 2021 (the "***First Amendment***") (collectively, the "***Lease***"), covering at least 25,000 rentable square feet, located at 650 South 500 West, Salt Lake City, Utah 84101 (the "***Premises***").

B. Landlord and Tenant now desire to amend the Lease as set forth below. Unless otherwise expressly provided in this Amendment, capitalized terms used in this Amendment shall have the same meanings as in the Lease.

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. **Effective Date of First Amendment**. The Effective Date of the First Amendment is hereby deleted and replaced with March 26, 2021.

2. **Section 2 of the Lease**. The third sentence of Section 2 of the Lease is hereby deleted and replaced with the following language:

> "Notwithstanding anything herein to the contrary, if prior to the Commencement Date either Tenant or Landlord determines that (a) the Building cannot feasibly accommodate Tenant's technical or design specifications within Landlord's or Tenant's construction budget (and Tenant is otherwise unwilling to pay for such increased costs and expenses), or (b) Tenant will not be permitted by any applicable governmental authority with jurisdiction to use and occupy the Premises for any of the uses comprising the Permitted Use or as otherwise contemplated under this Lease, then either Landlord or Tenant may terminate this Lease upon written notice to the other so long as (i) such notice is provided by August 15, 2021, and (ii) Tenant reimburses Landlord for the actual, reasonable costs and expenses incurred by Landlord as of the date of termination, including, without limitation, design and engineering costs and other hard and soft costs, to complete Landlord's Work, with such reimbursement due within thirty (30) days after written request of Landlord, together with reasonable supporting documentation of such costs."

3. **Extension Options**. Section 2 of the Rider to Lease is hereby deleted and replaced with the following language:

"Extension Options. Tenant shall have the right and option to extend the Lease for three (3) consecutive periods of one (1) year each under the same terms and conditions as stated in the Lease (each an "**Extension Option**"), with the exceptions that (a) no further extension options shall exist, and (b) monthly rental for such extension term shall be as follows:

FIRST EXTENSION OPTION

BASE RENT (OFFICE PREMISES)

Period	Annual Base Rent PSF	Monthly Base Rent
Month 25 – Month 36	$26.52	$TBD

BASE RENT (LABORATORY PREMISES)

Period	Annual Base Rent PSF	Monthly Base Rent
Month 25 – Month 36	$21.00	$TBD

SECOND EXTENSION OPTION

BASE RENT (OFFICE PREMISES)

Period	Annual Base Rent PSF	Monthly Base Rent
Month 37 – Month 48	$27.32	$TBD

BASE RENT (LABORATORY PREMISES)

Period	Annual Base Rent PSF	Monthly Base Rent
Month 37 – Month 48	$21.63	$

* The above shows Tenant's Base Rent obligation only. Tenant shall pay also pay all Additional Rent, including Building Expenses and Amenity Expenses, as calculated and reconciled in Paragraph 4 of the Lease.

THIRD EXTENSION OPTION

The Base Rent for the Office Premises and the Laboratory Premises for the third Extension Option shall be based on the then prevailing market rental rate as determined by Landlord acting reasonably and in good faith based on then recent lease extensions for similar space within the Building (to the extent applicable) and surrounding buildings, and taking into consideration Tenant's use and financial strength and other relevant factors, but in no event shall be less than the monthly rental in effect for the last month of the Term immediately prior to the extension ("***Market Rental Rate***"). Tenant may reject

the Extension Option granted herein within thirty (30) days following delivery to Tenant of Landlord's determination of the prevailing market rental ("***Rate Notice***"), which shall be delivered no later than thirty (30) days following Tenant's exercise of the third Extension Option in accordance with the terms hereof. If Tenant desires to continue with the extension, but objects to the Market Rental Rate determined by Landlord, then Tenant must object to the same within said thirty (30) day period by delivery of written notice to Landlord. No later than five (5) business days thereafter, Landlord and Tenant shall meet in an effort to negotiate, in good faith, the Market Rental Rate applicable to the Premises for the third Extension Option. If Landlord and Tenant have not agreed upon the Market Rental Rate applicable to the Premises within five (5) business days after meeting, then Landlord and Tenant shall each appoint a broker not later than forty-five (45) days following Landlord's delivery of the Rate Notice. If Landlord's broker and Tenant's broker have failed to agree upon the Market Rental Rate within sixty (60) days following delivery of the Rate Notice, the two appointed brokers shall appoint a third broker (within five (5) business days following the expiration of said sixty (60) day period), and the Market Rental Rate shall be the arithmetic average of two (2) of the three (3) determinations which are the closest in amount, and the third determination shall be disregarded. If either Landlord or Tenant fails to appoint a broker within the prescribed time period, the failing party shall pay to the other party as liquidated damages $100.00 per day for each day following the deadline that such party fails to appoint a broker, not to exceed $500.00. If the two (2) appointed brokers fail to agree upon a third (3rd) broker, then the parties shall have the local office of the American Arbitration Association appoint the third (3rd) broker and the parties shall share equally in the cost of such arbitration. Each party shall bear the costs of its own broker, and the parties shall share equally the cost of the third broker, if applicable. Each broker shall have at least ten (10) years' experience in the leasing of similar commercial buildings and laboratory space in the submarket in which the Building is located and shall be a licensed real estate broker.

Each Extension Option shall be exercisable by Tenant, if at all, only by timely delivery to Landlord of written notice of election at least six (6) months prior to the expiration of the then current Expiration Date, but no earlier than twelve (12) months prior to the expiration of the then current Expiration Date. The option herein granted shall be deemed to be personal to Tenant, and if Tenant subleases any portion of the Premises or otherwise assigns or transfers any interest thereof to another party (other than a Permitted Transfer), such option shall lapse. In the event that Tenant is in default of any term or condition at the time of its exercise notice beyond any applicable notice and grace period, then there shall be no extension or renewal of the Lease as provided herein. As they apply to Tenant's right to extend the term of the Lease, the parties acknowledge and agree that the terms "extend," "extension," "renew," and/or "renewal" shall be deemed the same."

4. **Miscellaneous**. This Amendment shall become effective only upon full execution and delivery of this Amendment by Landlord and Tenant. This Amendment contains the parties' entire agreement regarding the subject matter covered by this Amendment, and supersedes all prior correspondence, negotiations, and agreements, if any, whether oral or written, between the parties concerning such subject matter. There are no contemporaneous oral agreements, and there are no representations or warranties between the parties not contained in this Amendment on which the parties have relied. Except as modified by this Amendment, the terms and provisions of the Lease shall remain in full force and effect, and the Lease, as modified by this Amendment, shall be binding upon and shall inure to the benefit of the parties hereto, their successors and permitted assigns.

[***Signatures to follow***]

LANDLORD AND TENANT enter into this Amendment to be effective as of the Effective Date.

LANDLORD:

INDUSTRY OFFICE SLC, LLC,
a Delaware limited liability company

By: DocuSigned by: H. Jason Winkler
769EBC2E099A4F7...
Name: H. Jason Winkler
Title: Manager

TENANT:

RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation

By: DocuSigned by: Tina Larson
634721AC2C34428...
Name: Tina Larson
Title: President and COO

16613444_v7

THIRD AMENDMENT TO LEASE

(Recursion Pharmaceuticals, Inc. – Industry SLC)

THIS THIRD AMENDMENT TO LEASE ("Amendment") is dated effective and for identification purposes as of March 14, 2022, and is made by and between INDUSTRY OFFICE SLC, LLC, a Delaware limited liability company ("Landlord"), and RECURSION PHARMACEUTICALS, INC., a Delaware corporation ("Tenant").

RECITALS:

WHEREAS, Landlord and Tenant entered into that certain Lease Agreement dated February 10, 2021, as amended by that certain First Amendment to Lease dated March 26, 2021, and that certain Second Amendment to Lease dated July 1, 2021 (collectively, the "Lease"), pertaining to the premises presently identified as approximately 25,000 rentable square feet ("Premises"), of 650 South 500 West, Salt Lake City, Utah 84101 ("Building"); and

WHEREAS, Landlord and Tenant desire to enter into this Amendment to define the size of the Premises, extend the Lease Term, adjust the Allowance, and provide for certain other matters as more fully set forth herein;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants contained herein, the parties agree that the Lease shall be amended in accordance with the terms and conditions set forth below.

1. Definitions. The capitalized terms used herein shall have the same definitions as set forth in the Lease, unless otherwise defined herein.

2. Premises. Notwithstanding anything in Sectin 14 of the Basic Lease Terms to the contrary, the Premises contains 51,869 rentable square feet (of which 6,644 RSF is Office Premises and 45,225 RSF is Laboratory Premises). Exhibit B to the Lease is hereby deleted in its entirety and replaced with the depiction of the Premises attached to this Amendment as Exhibit B.

3. Lease Term. The parties hereby acknowledge and agree that the term of the Lease Term was initially defined as twenty-four (24) whole calendar months following the Commencement Date. Notwithstanding anything in the Lease to the contrary, the initial Term shall be sixty (60) full calendar months following the Commencement Date (as defined in the Lease), and the Expiration Date shall be the last day of the sixtieth (60th) full calendar month following the Commencement Date.

4. Base Rent. During the Extension Term, Tenant shall pay to Landlord Base Rent in full and without offset or demand for the Office Premises and Laboratory Premises as follows:

BASE RENT (OFFICE PREMISES)

Period	Annual Base Rent/$/RSF	Monthly Installment of Base Rent
Commencement Date – Month 12	$26.00	$14,394.79
Month 13 – Month 24	$26.78	$14,826.64
Month 25 – Month 36	$27.58	$15,269.55
Month 37 – Month 48	$28.41	$15,729.08
Month 49 – Expiration Date	$29.26	$16,199.68

BASE RENT (LABORATORY PREMISES)

Period	Annual Base Rent/$/RSF	Monthly Installment of Base Rent
Commencement Date – Month 12	$28.00	$105,525.00
Month 13 – Month 24	$28.84	$108,690.75
Month 25 – Month 36	$29.71	$111,969.56
Month 37 – Month 48	$30.60	$115,323.75
Month 49 – Expiration Date	$31.52	$118,791.00

Except as otherwise set forth herein, Base Rent shall be payable pursuant to Article 3 of the Lease. The schedules above set forth only Tenant's Base Rent obligation, and during the Term, Tenant shall also pay any and all Additional Rent, including, without limitation, Building Expenses, Amenity Expenses, any separately-metered utilities, and other amounts due and payable under the Lease.

5. Extension Options. Section 2 of the Rider to Lease is deleted in its entirety and replaced with the following: Tenant shall have the right and option to extend the Lease for one (1) consecutive period of five (5) years under the same terms and conditions as stated in the Lease (an "Extension Option"), with the exceptions that (a) no further extension options shall exist, and (b) monthly rental for such extension term shall be as follows:

EXTENSION OPTION

BASE RENT (OFFICE PREMISES)

Period	Annual Base Rent/$/RSF	Monthly Installment of Base Rent
Month 61 – Month 72	$30.14	$16.686.69
Month 73 – Month 84	$31.04	$17,185.17
Month 85 – Month 96	$31.97	$17.700.06
Month 97 – Month 108	$32.93	$18,231.56
Month 109 – Month 120	$33.92	$18,799.67

BASE RENT (LABORATORY PREMISES)

Period	Annual Base Rent/$/RSF	Monthly Installment of Base Rent
Month 61 – Month 72	$32.47	$122,371.31
Month 73 – Month 84	$33.44	$126,027.00
Month 85 – Month 96	$34.44	$129,795.75
Month 97 – Month 108	$35.47	$133,677.56
Month 109 – Month 120	$36.53	$137,672.44

The Extension Option shall be exercisable by Tenant, if at all, only by timely delivery to Landlord of written notice of election at least six (6) months prior to the expiration of the then current Expiration Date, but no earlier than twelve (12) months prior to the expiration of the then current Expiration Date. The option herein granted shall be deemed to be personal to Tenant, and if Tenant subleases all of the Premises or otherwise assigns or transfers its interests under the Lease to another party (other than a Permitted Transfer), such option shall lapse. In the event that Tenant is in default of any term or condition at the time of its exercise notice beyond any applicable notice and grace period, then there shall be no extension or renewal of the Lease as provided herein. As they apply to Tenant's right to extend the term of the Lease, the parties acknowledge and agree that the terms "extend," "extension," "renew," and/or "renewal" shall be deemed the same.

6. Tenant Improvements. The parties hereby modify certain provisions related to the initial construction of the Premises as follows:

(a) The Schedule contemplated in Section 1 of the Work Letter is attached hereto as Exhibit C-3 and, notwithstanding anything in the Lease or Work Letter to the contrary, the Landlord Completion Date and Outside Commencement Date are as follows:

i. The Landlord Completion Date shall occur on or before August 31, 2022.

ii. The Outside Commencement Date for the Office Premises shall be August 31, 2022. The Outside Commencement Date for Laboratory Premises shall be the date that is six (6) months following the date on which Tenant's general

contractor is allowed to access to the Premises for purposes of completing Tenant's work within the Premises, which date Landlord and Tenant shall confirm in writing within ten (10) days of its occurrence.

In furtherance of the mutual cooperation provisions set forth in Section 2 of the Work Letter, the parties shall undertake and complete their respective obligations in accordance with, and by the deadlines set forth in, the Schedule, subject to the terms of the Work Letter and the Lease. In accordance with Section 8 of the Work Letter, Tenant shall have access to the Premises for the purpose of commencing its construction of its initial improvements to the Premises no later than June 1, 2022, subject to satisfaction of the milestones also set forth in the Schedule.

(b) The definition of Warm Shell Condition is hereby deleted in its entirety and replaced with the conditions and requirements set forth in Exhibit C-4 to this Amendment.

(c) Notwithstanding anything in Section 3 of the Work Letter to the contrary, Landlord and Tenant acknowledge that certain costs and expenses for improvements to the Building's core and shell will be incurred by Landlord as part of Landlord's Work to accommodate Tenant's improvements within the Premises (the "Additional Base Building Costs"), which shall be a Tenant responsibility and paid (or credited) as follows: Landlord shall provide to Tenant a credit against the the Additional Base Building Costs in an amount not to exceed Forty and No/100 Dollars ($40.00) per RSF of space in the Laboratory Premises (the "Base Building Tenant Credit"). Landlord shall prepare and provide to Tenant an estimated budget of the Additional Base Building Costs within thirty (30) days of the date this Amendement is fully executed. Tenant shall review and, acting reasonably and in good faith, provide comments to Landlord, if any, to such estimated budget within ten (10) days of its receipt thereof. Landlord shall incorporate Tenant's reasonable comments into a revised estimated budget and shall provide such revised estimated budget to Tenant within five (5) days of receipt of Tenant's comments. The parties shall follow this process until reaching agreement on the final estimated budget for the Additional Base Building Costs. Each month, Landlord shall provide Tenant with reasonable documentation of the expenses incurred and paid by Landlord for the Additonal Base Building Costs for the proceeding month, with such expenses applied to the Base Building Tenant Credit, and a calculation of the remaining amount of the Base Building Tenant Credit available. If following the completion of Landlord's Work the Additional Base Building Costs exceed the amount of the Base Building Tenant Credit, Tenant shall be responsible for reimbursing Landlord for such excess within thirty (30) days of receipt of written request therefor, together with reasonable documentation of such costs. If the Additional Base Building Costs are less than the amount of the Base Building Tenant Credit, then Landlord shall provide Tenant with a credit against Tenant's future Base Rent obligations in the amount of such difference.

7. Signage. Section 8 to the Rider to the Lease is hereby amended as follows: In addition to the location described in the Lease, Tenant may also install, at its expense, identification signage on the screens located above the roof along the east, and west, and north-facing facades of the Building (the "Additonal Signage Locations"). All other requirements set forth in Section 8 to the Rider shall apply to any signage proposed for the Additonal Signage Locations. Tenant may also, at its expense, extend the existing mural located on the north-facing Building façade, subject to Landlord's review and approval (not to be unreasonably withheld, conditioned, or delayed) of the design therefor.

8. Brokers. Landlord and Tenant each warrant to the other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Amendment, excepting Jones Lang LaSalle ("Tenant's Broker"), on behalf of Tenant. Landlord is not represented by a broker. To the extent that any commission is due as a result of this Amendment, Tenant's Broker shall be paid per separate agreement. Landlord and Tenant shall indemnify the other party for any claims made by any brokers other than Tenant's Broker. Tenant shall indemnify and hold Landlord harmless for any claim to a commission by a broker not listed herein.

9. Governing Law. This Amendment is governed by federal law, including without limitation the Electronic Signatures in Global and National Commerce Act (15 U.S.C. §§ 7001 et seq.) and, to the extent that state law applies, the laws of the State of Utah without regard to its conflicts of law rules.

10. Counterparts; Electronic Signatures. This Amendment may be executed in counterparts, including both counterparts that are executed on paper and counterparts that are in the form of electronic records and are executed electronically. An electronic signature means any electronic sound, symbol or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or e-mail electronic signatures. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Amendment and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called pdf format shall be legal and binding and shall have the same full force and effect as if a paper original of this Amendment had been delivered and had been signed using a handwritten signature. Landlord and Tenant (i) agree that an electronic signature, whether digital or encrypted, of a party to this Amendment is intended to authenticate this writing and to have the same force and effect as a manual signature, (ii) intend to be bound by the signatures (whether original, faxed or electronic) on any document sent or delivered by facsimile or, electronic mail, or other electronic means, (iii) are aware that the other party will rely on such signatures, and (iv) hereby waive any defenses to the enforcement of the terms of this Amendment based on the foregoing forms of signature. If this Amendment has been executed by electronic signature, all parties executing this document are expressly consenting under the Electronic Signatures in Global and National Commerce Act ("E-SIGN"), and Uniform Electronic Transactions Act ("UETA"), that a signature by fax, email or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

11. Amendments. The Lease may only be amended by a writing signed by the parties hereto, or by an electronic record that has been electronically signed by the parties hereto and has been rendered tamper-evident as part of the signing process. The exchange of email or other electronic communications discussing an amendment to the Lease, even if such communications are signed, does not constitute a signed electronic record agreeing to such an amendment.

12. Miscellaneous. With the exception of those matters set forth in this Amendment, Tenant's leasing of the Premises shall be subject to all terms, covenants and conditions of the Lease. In the event of any express conflict or inconsistency between the terms of this Amendment and the terms of the Lease, the terms of this Amendment shall control and govern. Except as expressly modified by this Amendment, all other terms and conditions of the Lease are hereby ratified and affirmed. The exhibits attached hereto are incorporated herein by this reference. The parties acknowledge that the Lease is a

valid and enforceable agreement and that Tenant holds no claims against Landlord or its agents which might serve as the basis of any other set-off against accruing rent and other charges or any other remedy at law or in equity.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the foregoing Third Amendment to Lease is dated effective as of the date and year first written above.

LANDLORD:
INDUSTRY OFFICE SLC, LLC,
a Delaware limited liability company

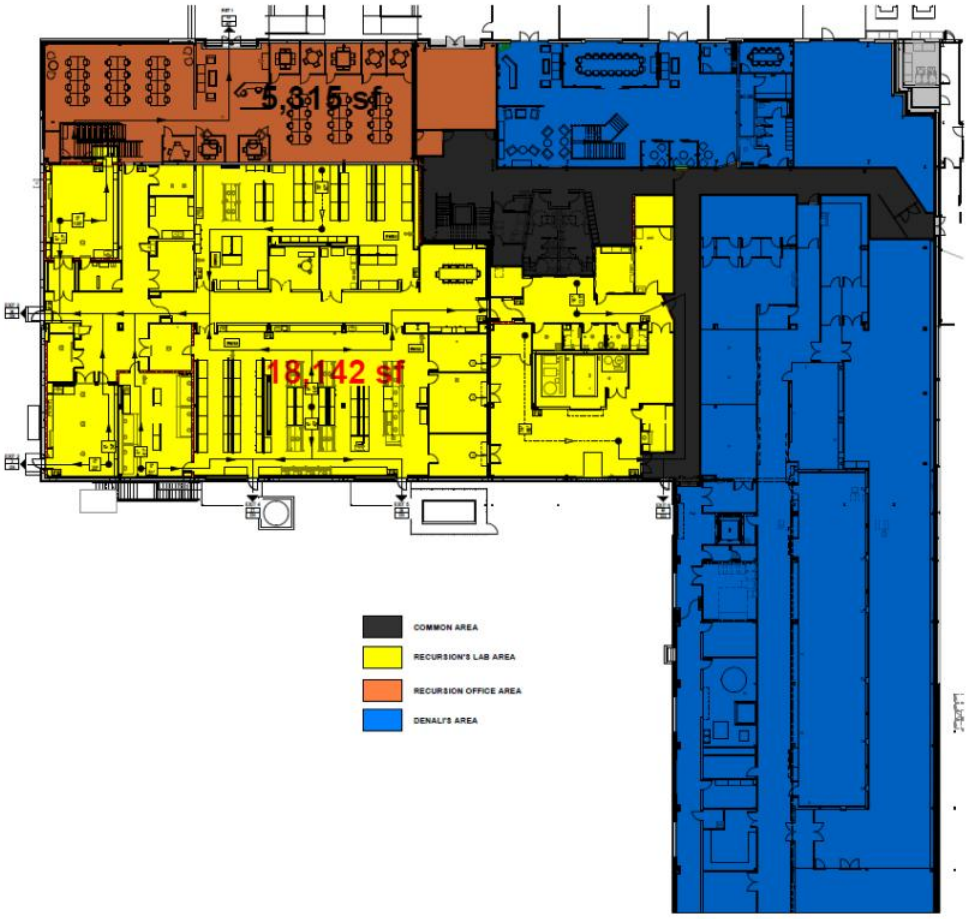
By: DocuSigned by: Jason Winkler C904AA75E91E419...
Name: H. Jason Winkler
Title: Manager
Date: 3/18/2022

TENANT:
RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation

By: DocuSigned by: Tina Larson 4B08E0DD7ABA4D9...
Name: Tina Larson
Title: Chief Operating Officer
Date: 3/14/2022

EXHIBIT B

Depiction of the Premises



(Areas in blue are not part of the Premises)

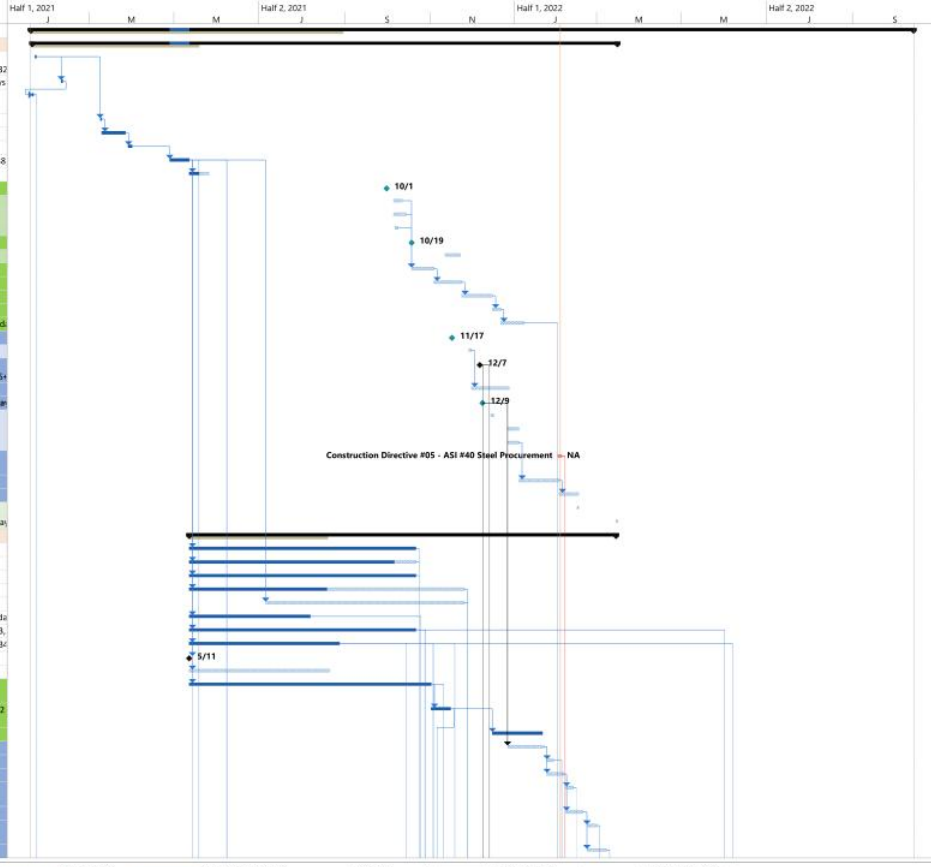
17879388_v11

EXHIBIT C-3

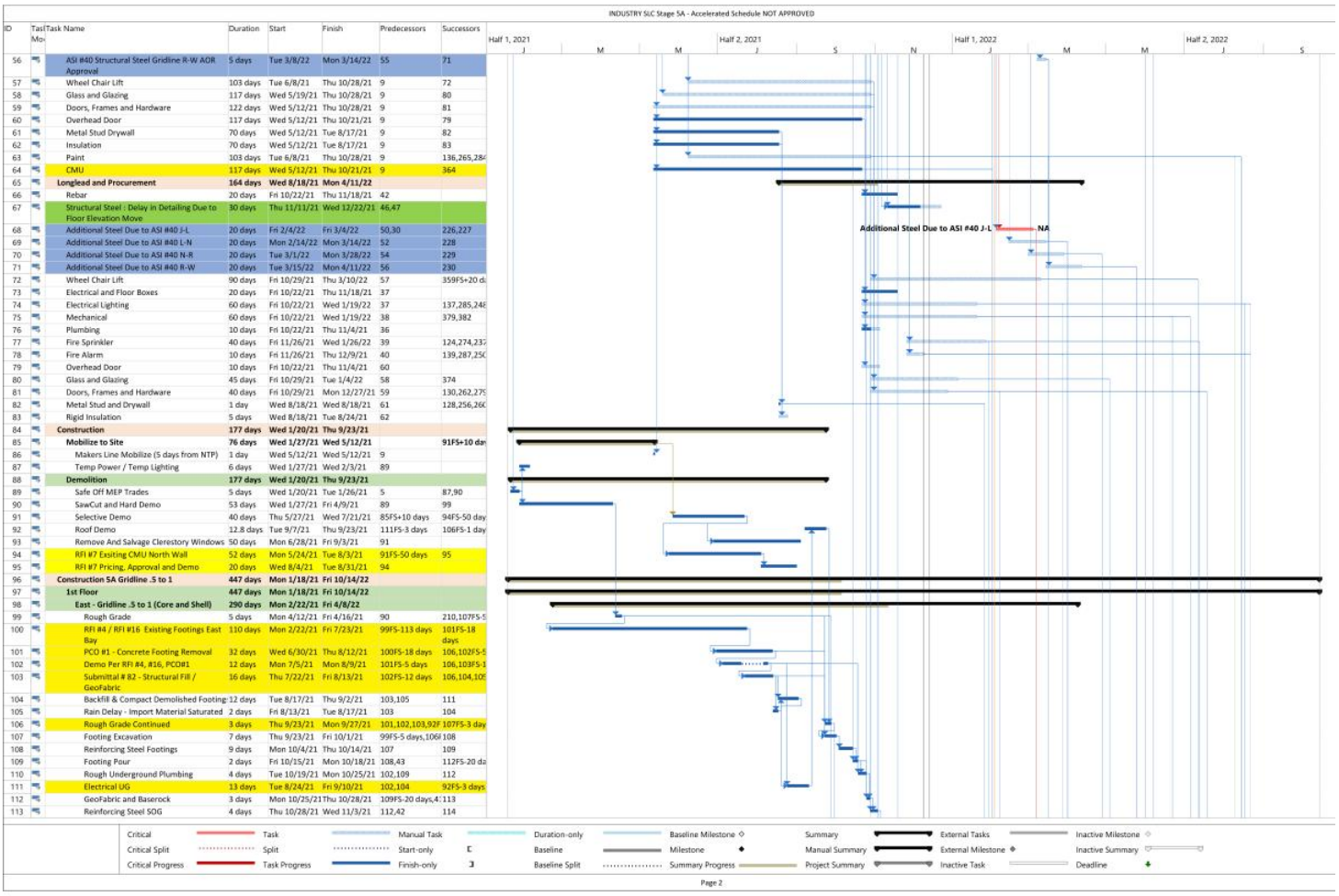
Schedule

INDUSTRY SLC Stage 5A - Accelerated Schedule NOT APPROVED

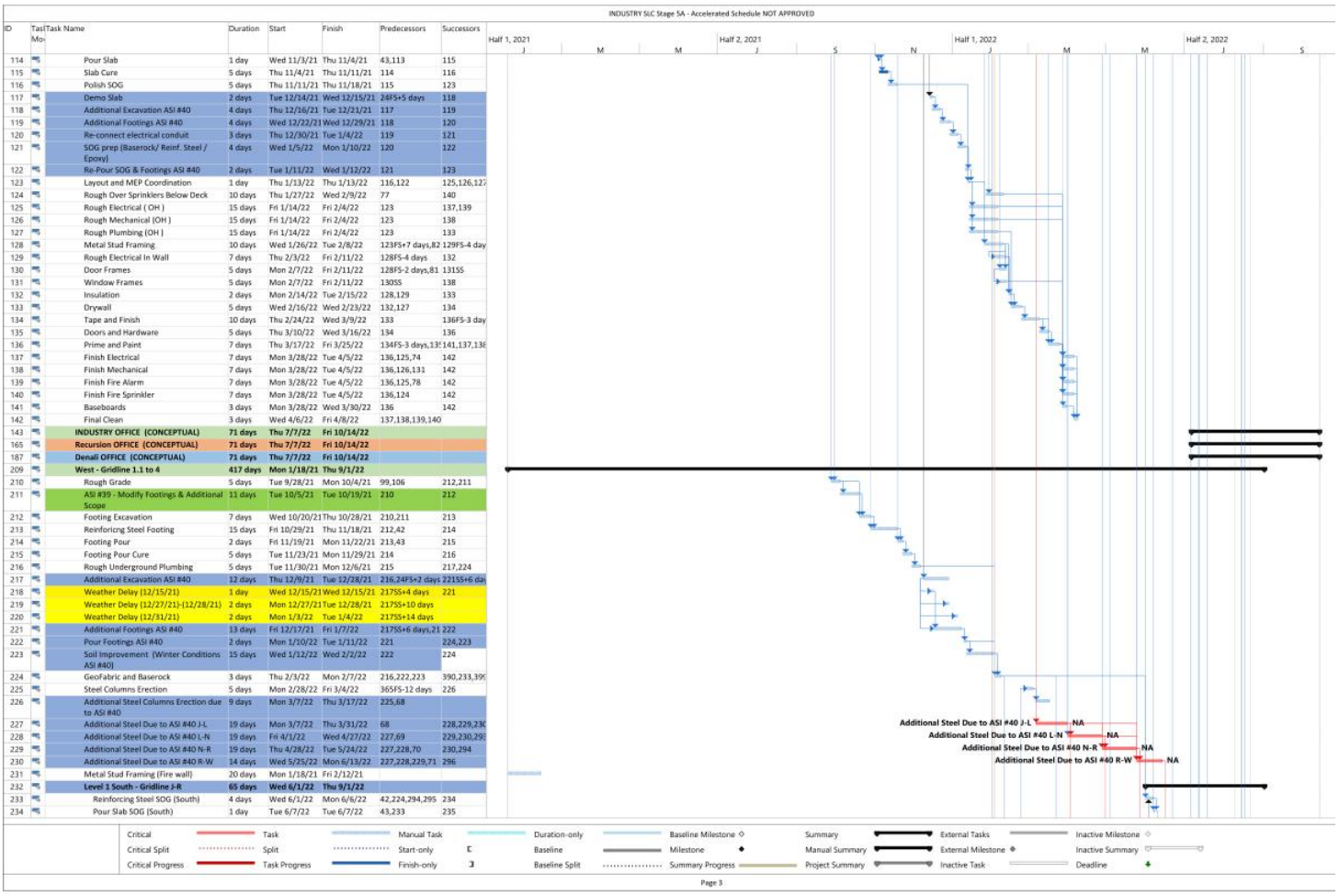
ID	Task Mo	Task Name	Duration	Start	Finish	Predecessors	Successors
1		**Industry Stage 5A**	**447 days?**	**Mon 1/18/21**	**Fri 10/14/22**		
2		**Pre-con**	**296 days?**	**Tue 1/19/21**	**Tue 3/15/22**		
3		Submitted Hard Demo Price Only (No Drawings)	1 day	Thu 1/21/21	Thu 1/21/21		4FS+12 days,6FS+32
4		Received Demo Drawings for Coordination	1 day	Tue 2/9/21	Tue 2/9/21	3FS+12 days	5FS-16 days
5		Received Notice to Proceed (Hard Demo Only)	1 day	Tue 1/19/21	Tue 1/19/21	4FS-16 days	89
6		Drawings Received	1 day	Tue 3/9/21	Tue 3/9/21	3FS+32 days	7
7		Bidding	13 days	Wed 3/10/21	Fri 3/26/21	6	8
8		Bid Submission	3 days	Mon 3/29/21	Wed 3/31/21	7	9
9		Receive Contract or NTP	10 days	Wed 4/28/21	Tue 5/11/21	8	10,36,37,38
10		Execute Subcontractor Work Orders	10 days	Wed 5/12/21	Tue 5/25/21	9	
11		**ASI #39 Release Date (10/1/21)**	**0 days?**	**Fri 10/1/21**	**Fri 10/1/21**		
12		RFI #43	4 days	Wed 10/6/21	Mon 10/11/21		17
13		RFI #44	7 days	Wed 10/6/21	Thu 10/14/21		17
14		RFI #46	2 days	Thu 10/7/21	Fri 10/8/21		17
15		**ASI #39.1 Release Date (10/19/21)**	**0 days?**	**Tue 10/19/21**	**Tue 10/19/21**		
16		RFI #59	7 days	Fri 11/12/21	Mon 11/22/21		
17		Pricing ASI #39 Rev. 1	12 days	Tue 10/19/21	Wed 11/3/21	14,13,12	18
18		Pricing ASI #39 Rev. 2	14 days	Thu 11/4/21	Tue 11/23/21	17	19
19		Pricing ASI #39 Rev. 3	16 days	Wed 11/24/21	Wed 12/15/21	18	20
20		Pricing ASI #39 Rev. 4	4 days	Thu 12/16/21	Tue 12/21/21	19	21
21		ASI #39 Approval	10 days	Wed 12/22/21	Fri 1/7/22	20	364FS+15 d
22		**ASI #40 Footings Release Date (11/17/21)**	**0 days**	**Wed 11/17/21**	**Wed 11/17/21**		
23		RFI #63	2 days	Mon 11/29/21	Tue 11/30/21		25
24		Construction Directive #04 - proceed with ASI #40 Footings	0 days	Tue 12/7/21	Tue 12/7/21		217FS+2 days,117FS+
25		Pricing ASI #40 Footings Rev. 1	17 days	Wed 12/1/21	Mon 12/27/21	23	
26		**ASI #40 Complete Release Date (12/9/21)**	**0 days**	**Thu 12/9/21**	**Thu 12/9/21**		**49FS+10 da**
27		RFI #68	2 days	Wed 12/15/21	Thu 12/16/21		
28		RFI #69	5 days	Mon 12/27/21	Mon 1/3/22		
29		RFI #70	5 days	Mon 12/27/21	Mon 1/3/22		31
30		Construction Directive #05 - ASI #40 Steel Procurement	3 days	Tue 2/1/22	Thu 2/3/22		68
31		ASI #40 Pricing	20 days	Tue 1/4/22	Tue 2/1/22	29	32
32		ASI #40 Approval	10 days	Wed 2/2/22	Tue 2/15/22	31	
33		ASI #xx INDUSTRY Office release date	1 day	Tue 2/15/22	Tue 2/15/22		
34		ASI #xx INDUSTRY Office approval	1 day	Tue 3/15/22	Tue 3/15/22		144FS+5 da
35		**Submittals (Submit & Approve)**	**214 days**	**Tue 5/11/21**	**Mon 3/14/22**		
36		Plumbing	117 days	Wed 5/12/21	Thu 10/21/21	9	76
37		Electrical	117 days	Wed 5/12/21	Thu 10/21/21	9	74,73
38		Mechanical	117 days	Wed 5/12/21	Thu 10/21/21	9	75
39		Fire Sprinkler	142 days	Wed 5/12/21	Thu 11/25/21	9	77
40		Fire Alarm	103 days	Tue 7/6/21	Thu 11/25/21	9	78
41		Baserock/Rock	63 days	Wed 5/12/21	Fri 8/6/21	9	112FS-20 da
42		Rebar	117 days	Wed 5/12/21	Thu 10/21/21	9	66,113,213,
43		Concrete	78 days	Wed 5/12/21	Fri 8/27/21	9	109,214,23
44		Shotcrete - Deleted per RFI #7	0 days	Tue 5/11/21	Tue 5/11/21	9	
45		Structural Steel	73 days	Wed 5/12/21	Fri 8/20/21	9	
46		ASI#39 Structural Steel : Delay in Detailing Due to Floor Elevation Move	124 days	Wed 5/12/21	Mon 11/1/21	9	67,47
47		Structural Steel and ASI #39 : Architectural and Structural Review	10 days	Tue 11/2/21	Mon 11/15/21	46	67,48FS+22 days
48		ASI # 39.1 Resubmittal	22 days	Thu 12/16/21	Thu 1/20/22	47FS+22 days	
49		ASI #40 Structural Steel Gridline J-L	18 days	Mon 12/27/21	Fri 1/21/22	26FS+10 days	50,51
50		ASI #40 Structural Steel Gridline J-L AOR Appr	5 days	Mon 1/24/22	Fri 1/28/22	49	68
51		ASI #40 Structural Steel Gridline L-N	10 days	Mon 1/24/22	Fri 2/4/22	49	52,53
52		ASI #40 Structural Steel Gridline L-N AOR Approval	5 days	Mon 2/7/22	Fri 2/11/22	51	69
53		ASI #40 Structural Steel Gridline N-R	10 days	Mon 2/7/22	Fri 2/18/22	51	54,55
54		ASI #40 Structural Steel Gridline N-R AOR Approval	5 days	Tue 2/22/22	Mon 2/28/22	53	70
55		ASI #40 Structural Steel Gridline R-W	10 days	Tue 2/22/22	Mon 3/7/22	53	56



Critical · Critical Split · Critical Progress · Task · Split · Task Progress · Manual Task · Start-only · Finish-only · Duration-only · Baseline · Baseline Split · Baseline Milestone · Milestone · Summary Progress · Summary · Manual Summary · Project Summary · External Tasks · External Milestone · Inactive Task · Inactive Milestone · Inactive Summary · Deadline



ID	Task Mo	Task Name	Duration	Start	Finish	Predecessors	Successors
56		ASI #40 Structural Steel Gridline R-W AOR Approval	5 days	Tue 3/8/22	Mon 3/14/22	55	71
57		Wheel Chair Lift	103 days	Tue 6/8/21	Thu 10/28/21	9	72
58		Glass and Glazing	117 days	Wed 5/19/21	Thu 10/28/21	9	80
59		Doors, Frames and Hardware	122 days	Wed 5/12/21	Thu 10/28/21	9	81
60		Overhead Door	117 days	Wed 5/12/21	Thu 10/21/21	9	79
61		Metal Stud Drywall	70 days	Wed 5/12/21	Tue 8/17/21	9	82
62		Insulation	70 days	Wed 5/12/21	Tue 8/17/21	9	83
63		Paint	103 days	Tue 6/8/21	Thu 10/28/21	9	136,265,28
64		CMU	117 days	Wed 5/12/21	Thu 10/21/21	9	364
65		**Longlead and Procurement**	**164 days**	**Wed 8/18/21**	**Mon 4/11/22**		
66		Rebar	20 days	Fri 10/22/21	Thu 11/18/21	42	
67		Structural Steel : Delay in Detailing Due to Floor Elevation Move	30 days	Thu 11/11/21	Wed 12/22/21	46,47	
68		Additional Steel Due to ASI #40 J-L	20 days	Fri 2/4/22	Fri 3/4/22	50,30	226,227
69		Additional Steel Due to ASI #40 L-N	20 days	Mon 2/14/22	Mon 3/14/22	52	228
70		Additional Steel Due to ASI #40 N-R	20 days	Tue 3/1/22	Mon 3/28/22	54	229
71		Additional Steel Due to ASI #40 R-W	20 days	Tue 3/15/22	Mon 4/11/22	56	230
72		Wheel Chair Lift	90 days	Fri 10/29/21	Thu 3/10/22	57	359FS+20 d
73		Electrical and Floor Boxes	20 days	Fri 10/22/21	Thu 11/18/21	37	
74		Electrical Lighting	60 days	Fri 10/22/21	Wed 1/19/22	37	137,285,24
75		Mechanical	60 days	Fri 10/22/21	Wed 1/19/22	38	379,382
76		Plumbing	10 days	Fri 10/22/21	Thu 11/4/21	36	
77		Fire Sprinkler	40 days	Fri 11/26/21	Wed 1/26/22	39	124,274,23
78		Fire Alarm	10 days	Fri 11/26/21	Thu 12/9/21	40	139,287,25
79		Overhead Door	10 days	Fri 10/22/21	Thu 11/4/21	60	
80		Glass and Glazing	45 days	Fri 10/29/21	Tue 1/4/22	58	374
81		Doors, Frames and Hardware	40 days	Fri 10/29/21	Mon 12/27/21	59	130,262,27
82		Metal Stud and Drywall	1 day	Wed 8/18/21	Wed 8/18/21	61	128,256,26
83		Rigid Insulation	5 days	Wed 8/18/21	Tue 8/24/21	62	
84		**Construction**	**177 days**	**Wed 1/20/21**	**Thu 9/23/21**		
85		**Mobilize to Site**	**76 days**	**Wed 1/27/21**	**Wed 5/12/21**		**91FS+10 da**
86		Makers Line Mobilize (5 days from NTP)	1 day	Wed 5/12/21	Wed 5/12/21	9	
87		Temp Power / Temp Lighting	6 days	Wed 1/27/21	Wed 2/3/21	89	
88		**Demolition**	**177 days**	**Wed 1/20/21**	**Thu 9/23/21**		
89		Safe Off MEP Trades	5 days	Wed 1/20/21	Tue 1/26/21	5	87,90
90		SawCut and Hard Demo	53 days	Wed 1/27/21	Fri 4/9/21	89	99
91		Selective Demo	40 days	Thu 5/27/21	Wed 7/21/21	85FS+10 days	94FS-50 day
92		Roof Demo	12.8 days	Tue 9/7/21	Thu 9/23/21	111FS-3 days	106FS-1 day
93		Remove And Salvage Clerestory Windows	50 days	Mon 6/28/21	Fri 9/3/21	91	
94		RFI #7 Exsiting CMU North Wall	52 days	Mon 5/24/21	Tue 8/3/21	91FS-50 days	95
95		RFI #7 Pricing, Approval and Demo	20 days	Wed 8/4/21	Tue 8/31/21	94	
96		**Construction 5A Gridline .5 to 1**	**447 days**	**Mon 1/18/21**	**Fri 10/14/22**		
97		**1st Floor**	**447 days**	**Mon 1/18/21**	**Fri 10/14/22**		
98		**East - Gridline .5 to 1 (Core and Shell)**	**290 days**	**Mon 2/22/21**	**Fri 4/8/22**		
99		Rough Grade	5 days	Mon 4/12/21	Fri 4/16/21	90	210,107FS-5
100		RFI #4 / RFI #16 Existing Footings East Bay	110 days	Mon 2/22/21	Fri 7/23/21	99FS-113 days	101FS-18 days
101		PCO #1 - Concrete Footing Removal	32 days	Wed 6/30/21	Thu 8/12/21	100FS-18 days	106,102FS-5
102		Demo Per RFI #4, #16, PCO#1	12 days	Mon 7/5/21	Mon 8/9/21	101FS-5 days	106,103FS-1
103		Submittal # 82 - Structural Fill / GeoFabric	16 days	Thu 7/22/21	Fri 8/13/21	102FS-12 days	106,104,10
104		Backfill & Compact Demolished Footing	12 days	Tue 8/17/21	Thu 9/2/21	103,105	111
105		Rain Delay - Import Material Saturated	2 days	Fri 8/13/21	Tue 8/17/21	103	104
106		Rough Grade Continued	3 days	Thu 9/23/21	Mon 9/27/21	101,102,103,92F	107FS-3 day
107		Footing Excavation	7 days	Thu 9/23/21	Fri 10/1/21	99FS-5 days,106	108
108		Reinforcing Steel Footings	9 days	Mon 10/4/21	Thu 10/14/21	107	109
109		Footing Pour	2 days	Fri 10/15/21	Mon 10/18/21	108,43	112FS-20 da
110		Rough Underground Plumbing	4 days	Tue 10/19/21	Mon 10/25/21	102,109	112
111		Electrical UG	13 days	Tue 8/24/21	Fri 9/10/21	102,104	92FS-3 days
112		GeoFabric and Baserock	3 days	Mon 10/25/21	Thu 10/28/21	109FS-20 days,4	113
113		Reinforcing Steel SOG	4 days	Thu 10/28/21	Wed 11/3/21	112,42	114

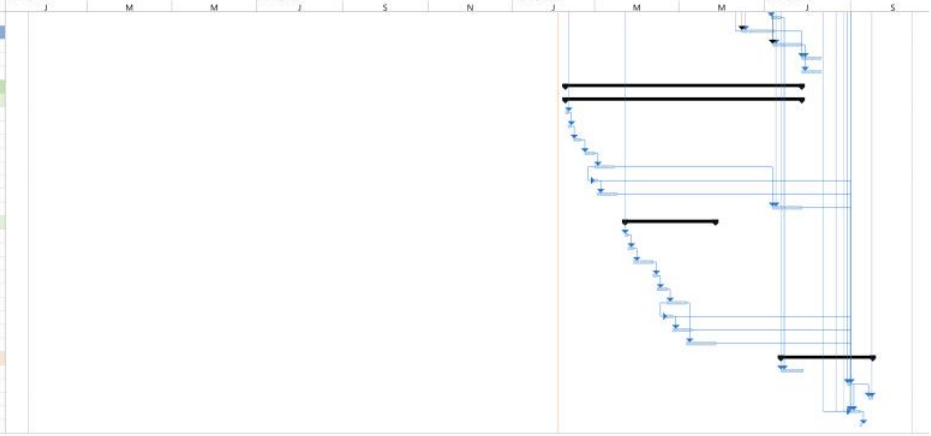


ID	Task Mo	Task Name	Duration	Start	Finish	Predecessors	Successors
114		Pour Slab	1 day	Wed 11/3/21	Thu 11/4/21	43,113	115
115		Slab Cure	5 days	Thu 11/4/21	Thu 11/11/21	114	116
116		Polish SOG	5 days	Thu 11/11/21	Thu 11/18/21	115	123
117		Demo Slab	2 days	Tue 12/14/21	Wed 12/15/21	24FS+5 days	118
118		Additional Excavation ASI #40	4 days	Thu 12/16/21	Tue 12/21/21	117	119
119		Additional Footings ASI #40	4 days	Wed 12/22/21	Wed 12/29/21	118	120
120		Re-connect electrical conduit	3 days	Thu 12/30/21	Tue 1/4/22	119	121
121		SOG prep (Baserock/ Reinf. Steel / Epoxy)	4 days	Wed 1/5/22	Mon 1/10/22	120	122
122		Re-Pour SOG & Footings ASI #40	2 days	Tue 1/11/22	Wed 1/12/22	121	123
123		Layout and MEP Coordination	1 day	Thu 1/13/22	Thu 1/13/22	116,122	125,126,127
124		Rough Over Sprinklers Below Deck	10 days	Thu 1/27/22	Wed 2/9/22	77	140
125		Rough Electrical (OH)	15 days	Fri 1/14/22	Fri 2/4/22	123	137,139
126		Rough Mechanical (OH)	15 days	Fri 1/14/22	Fri 2/4/22	123	138
127		Rough Plumbing (OH)	15 days	Fri 1/14/22	Fri 2/4/22	123	133
128		Metal Stud Framing	10 days	Wed 1/26/22	Tue 2/8/22	123FS+7 days,82	129FS-4 day
129		Rough Electrical In Wall	7 days	Thu 2/3/22	Fri 2/11/22	128FS-4 days	132
130		Door Frames	5 days	Mon 2/7/22	Fri 2/11/22	128FS-2 days,81	131SS
131		Window Frames	5 days	Mon 2/7/22	Fri 2/11/22	130SS	138
132		Insulation	2 days	Mon 2/14/22	Tue 2/15/22	128,129	133
133		Drywall	5 days	Wed 2/16/22	Wed 2/23/22	132,127	134
134		Tape and Finish	10 days	Thu 2/24/22	Wed 3/9/22	133	136FS-3 day
135		Doors and Hardware	5 days	Thu 3/10/22	Wed 3/16/22	134	136
136		Prime and Paint	7 days	Thu 3/17/22	Fri 3/25/22	134FS-3 days,133	141,137,138
137		Finish Electrical	7 days	Mon 3/28/22	Tue 4/5/22	136,125,74	142
138		Finish Mechanical	7 days	Mon 3/28/22	Tue 4/5/22	136,126,131	142
139		Finish Fire Alarm	7 days	Mon 3/28/22	Tue 4/5/22	136,125,78	142
140		Finish Fire Sprinkler	7 days	Mon 3/28/22	Tue 4/5/22	136,124	142
141		Baseboards	3 days	Mon 3/28/22	Wed 3/30/22	136	142
142		Final Clean	3 days	Wed 4/6/22	Fri 4/8/22	137,138,139,140	
143		**INDUSTRY OFFICE (CONCEPTUAL)**	**71 days**	**Thu 7/7/22**	**Fri 10/14/22**		
165		**Recursion OFFICE (CONCEPTUAL)**	**71 days**	**Thu 7/7/22**	**Fri 10/14/22**		
187		**Denali OFFICE (CONCEPTUAL)**	**71 days**	**Thu 7/7/22**	**Fri 10/14/22**		
209		**West - Gridline 1.1 to 4**	**417 days**	**Mon 1/18/21**	**Thu 9/1/22**		
210		Rough Grade	5 days	Tue 9/28/21	Mon 10/4/21	99,106	212,211
211		ASI #39 - Modify Footings & Additional Scope	11 days	Tue 10/5/21	Tue 10/19/21	210	212
212		Footing Excavation	7 days	Wed 10/20/21	Thu 10/28/21	210,211	213
213		Reinforcing Steel Footing	15 days	Fri 10/29/21	Thu 11/18/21	212,42	214
214		Footing Pour	2 days	Fri 11/19/21	Mon 11/22/21	213,43	215
215		Footing Pour Cure	5 days	Tue 11/23/21	Mon 11/29/21	214	216
216		Rough Underground Plumbing	5 days	Tue 11/30/21	Mon 12/6/21	215	217,224
217		Additional Excavation ASI #40	12 days	Thu 12/9/21	Tue 12/28/21	216,24FS+2 days	221SS+6 day
218		Weather Delay (12/15/21)	1 day	Wed 12/15/21	Wed 12/15/21	217SS+4 days	221
219		Weather Delay (12/27/21)-(12/28/21)	2 days	Mon 12/27/21	Tue 12/28/21	217SS+10 days	
220		Weather Delay (12/31/21)	2 days	Mon 1/3/22	Tue 1/4/22	217SS+14 days	
221		Additional Footings ASI #40	13 days	Fri 12/17/21	Fri 1/7/22	217SS+6 days,21	222
222		Pour Footings ASI #40	2 days	Mon 1/10/22	Tue 1/11/22	221	224,223
223		Soil Improvement (Winter Conditions ASI #40)	15 days	Wed 1/12/22	Wed 2/2/22	222	224
224		GeoFabric and Baserock	3 days	Thu 2/3/22	Mon 2/7/22	216,222,223	390,233,395
225		Steel Columns Erection	5 days	Mon 2/28/22	Fri 3/4/22	365FS-12 days	226
226		Additional Steel Columns Erection due to ASI #40	9 days	Mon 3/7/22	Thu 3/17/22	225,68	
227		Additional Steel Due to ASI #40 J-L	19 days	Mon 3/7/22	Thu 3/31/22	68	228,229,230
228		Additional Steel Due to ASI #40 L-N	19 days	Fri 4/1/22	Wed 4/27/22	227,69	229,230,295
229		Additional Steel Due to ASI #40 N-R	19 days	Thu 4/28/22	Tue 5/24/22	227,228,70	230,294
230		Additional Steel Due to ASI #40 R-W	14 days	Wed 5/25/22	Mon 6/13/22	227,228,229,71	296
231		Metal Stud Framing (Fire wall)	20 days	Mon 1/18/21	Fri 2/12/21		
232		**Level 1 South - Gridline J-R**	**65 days**	**Wed 6/1/22**	**Thu 9/1/22**		
233		Reinforcing Steel SOG (South)	4 days	Wed 6/1/22	Mon 6/6/22	42,224,294,295	234
234		Pour Slab SOG (South)	1 day	Tue 6/7/22	Tue 6/7/22	43,233	235

ID	Task Mo	Task Name	Duration	Start	Finish	Predecessors	Successors
235		SOG Cure and Polish	7 days	Wed 6/8/22	Thu 6/16/22	234	358,236
236		Metal Stud Framing	16 days	Fri 6/17/22	Tue 7/12/22	235	241,242,24
237		Rough Fire Sprinkler	7 days	Wed 6/22/22	Thu 6/30/22	77,2365S+3 days	244,238FS+
238		Rough Electrical (OH)	10 days	Fri 7/8/22	Thu 7/21/22	237FS+3 days	
239		Rough Mechanical (OH)	10 days	Fri 7/8/22	Thu 7/21/22	237FS+3 days	
240		Rough Plumbing (OH)	10 days	Fri 7/8/22	Thu 7/21/22	237FS+3 days	
241		Rough Electrical In Wall	6 days	Wed 7/13/22	Wed 7/20/22	236	244
242		Door Frames	2 days	Wed 7/13/22	Thu 7/14/22	236,81	244,243
243		Insulation	2 days	Fri 7/15/22	Mon 7/18/22	236,242	244
244		Drywall	7 days	Thu 7/21/22	Fri 7/29/22	237,236,241,242	245
245		Tape and Finish	7 days	Mon 8/1/22	Tue 8/9/22	244	247,246
246		Doors and Hardware	5 days	Wed 8/10/22	Tue 8/16/22	245	253
247		Prime and Paint	6 days	Wed 8/10/22	Wed 8/17/22	245,63	252,248,24
248		Finish Electrical	8 days	Thu 8/18/22	Mon 8/29/22	247,74	253,410
249		Finish Mechanical	8 days	Thu 8/18/22	Mon 8/29/22	247	253
250		Finish Fire Alarm	8 days	Thu 8/18/22	Mon 8/29/22	247,78	253
251		Finish Fire Sprinkler	8 days	Thu 8/18/22	Mon 8/29/22	247	253
252		Baseboards	2 days	Thu 8/18/22	Fri 8/19/22	247	253
253		Final Clean	3 days	Tue 8/30/22	Thu 9/1/22	246,248,249,250	412SS
254		**Restrooms**	**30 days**	**Fri 6/17/22**	**Mon 8/1/22**		
269		**Level 1- North - Gridline R-W**	**51 days**	**Tue 6/21/22**	**Thu 9/1/22**		
270		Reinforcing Steel SOG (North)	4 days	Tue 6/21/22	Fri 6/24/22	296,297	271
271		Pour Slab SOG (North)	1 day	Mon 6/27/22	Mon 6/27/22	270	272
272		SOG Cure and Polish	6 days	Tue 6/28/22	Thu 7/7/22	271	273
273		Metal Stud Framing	7 days	Fri 7/8/22	Mon 7/18/22	272	278,279,283
274		Rough Fire Sprinkler	7 days	Wed 7/13/22	Thu 7/21/22	77,2735S+3 days	281,275FS+
275		Rough Electrical (OH)	9 days	Wed 7/27/22	Mon 8/8/22	274FS+3 days	
276		Rough Mechanical (OH)	9 days	Wed 7/27/22	Mon 8/8/22	274FS+3 days	
277		Rough Plumbing (OH)	9 days	Wed 7/27/22	Mon 8/8/22	274FS+3 days	
278		Rough Electrical In Wall	5 days	Tue 7/19/22	Mon 7/25/22	273	281
279		Door Frames	2 days	Tue 7/19/22	Wed 7/20/22	273,81	281,280
280		Insulation	2 days	Thu 7/21/22	Fri 7/22/22	273,279	281
281		Drywall	7 days	Tue 7/26/22	Wed 8/3/22	273,279,280,274	282
282		Tape and Finish	7 days	Thu 8/4/22	Fri 8/12/22	281	284,283
283		Doors and Hardware	4 days	Mon 8/15/22	Thu 8/18/22	282	290
284		Prime and Paint	5 days	Mon 8/15/22	Fri 8/19/22	282,63	289,285,28
285		Finish Electrical	6 days	Mon 8/22/22	Mon 8/29/22	284,74	290,410
286		Finish Mechanical	6 days	Mon 8/22/22	Mon 8/29/22	284	290
287		Finish Fire Alarm	6 days	Mon 8/22/22	Mon 8/29/22	284,78	290
288		Finish Fire Sprinkler	6 days	Mon 8/22/22	Mon 8/29/22	284	290
289		Baseboards	2 days	Mon 8/22/22	Tue 8/23/22	284	290
290		Final Clean	3 days	Tue 8/30/22	Thu 9/1/22	285,286,287,288	412SS
291		**2nd Floor West Gridline 1.1 to 4**	**104 days**	**Fri 4/1/22**	**Fri 8/26/22**		
292		Metal Deck ASI #40 J-L	5 days	Fri 4/1/22	Thu 4/7/22	227	301,298,29
293		Metal Deck ASI #40 L-N	5 days	Thu 4/28/22	Wed 5/4/22	228	301,298,29
294		Metal Deck ASI #40 N-R	5 days	Wed 5/25/22	Tue 5/31/22	229	302,299,30
295		CRB UG Start J-R	0 days	Tue 5/31/22	Tue 5/31/22	294	233
296		Metal Deck ASI #40 R-W	5 days	Tue 6/14/22	Mon 6/20/22	230	302,300,37
297		CRB UG start R-W	0 days	Mon 6/20/22	Mon 6/20/22	296	270
298		Layout and MEP Coorindation (Through Floor Penetrations)	1 day	Thu 5/5/22	Thu 5/5/22	292,293	301
299		Reinforcing Steel ASI #40 J-R	3 days	Wed 6/1/22	Fri 6/3/22	292,293,294	301
300		Reinforcing Steel ASI #40 R-W	3 days	Tue 6/21/22	Thu 6/23/22	296	302
301		Mezz Deck Pour ASI #40 J-R	2 days	Mon 6/6/22	Tue 6/7/22	299,298,292,293	302,303
302		Mezz Deck Pour 2 ASI #40 R-W	2 days	Fri 6/24/22	Mon 6/27/22	301,294,296,300	304
303		Mezz Deck Cure ASI #40 L-R	5 days	Wed 6/8/22	Tue 6/14/22	301	306,307
304		Mezz Deck Cure 2 ASI #40 R-W	5 days	Tue 6/28/22	Wed 7/6/22	302	341,342,34
305		**Level 2 South (J-R)**	**44 days**	**Wed 6/15/22**	**Wed 8/17/22**		
306		Layout and Coordination	1 day	Wed 6/15/22	Wed 6/15/22	303	326SS+1 da
307		Metal Stud Framing	7 days	Wed 6/15/22	Thu 6/23/22	303	314,313,30
308		Rough Fire Sprinkler (OH)	7 days	Mon 6/20/22	Tue 6/28/22	307SS+3 days	309FS+3 da

ID	Task Mo	Task Name	Duration	Start	Finish	Predecessors	Successors
309		Rough Electrical (OH)	10 days	Wed 7/6/22	Tue 7/19/22	308FS+3 days	
310		Rough Mechanical (OH)	10 days	Wed 7/6/22	Tue 7/19/22	308FS+3 days	
311		Rough Plumbing (OH)	10 days	Wed 7/6/22	Tue 7/19/22	308FS+3 days	
312		Rough Electrical In Wall	5 days	Fri 6/24/22	Thu 6/30/22	308FS-3 days	313,314
313		Door Frames	2 days	Fri 7/1/22	Wed 7/6/22	312,307	317
314		Insulation	2 days	Fri 7/1/22	Wed 7/6/22	312,307	315
315		Drywall	7 days	Thu 7/7/22	Fri 7/15/22	314	316
316		Tape and Finish	7 days	Mon 7/18/22	Tue 7/26/22	315	318
317		Doors and Hardware	5 days	Thu 7/7/22	Wed 7/13/22	313	318
318		Prime and Paint	5 days	Wed 7/27/22	Tue 8/2/22	317,316	319,320,323
319		Finish Electrical	8 days	Wed 8/3/22	Fri 8/12/22	318	324,410
320		Finish Mechanical	8 days	Wed 8/3/22	Fri 8/12/22	318	324
321		Finish Fire Alarm	8 days	Wed 8/3/22	Fri 8/12/22	318	324
322		Finish Fire Sprinkler	8 days	Wed 8/3/22	Fri 8/12/22	318	324
323		Baseboards	2 days	Wed 8/3/22	Thu 8/4/22	318	324
324		Final Clean	3 days	Mon 8/15/22	Wed 8/17/22	319,320,321,322	41255
325		**Restrooms**	**30 days**	**Thu 6/16/22**	**Fri 7/29/22**		
340		**Level 2 North (R-W)**	**37 days**	**Thu 7/7/22**	**Fri 8/26/22**		
341		Layout and Coordination	1 day	Thu 7/7/22	Thu 7/7/22	304	144SS,166SS
342		Metal Stud Framing	7 days	Thu 7/7/22	Fri 7/15/22	304	348,347FS-2
343		Rough Fire Sprinkler (OH)	7 days	Thu 7/7/22	Fri 7/15/22	304	
344		Rough Electrical (OH)	10 days	Thu 7/7/22	Wed 7/20/22	304	
345		Rough Mechanical (OH)	10 days	Thu 7/7/22	Wed 7/20/22	304	
346		Rough Plumbing (OH)	10 days	Thu 7/7/22	Wed 7/20/22	304	
347		Rough Electrical In Wall	5 days	Thu 7/14/22	Wed 7/20/22	342FS-2 days	348
348		Insulation	2 days	Thu 7/21/22	Fri 7/22/22	342,347	349
349		Drywall	6 days	Mon 7/25/22	Mon 8/1/22	348	350
350		Tape and Finish	7 days	Tue 8/2/22	Wed 8/10/22	349	351
351		Prime and Paint	5 days	Thu 8/11/22	Wed 8/17/22	350	352,353,354
352		Finish Electrical	4 days	Thu 8/18/22	Tue 8/23/22	351	356,410
353		Finish Mechanical	4 days	Thu 8/18/22	Tue 8/23/22	351	356
354		Finish Fire Alarm	4 days	Thu 8/18/22	Tue 8/23/22	351	356
355		Finish Fire Sprinkler	4 days	Thu 8/18/22	Tue 8/23/22	351	356
356		Final Clean	3 days	Wed 8/24/22	Fri 8/26/22	352,353,354,355	41255
357		**ADA Lift**	**61 days**	**Fri 6/17/22**	**Tue 9/13/22**		
358		Elevator Enclosure per ASI #40	15 days	Fri 6/17/22	Mon 7/11/22	235	359,360
359		Additional Elevator due to ASI #39	20 days	Tue 7/12/22	Mon 8/8/22	72FS+20 days,35	361
360		Additional Wheelchair Lift due to ASI #39	15 days	Tue 7/12/22	Mon 8/1/22	72FS+20 days,358	361
361		Set Up State Inspection	1 day	Tue 8/9/22	Tue 8/9/22	359,360	362
362		State Inspection	25 days	Wed 8/10/22	Tue 9/13/22	361	411
363		**Exterior Shell and Closure**	**109 days**	**Tue 2/1/22**	**Wed 7/6/22**		
364		CMU West Wall Stage 5a	20 days	Tue 2/1/22	Tue 3/1/22	64,21FS+15 days	367,366SS+
365		Winter Conditions for CMU	10 days	Wed 3/2/22	Tue 3/15/22	364	366,367FS-5
366		CMU North Wall Per RFI #7	15 days	Wed 3/16/22	Tue 4/5/22	364SS+10 days,3	368
367		Metal Stud Framing	20 days	Wed 3/9/22	Tue 4/5/22	364,365FS-5 day	373
368		Metal Stud Faming RFI North Wall #07	5 days	Wed 4/6/22	Tue 4/12/22	366	
369		Roof Deck - ASI #40 J-R	10 days	Wed 6/1/22	Tue 6/14/22	294	384,378,373
370		Roof Deck - ASI #40 R-W	10 days	Tue 6/21/22	Wed 7/6/22	296	385,372FS-3
371		**CRB ROOF CURB INSTALL (J-R)**	**0 days**	**Fri 6/10/22**	**Fri 6/10/22**	**369FS-3 days**	**384**
372		**CRB ROOF CURB INSTALL (R-W)**	**0 days**	**Thu 6/30/22**	**Thu 6/30/22**	**370FS-3 days**	**385**
373		Metal Siding and Flashing	20 days	Wed 4/6/22	Tue 5/3/22	367	374,375
374		Glass and Glazing	10 days	Wed 5/4/22	Tue 5/17/22	373,80	409
375		Garage Doors	10 days	Wed 5/4/22	Tue 5/17/22	373	412
376		**Roof**	**39 days**	**Wed 6/15/22**	**Wed 8/10/22**		
377		Demo Roof for Mechanical Curbs	5 days	Wed 6/15/22	Tue 6/21/22	384SS	379
378		Roof Screens Steel	10 days	Wed 6/15/22	Tue 6/28/22	369	
379		Set Curbs	3 days	Wed 6/22/22	Fri 6/24/22	377,75	381,380,382
380		Rough Electrical To Mechanical Units	5 days	Mon 6/27/22	Fri 7/1/22	379	382
381		Roof Patch and Flash	5 days	Mon 6/27/22	Fri 7/1/22	379	382,383
382		Set Mechanical Equipment	3 days	Wed 7/6/22	Fri 7/8/22	381,379,380,75	409

ID	Task Mo	Task Name	Duration	Start	Finish	Predecessors	Successors
383		Rough Gas to Mechanical Units (Above	5 days	Wed 7/6/22	Tue 7/12/22	381	409
384		Roofing J-R	15 days	Wed 6/15/22	Thu 7/7/22	369,371	386,377SS
385		Roofing R-W	15 days	Thu 7/7/22	Wed 7/27/22	370,372	386,387
386		Flashing and Gutter	10 days	Thu 7/28/22	Wed 8/10/22	384,385	
387		Roof Screens Metal Siding	10 days	Thu 7/28/22	Wed 8/10/22	385	
388		**Site**	**119 days**	**Tue 2/8/22**	**Wed 7/27/22**		
389		**East**	**119 days**	**Tue 2/8/22**	**Wed 7/27/22**		
390		Site Demo	2 days	Tue 2/8/22	Wed 2/9/22	224	391
391		Grading	2 days	Thu 2/10/22	Fri 2/11/22	390	392
392		Underground Utilites	5 days	Mon 2/14/22	Fri 2/18/22	391	393
393		Reinforcing Steel (Patios)	5 days	Tue 2/22/22	Mon 2/28/22	392	394
394		Concrete	10 days	Tue 3/1/22	Mon 3/14/22	393	395SS,397
395		Asphalt Patch	2 days	Tue 3/1/22	Wed 3/2/22	394SS	412,396
396		Landscape	10 days	Thu 3/3/22	Wed 3/16/22	395	412
397		Site Misc Metals	15 days	Thu 7/7/22	Wed 7/27/22	394,370	412
398		**West and North**	**47 days**	**Wed 3/23/22**	**Thu 5/26/22**		
399		Site Demo	2 days	Wed 3/23/22	Thu 3/24/22	224FS+30 days,3	400
400		Grading	2 days	Fri 3/25/22	Mon 3/28/22	399	401
401		Underground Utilites	10 days	Tue 3/29/22	Mon 4/11/22	400	402
402		Structural Excavation	3 days	Tue 4/12/22	Thu 4/14/22	401	403
403		Reinforcing Steel	5 days	Fri 4/15/22	Thu 4/21/22	402	404
404		Concrete	10 days	Fri 4/22/22	Thu 5/5/22	403	405SS,407
405		Asphalt Patch	2 days	Fri 4/22/22	Mon 4/25/22	404SS	412,406
406		Landscape	10 days	Tue 4/26/22	Mon 5/9/22	405	412
407		Site Misc Metals	15 days	Fri 5/6/22	Thu 5/26/22	404	412
408		**Closeout 5A**	**48 days**	**Wed 7/13/22**	**Fri 9/16/22**		
409		Equipment Start-Up and TAB	12 days	Wed 7/13/22	Thu 7/28/22	374,382,383	
410		Fire Life Safety Pre-Testing	2 days	Tue 8/30/22	Wed 8/31/22	285,248,352,319	411,412
411		City Final Inspections / TCO - CRB	3 days	Wed 9/14/22	Fri 9/16/22	410,339,268,362	
412		Punchlist	5 days	Thu 9/1/22	Wed 9/7/22	410,290SS,268,3	413
413		Turnover to Tenant	1 day	Thu 9/8/22	Thu 9/8/22	412	



Critical, Task, Manual Task, Duration-only, Baseline Milestone, Summary, External Tasks, Inactive Milestone
Critical Split, Split, Start-only, Baseline, Milestone, Manual Summary, External Milestone, Inactive Summary
Critical Progress, Task Progress, Finish-only, Baseline Split, Summary Progress, Project Summary, Inactive Task, Deadline

EXHIBIT C-4

Warm Shell Condition[1]

- A minimum 6" thick continuous flat concrete slab without plane changes, and a 10mm continuous vapor barrier per updated Landlord and Tenant's co- design. Any additional specialty costs will be borne by Tenant. Flat floor shall specifically be held to ACI Standards for FFL.
- Footings and elevated deck adequate for office and laboratory use per co-design (the elevated deck shall be built per updated co-designstandards with stairs (and no additional conveyance) and metal perimeter railing). The mezzanine shall have a polished concrete floor with a minimum bearing capacity of 150PSF, and shall be without a drop ceiling or exterior drywall partitions. Landord to confirm with Engineer of Record that loads will be designed with a minimum bearing capacity.
- All demolition (demo plan attached as part of the Plans) complete, including non-bearing walls between columns per Landlord plans.
- Landlord, as part of Landlord's Work, shall provide adequate power (and associated INDUSTRY-standard distribution) in the office area of the Premises. Given that there is not sufficient power available to power the Laboratory Premises, the cost of sourcing additional power shall be at Tenant's cost. Landlord shall provide a single 200 amp electrical panel in the Laboratory Premises as part of Landlord's Work. At Tenant's request, Landlord shall provide an additional 4,000 amp electrical service for the Tenant's use on the Premises, which is planned to be exclusively used by Tenant and Tenant's neighbor with cost based on the pro-rata split of both users. Power distribution in the Laboratory Premises shall be at Tenant's sole cost.
- Water and gas lines stubbed into the Premises consistent with updated Landlord and Tenant co-design, subject to review and approval of the Salt Lake City Public Utilities and local gas utility of the proposed 3" culinary water meter and high-pressure gas line. Subject to the foregoing, Tenant will need a 3" water tap to existing recently installed 12" main line and new gas line. Tenant shall pay for additional cost of water and gas lines required for Laboratory Premises.
- 8'Sewer line lateral stubbed to the Premises per updated Landlord and Tenant co-design, further referenced under Exhibit C-5 Utility Site Plan. Sewer upgrades beyond the original 4" specifications set forth herein shall be borne by Tenant.
- INDUSTRY-standard HVAC units and capacity for the entirety of the space including main trunk and distribution lines per Landlord and Tenant codesign; Additional structural supports for added mass and weight distribution shall accomodate all HVAC units and process equipment placed on structure required by Tenant for Laboratory

[1] NTD: Landlord to provide a copy of the plans/drawings for completion of the Warm Shell Condition/Landord's Work.

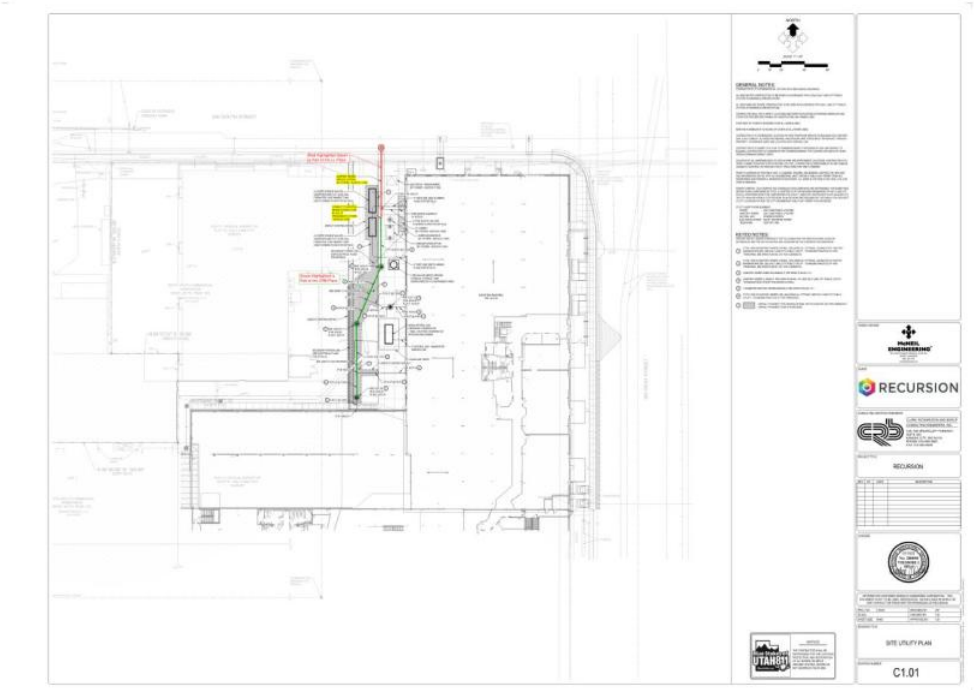
Premises. Related costs shall be borne by Tenant including additional infrastructure and RTU's above INDUSTRY standard.

- Building envelope shall be complete, watertight, and meet all 2015 IBC and IECC code requirements as designed by Landlord. In the event that the authority having jurisdiction requires any component of the building envelope, not directly changed, altered or impacted by Tenants' Improvement plans and construction, to meet 2018 IBC and IECC code requirements, additional costs for amendments to the building envelope plans and construction shall be borne by the Landlord.

- Space on the roof for Tenant equipment including ventilation stacks and other HVAC equipment consistent with Landlord and Tenant co-design. Any additional structural reinforcement and engineering analysis will be at Tenant's sole cost and expense. Any damage to the roof or other equipment shall be repaired at Tenant's sole cost.
- Exterior walls framed and insulated per Landlord and Tenant co-design.
- Fire suppression wet system designed and installed throughout the Office Premises plus new 8" fire service lateral is being pursued on behalf of Tenant at Tenant's expense. GPM / Flow Rate shall be dicated by Design and City Engineering. All costs to redesign of the sprinkler system and costs for additional distribution throughout the Laboratory Premises will be borne by Tenant including but not limited to increased piping size, additional pumps to meet flow rates (if necessary), any specialty suppression and/or air evacuation system.
- Existing INDUSTRY SLC building fire alarm system panel for Tenant to tie into and all fire alarm devices required per building standard (B Occupancy Code Requirements).
- INDUSTRY-standard restroom group, complete with an ADA compliant restroom stall, and code compliant electrical closets, and janitor closets.
- Adequate egress doors for typical office use including ADA and exterior lighting requirements.
- Exterior patio(s) adjacent to the Premises – per co-design.
- No window coverings shall be provided by Landlord.
- Exterior walls drywalled and primed where appropriate per Tenant and Landlord co-design.
- One (1) 10' x 12' loading dock and door accessible by tractor trailer trucks (either at Building grade or above grade with internal ramps) in a location mutually approved by Landlord and Tenant. Existing Roadway accesss to loading dock and door shall be suitable for tractor trailer trucks up to two (2) tons with two (2) axels.

EXHIBIT C-5

Utility Site Plan



CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THIS DOCUMENT BECAUSE IT IS NOT MATERIAL AND (I) WOULD BE COMPETITIVELY HARMFUL TO THE REGISTRANT IF PUBLICLY DISCLOSED OR (II) IS INFORMATION THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. SUCH INFORMATION HAS BEEN MARKED WITH "[***]" TO INDICATE WHERE OMISSIONS HAVE BEEN MADE.

COLLABORATION AND LICENSE AGREEMENT

BETWEEN

RECURSION PHARMACEUTICALS, INC.

AND

GENENTECH, INC. AND F. HOFFMANN-LA ROCHE LTD

AS OF DECEMBER 5, 2021

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EXHIBITS

COLLABORATION AND LICENSE AGREEMENT

This Collaboration and License Agreement ("**Agreement**") is made and entered into as of December, 5 2021 ("**Effective Date**"), between Recursion Pharmaceuticals, Inc., having its principal place of business at 41 S. Rio Grande Street, Salt Lake City, Utah 84101 ("**Recursion**") on the one hand and Genentech, Inc., a Delaware corporation, having its principal place of business at 1 DNA Way, South San Francisco, California 94080 ("**GNE**") and F. Hoffmann-La Roche Ltd, having its principal place of business at Grenzacherstrasse 124, CH 4070 Basel, Switzerland ("**FHLR**") (GNE and FHLR, collectively, "**Roche**"), on the other hand. Roche and Recursion are sometimes referred to herein individually as a "**Party**" and collectively as the "**Parties**."

Background

WHEREAS, Recursion is a biotechnology company that has expertise in technology-enabled drug discovery.

WHEREAS, Roche is a biopharmaceutical company that is engaged in the discovery, research, development, manufacture and sale of pharmaceutical products.

WHEREAS, the Parties desire to collaborate in the discovery and development of small molecules and novel targets and therapeutic products containing such small molecules or directed to such targets.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Roche and Recursion agree as follows:

ARTICLE 1
Definitions

Capitalized terms used in this Agreement, whether used in the singular or plural, shall have the meanings set forth below, unless otherwise specifically indicated herein.

1.1 "**Acceptance Fee**" is defined in Section 6.2.

1.2 "**Acceptance Notice**" is defined in Section 3.4.2(b).

1.3 "**Accepted**" is defined in Section 3.4.2(b).

1.4 "**Accounting Standards**" means the maintenance of records and books of accounts in accordance with either IFRS or US GAAP, in each case as currently used at the applicable time by, and as consistently applied by, the applicable Party or its Affiliate or Sublicensee.

1.5 "**Access Log**" means the electronic record generated for each Phenomap created pursuant to ARTICLE 3 and each Joint Multi-Modal Map setting forth each login [***] to such map and all queries of such map run for such login by such individual during the applicable Exclusivity Period, which record will identify, among other agreed upon data, the following information: [***].

1.6 "**Acquired Entity**" is defined in Section 8.14.5(b).

1.7 "**Acquisition Entity**" is defined in Section 8.14.5(a).

1.8 "**Additional Neuroscience Phenomap**" means a Roche-requested Neuroscience Phenomap that is not an Initial Neuroscience Phenomap.

1.9 "**Additional Screening Period**" is defined in Section 4.1.7(b).

1.10 "**Additional Screening Work**" is defined in Section 4.1.7(b).

1.11 "**Affiliate**" means any entity that, directly or indirectly (through one or more intermediaries) controls, is controlled by, or is under common control with a Party, at any point in time and for so long as such control exists. For purposes of the preceding sentence, "controls", "controlled", and "control" means (a) the direct or indirect ownership of more than fifty percent (>50%) of the voting stock or other voting interests or interest in the profits of the Party or (b) the ability to otherwise control or direct the decisions of the board of directors or equivalent governing body thereof. Notwithstanding the foregoing, for purposes of this Agreement, [***], shall not be considered Affiliates of Roche, unless and until Roche elects to include [***] as an Affiliate of Roche, by providing written notice to Recursion of such election.

1.12 "**Agreement**" has the meaning set forth in the preamble hereto.

1.13 "**Alliance Manager**" is defined in Section 2.5.

1.14 "**Annual Net Sales**" means, with respect to a Collaboration Product, all Net Sales of such Collaboration Product during a Calendar Year.

1.15 "**Applicable Law**" means any and all laws, statues, codes, ordinances, orders, rules, rulings, directives and regulations of any kind whatsoever of any governmental authority within the relevant jurisdiction applicable to the activities under this Agreement.

1.16 "**Authorized Subcontractor**" means, with respect to any activity within a Research Plan allocated to Recursion (the "**Subcontracted Activity**"), a Recursion subcontractor (a) set forth on Exhibit A to perform such activity or (b) [***].

1.17 "**Available**" is defined in Section 9.1.

1.18 "**Available Stage 3 SM Program**" means, subject to Section 4.3.3, a Stage 3 Small Molecule Program in the Neuro Field that (a) [***] or (b) [***].

1.19 "**Back Costs**" is defined in Section 9.1.

1.20 "**Backup Small Molecule**" means, with respect to a Stage 3 Small Molecule Program for which Roche exercised its Roche Development Candidate Option, [***] and (a) [***]; or (b) that Roche has designated as a Backup Small Molecule in accordance with Section 4.2.5(b).

1.21 "**Baseline Exclusivity Period**" means the Baseline [***] Exclusivity Period or Baseline Neuroscience Exclusivity Period, as applicable.

1.22 "**Board of Directors**" is defined in Section 1.27.

1.23 "**Business Day**" means any day, other than a Saturday, Sunday or day on which commercial banks located in the United States or Switzerland are authorized or required by law to be closed.

1.24 "**Calendar Quarter**" means each successive period of three (3) calendar months commencing on January 1 (Q1), April 1 (Q2), July 1 (Q3) and October 1 (Q4), except that the

first Calendar Quarter of the Term shall commence on the Effective Date and end on the day immediately prior to the first to occur of January 1, April 1, July 1 or October 1 after the Effective Date, and the last Calendar Quarter shall end on the last day of the Term.

1.25 "**Calendar Year**" means each successive period of twelve (12) calendar months commencing on January 1 and ending on December 31, except that the first Calendar Year of the Term shall commence on the Effective Date and end on December 31 of the year in which the Effective Date occurs and the last Calendar Year of the Term shall commence on January 1 of the year in which the Term ends and end on the last day of the Term.

1.26 "**Cell Context**" means, for a Phenomap, the cell model used to create such Phenomap, [***] (such [***], and such [***]).

1.27 "**Change in Control**" with respect to Recursion, shall be deemed to have occurred if any of the following occurs after the Effective Date:

(a) any "person" or "group" (as such terms are defined below) (i) becomes the "beneficial owner" (as defined below), directly or indirectly, of shares of capital stock or other interests (including partnership interests) of Recursion then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of the directors, managers or similar supervisory positions ("**Voting Stock**") of Recursion representing more than fifty percent (50%) of the total voting power of all outstanding classes of Voting Stock of Recursion or (ii) acquires the power, directly or indirectly, to elect a majority of the members of the board of directors, or similar governing body ("**Board of Directors**") of Recursion; or

(b) Recursion enters into a merger, consolidation or similar transaction with a Third Party (whether or not Recursion is the surviving entity) and as a result of such merger, consolidation or similar transaction (i) the members of the Board of Directors of Recursion immediately prior to such transaction constitute less than a majority of the members of the Board of Directors of Recursion or of such surviving entity immediately following such transaction (a "**Board Change**") or (ii) the individuals or entities that beneficially owned, directly or indirectly, the shares of Voting Stock of Recursion immediately prior to such transaction cease to beneficially own, directly or indirectly, shares of Voting Stock of Recursion representing at least a majority of the total voting power of all outstanding classes of Voting Stock of the surviving entity in substantially the same proportions as their ownership of Voting Stock of Recursion immediately prior to such transaction (a "**Stockholder Change**"); or

(c) Recursion sells or transfers to any Third Party, in one or more related transactions, properties or assets representing all or substantially all of Recursion's assets to which this Agreement relates.

For the purpose of this Section 1.27, (x) "person" and "group" have the meanings given such terms under Section 13(d) and 14(d) of the United States Securities Exchange Act of 1934 and the term "group" includes any group acting for the purpose of acquiring, holding or disposing of securities within the meaning of Rule 13d-5(b)(1) under the said Act; (y) a "beneficial owner" shall be determined in accordance with Rule 13d-3 under the aforesaid Act; and (z) the terms "beneficially owned" and "beneficially own" shall have meanings correlative to that of "beneficial owner." Notwithstanding the foregoing, (A) a transaction solely to change the domicile of Recursion; or (B) any merger or consolidation between Recursion and one or more of its Affiliates shall not constitute a Change in Control, unless such merger or consolidation would cause the occurrence of either or both of a Board Change or a Stockholder Change.

1.28 "**Co-Lead**" is defined in Section 2.3.4.

1.29 "**Collaboration**" means the Parties' joint effort, during the applicable Exclusivity Period, to design and create Phenomaps (and for the Neuro Field, Joint Multi-Modal Maps), discover and validate Collaboration Insights with respect to Small Molecules and Targets, identify and validate Novel Targets for therapeutic products, and conduct hit-to-lead activities to identify Lead Series from such Small Molecules and lead optimization activities to develop Development Candidates from such Lead Series, in each case in accordance with this Agreement.

1.30 "**Collaboration Cloud**" is defined in Section 3.6.2.

1.31 "**Collaboration Data**" means Neuro Image Data, HUVEC Image Data and Embeddings, [***] Image Data and Embeddings, Sequencing Data, Neuro Image Embeddings, Neuro Image Multi-Modal Embeddings, Sequencing Multi-Model Embeddings, Joint Multi-Modal Embeddings, Phenomaps created pursuant to ARTICLE 3 (or, in the case of the HUVEC Phenomap, the augmentations to it created pursuant to Section 3.3.3), Joint Multi-Modal Maps, Collaboration Insights, Program Data and Other Collaboration Data, and the Copyrights in all the foregoing.

1.32 "**Collaboration Insight**" means an observation made by a Party (solely or jointly) from the HUVEC Phenomap (as may be augmented), a Phenomap created pursuant to ARTICLE 3 or a Joint Multi-Modal Map, in each case during the applicable Exclusivity Period, related to a gene(s) or Other Map Perturbation(s) relevant to the applicable Exclusive Field (the "**Insight Perturbation**") that is either (a) an inference of a novel (e.g. unknown to Roche) potential relationship between a Small Molecule(s) and such Insight Perturbation (an "**Initial Small Molecule Hit**"); or (b) an inference of a novel potential relationship between a potential Novel Target and such Insight Perturbation (an "**Initial Identified Target Hit**"), and in each case of (a) and (b), (1) [***] or (2) [***].

1.33 "**Collaboration Product**" means a Product, Roche Enabled Product or Roche Validated Target Product.

1.34 "**Collaboration Wind-Down**" is defined in Section 13.5.8(b).

1.35 "**Combination**" is defined in Section 1.169.

1.36 **"Commercially Reasonable Efforts"** means with respect to a Party, [***].

1.37 "**Competing Program**" is defined in Section 8.14.5.

1.38 "**Competitive Product**" means, [***].

1.39 "**Completion Date**" is defined in Section 1.228.

1.40 "**Compulsory Sublicense**" means a license or sublicense granted to a Third Party, through the order, decree or grant of a governmental authority having competent jurisdiction, authorizing such Third Party to make, use, sell, offer for sale, import or export a Product in any country.

1.41 "**Compulsory Sublicensee**" means a Third Party that was granted a Compulsory Sublicense.

1.42 "**Confidential Information**" is defined in Section 10.1.

1.43 "**Control**" or "**Controlled by**" means the rightful possession by a Party, as of the Effective Date or during the Term, of the ability to grant a license, sublicense or other right to exploit (other than by operations of the licenses granted herein) any item or right under Patents, Copyrights, Trademarks, Know-How or other intellectual property rights, as provided herein, without violating the terms of any agreement with any Third Party or causing such Party to incur any payment obligations, other than Existing Third Party Agreement Payments, by reason of the grant of such license, sublicense or other right, unless the Party receiving such license, sublicense or other right agrees to reimburse the other Party for such payments, in accordance with Section 9.1 (as applicable). Notwithstanding anything to the contrary in this Agreement, in the event of a Change in Control, the following shall not be deemed to be Controlled by Recursion: (a) any materials, Know-How or other intellectual property right (including Patents) owned or licensed by the Acquisition Entity immediately prior to the closing of such Change in Control; and (b) any materials, Know-How or other intellectual property right (including Patents) that any Acquisition Entity subsequently develops without accessing or practicing the Recursion Platform (including Recursion Platform Improvement IP) or any of the Recursion Licensed IP, Joint Collaboration IP, Program IP, Collaboration Data, Roche's Materials, or other Confidential Information of Roche, except to the extent Recursion or the Acquisition Entity, in its discretion, used an item described in clause (a) or (b) to perform the Collaboration.

1.44 "**Copyright(s)**" means any and all copyrights and copyright applications and any copyrights issuing therefrom. For clarity, Copyrights exclude Data and Materials.

1.45 "**Cover**" (including variations such as "**Covered**", "**Covering**" and the like), means, with respect to a Valid Claim and in reference to a particular Product or Recursion Product (in each case, whether alone or in combination with one or more other ingredients) that the use, sale, offer for sale or import of such Product in a country would, but for ownership thereof or a license granted in this Agreement thereunder, infringe such Valid Claim in the applicable country on the date of sale.

1.46 "**CPA Firm**" is defined in Section 7.9.2.

1.47 "**[***] Exclusivity Period**" means the period beginning on the Effective Date and ending [***] (the "**Baseline [***] Exclusivity Period**"), [***].

1.48 "**[***] Field**" means [***].

1.49 "**[***] Image Data and Embeddings**" means [***].

1.50 "**[***] JRC**" is defined in Section 2.2.1.

1.51 "**[***] Phenomap**" means a Full Phenomap generated by Recursion in the conduct of the activities set forth in Section 3.3.1 in a [***] cancer cell line determined by the applicable JTT.

1.52 "**CRISPR [***]**" is defined in Section 11.2.3.

1.53 "**Data**" means all biological, chemical, pharmacological, biochemical, toxicological, pharmaceutical, physical and analytical, safety, quality control, manufacturing, preclinical and clinical data. For clarity, Data excludes Materials.

1.54 "**DC Exercise Period**" is defined in Section 4.2.4(a).

1.55 "**Declined**" is defined in Section 3.4.2(b).

1.56 "**Deposit Agent**" means a law firm selected by Roche to, at Roche's expense, maintain the Roche Target List and respond to queries as set forth in Section 4.1.6(b).

1.57 "**Derivative**" means a small molecule (other than a Program Molecule) (a) [***] in the course of Roche's independent development (including optimization) thereof and (b) which is active [***].

1.58 "**Development Activities Report**" is defined in Section 4.2.2(a).

1.59 "**Development Candidate**" means, for a Stage 3 Small Molecule Program for which Roche exercised its Roche Development Candidate Option, a small molecule (a) that is (i) synthesized by or on behalf of Recursion in the conduct of the Research Plan for such Stage 3 Small Molecule Program set forth in Section 4.2.2 prior to Roche's option exercise and (ii) shown by or on behalf of Recursion in the conduct of such Research Plan to meet the Development Candidate Criteria for such Stage 3 Small Molecule Program; or (b) that is otherwise designated by Roche as a Development Candidate in accordance with Section 4.2.5(b).

1.60 **"Development Candidate Criteria"** means, for a Stage 3 Small Molecule Program, the criteria proposed by the applicable JPT and approved by the applicable JRC for a development candidate from such Stage 3 Small Molecule Program to achieve the applicable Target Candidate Profile, which criteria are consistent with the applicable Initial Criteria for a Development Candidate.

1.61 "**Disclosed Recursion Background ML Know-How**" is defined in Section 8.7.2.

1.62 "**Disclosed Roche Background ML Know-How**" is defined in Section 8.7.2.

1.63 "**[***]**" is defined in Section 1.26.

1.64 "**[***] Model**" means, with respect to a Cell Context, that such Cell Context [***]. For clarity, a [***] Model is not a type of Model.

1.65 "**Disease Modification**" is defined in Section 1.26.

1.66 "**Disposition Transaction**" is defined in Section 6.13.

1.67 "**Dispute**" is defined in Section 14.1.

1.68 "**Divestiture**" is defined in Section 8.14.5(b).

1.69 "**DOJ**" is defined in Section 4.4.1.

1.70 "**ED-Go Approval**" means [***].

1.71 "**ED-Go Decision Milestone Payment**" is defined in Section 6.6.2.

1.72 "**Effective Date**" has the meaning set forth in the preamble hereto.

1.73 "**Election Notice**" is defined in Section 3.7.1.

1.74 "**Embedding**" means [***].

1.75 "**Evaluation Period**" is defined in Section 3.4.2(a).

1.76 "**Exclusive Fields**" means the [***] Field and the Neuro Field.

1.77 "**Exclusivity Period**" means the [***] Exclusivity Period or the Neuroscience Exclusivity Period, as applicable.

1.78 "**Existing Product Information**" has the meaning set forth in the Letter Agreement and, for clarity, includes the Existing Recursion Products list attached as Exhibit A to such Letter Agreement.

1.79 "**Exercise Notice**" is defined in Section 3.7.1.

1.80 "**Existing Recursion Licensed IP**" is defined in Section 11.2.3.

1.81 "**Existing Recursion Products**" are defined in Section 8.14.4.

1.82 "**Existing Third Party Agreement Payments**" means the payments owed by Recursion or its Affiliate under the Existing Third Party In-License Agreements.

1.83 "**Existing Third Party In-License Agreements**" is defined in Section 11.2.4.

1.84 "**Extended Program**" is defined in Section 4.2.9.

1.85 "**Extended Term**" is defined in Section 4.2.9.

1.86 "**External Use Fee**" is defined in Section 6.3.

1.87 "**External Use Option**" is defined in Section 3.7.1.

1.88 "**FDA**" means the United States Food and Drug Administration, or any successor entity thereto performing similar functions.

1.89 "**FHLR**" has the meaning set forth in the preamble hereto.

1.90 "**First Commercial Sale**" means, with respect to a particular Collaboration Product in a given country, [***] for such Collaboration Product.

1.91 "**FTC**" is defined in Section 4.4.1.

1.92 "**FTC Letter**" is defined in Section 1.180.

1.93 "**Full**" means, with respect to a Phenomap, that such Phenomap is created by Recursion in the conduct of activities pursuant to Section 3.3 in the applicable Cell Context using perturbations consisting of (a) [***], (b) [***] and (c) [***].

1.94 "**Generic Product**" means, with respect to a Product in a particular regulatory jurisdiction, any pharmaceutical product that contains the same molecule as the Program Molecule or Derivative (or equivalent as determined by the relevant Regulatory Authority) contained in such Product as an active ingredient (i) whose Marketing Authorization application is approved in such country by a Regulatory Authority in reliance, in whole or in part, on the prior approval (or on safety or efficacy data submitted in support of the prior approval) of such Product, including any Product authorized for sale (A) in the U.S. pursuant to Section 505(j) of the Act (21 U.S.C. 355(j)), (B) in the EU pursuant to a provision of Article 10(1), 10a or 10b of Parliament and Council Directive 2001/83/EC as amended (including an application under Article 6.1 of Parliament and Council Regulation (EC) No 726/2004 that relies for its content on

any such provision) or (C) in any other country or jurisdiction pursuant to all equivalents of such provisions; and (ii) that is approved for commercial sale in such country and sold by a (X) Third Party that is not Roche or an Affiliate or Sublicensee of Roche and that has not otherwise been authorized, directly or indirectly, by Roche to market and sell such product or (Y) [***].

1.95 "**Generic NIMM Embeddings**" means any Neuro Image Multi-Modal Embeddings generated jointly by the Parties under a Multi-Modal Research Plan without use of the Recursion Platform (other than the underlying Neuro Image Data) or Recursion Collaboration IP (other than any Disclosed Recursion Background ML Know-How therein).

1.96 "**Genetics-Only**" means, with respect to a Phenomap, that such Phenomap is created by Recursion in the conduct of activities pursuant to Section 3.3 in the applicable Cell Context using perturbations consisting solely of (a) [***] and (b) [***].

1.97 "**German WHT Requirement**" is defined in Section 7.8.2.

1.98 "**GNE**" has the meaning set forth in the preamble hereto.

1.99 "**HSR Act**" is defined in Section 1.100.

1.100 "**HSR Filing**" means (a) filings by the Parties with the FTC and the Antitrust Division of the DOJ of a Notification and Report Form for Certain Mergers and Acquisitions (as that term is defined in the Hart-Scott-Rodino Antitrust Improvements Act ("**HSR Act**") and the rules and regulations promulgated thereunder) with respect to the applicable Validated Target Option, Roche Lead Series Option or Roche Development Candidate Option, together with all required documentary attachments thereto; or (b) equivalent filings with relevant foreign authorities.

1.101 "**HUVEC Image Data and Embeddings**" means any raw image generated in the course of performing Stage 0-1 Activities solely for, and used in, the creation of the augmentations to the HUVEC Phenomap pursuant to Section 3.3.3 and any Embeddings of such images.

1.102 "**HUVEC Phenomap**" means Recursion's then-existing Phenomap for human umbilical vein endothelial cells ("**HUVEC**"), [***].

1.103 "**IFRS**" means International Financial Reporting Standards.

1.104 "**IND**" means an investigational new drug application filed with the FDA pursuant to 21 C.F.R. §312 before the commencement of clinical trials of a product, or any comparable filing with any relevant regulatory authority in any other jurisdiction.

1.105 "**Indemnitee**" is defined in Section 12.3.

1.106 "**Indemnitor**" is defined in Section 12.3.

1.107 "**Independent IP**" is defined in Section 9.4.1(c)

1.108 "**Independent Program**" is defined in Section 4.3.4(a).

1.109 [***].

1.110 [***].

1.111 [***].

1.112 "**Independent Stage 2 Program**" is defined in Section 4.3.1(a)(iv).

1.113 "**Independent Stage 2 Proposal**" is defined in Section 4.3.1(a).

1.114 "**Independent Stage 3 Program**" is defined in Section 4.3.2(a)(iii).

1.115 "**Independent Stage 3 Proposal**" is defined in Section 4.3.2(a).

1.116 "**Indication**" means a specific disease, disorder or condition that is recognized by the applicable Regulatory Authority in a given country or jurisdiction as a disease, disorder or condition. [***].

1.117 "**Indirect Taxes**" is defined in Section 7.8.3.

1.118 "**Information Security Incident**" means, with respect to Confidential Information, any unauthorized use, unauthorized disclosure, corruption (including ransomware attack) or loss of such Confidential Information.

1.119 "**Infringement**" is defined in Section 9.8.1.

1.120 "**Initial Criteria**" means the general criteria set forth on Exhibit B for a Validated Small Molecule Series, Validated Target, Lead Series or Development Candidate, as applicable.

1.121 "**Initial Identified Target Hit**" is defined in Section 1.32.

1.122 "**Initial Neuroscience Phenomap**" means each of the Phenomaps in the first [***] sets (each set in the same cell type) of Genetics-Only Neuroscience Phenomaps and Full Neuroscience Phenomaps created by Recursion in the conduct of the Stage 0-1 Activities. For clarity, the Parties intend that the cell types for each such set of Genetics-Only and Full Neuroscience Phenomaps to be [***], unless the applicable JTT determines that such cell type(s) are infeasible or such Phenomaps do not meet the applicable Phenomap Standards.

1.123 [***].

1.124 "**Initial Small Molecule Hit**" is defined in Section 1.32.

1.125 "**Initiation Fee**" is defined in Section 6.2.

1.126 "**Insight Perturbation**" is defined in Section 1.32.

1.127 "**Internal Technical Development**" means [***].

1.128 "**Inventions**" means any and all Know-How first created, authored, discovered, conceived, or reduced to practice (such activities may be referred to in this Agreement, as "generation," and the words "generate" or "generated" shall have their correlative meanings) in the performance of this Agreement by or on behalf of one or both of the Parties, and all intellectual property rights therein (including Copyrights on implementations of such Know-How).

1.129 "**JMMT**" is defined in Section 2.3.2.

1.130 "**Joint Collaboration IP**" means Joint Multi-Modal Model Architectures, Joint Multi-Modal Models, Other Collaboration IP and MMM Know-How, and all intellectual property rights in each of the foregoing.

1.131 "**Joint IP**" is defined in Section 9.2.2.

1.132 "**Joint Multi-Modal Embedding**" means any Embedding that relates to both Neuro Image Data and Sequencing Data and is generated jointly by the Parties in the conduct of Multi-Modal Research Plan activities within the shared VPC in the Collaboration Cloud. For clarity, Joint Multi-Modal Embeddings shall not include any Embedding generated by a Party within its private VPC in the Collaboration Cloud.

1.133 "**Joint Multi-Modal Map**" means a pheno-transcriptomic map of inferred relationships amongst Neuro Image Multi-Modal Embeddings and Sequencing Multi-Modal Embeddings, or amongst Joint Multi-Modal Embeddings, that is generated in the conduct of a Multi-Modal Research Plan.

1.134 "**Joint Multi-Modal Map Standards**" means, for a Joint Multi-Modal Map, the image criteria [***], machine-learning criteria [***], biological criteria [***] and assay and screening quality criteria, in each case, for such Joint Multi-Modal Map.

1.135 "**Joint Multi-Modal Model**" means a Model generated jointly the Parties in the conduct of Multi-Modal Research Plan activities within the shared VPC in the Collaboration Cloud. For clarity, Joint Multi-Modal Models shall not include the Recursion Phenomap Models or any Model generated by a Party within its private VPC in the Collaboration Cloud.

1.136 "**Joint Multi-Modal Model Architecture**" means a Model Architecture jointly created or used by the Parties to generate a Joint Multi-Modal Model, in each case, in the conduct of Multi-Modal Research Plan activities within the shared VPC in the Collaboration Cloud.

1.137 "**JPT**" is defined in Section 2.3.3.

1.138 "**JRC**" is defined in Section 2.2.1.

1.139 "**JRC Co-Chair**" is defined in Section 2.2.1.

1.140 "**JSC**" is defined in Section 2.1.1.

1.141 "**JSC Co-Chair**" is defined in Section 2.1.1.

1.142 "**JTT**" is defined in Section 2.3.1.

1.143 "**Know-How**" means all non-public information, know-how, inventions, discoveries, creations, works, trade secrets, specifications, instructions, processes, formulae, methods, processes, protocols, techniques, designs, Models, Model Architectures, expertise and other technology applicable to formulations, compositions or products or to their manufacture, development, registration, use or marketing or to methods of assaying or testing them, and other information and subject matter regarding discovery, development, marketing, pricing, distribution, cost, sales and manufacturing. For clarity, (a) Know-How excludes Patents, Copyrights, Data and Materials, and (b) Neuro Image Data, HUVEC Image Data and Embeddings, [***] Image Data and Embeddings, Sequencing Data, Neuro Image Embeddings, Neuro Image Multi-Modal Embeddings, Sequencing Multi-Model Embeddings, Joint Multi-Modal Embeddings, Phenomaps, Joint Multi-Modal Maps, Collaboration Insights, Program Data, Roche Proprietary Phenomap Information and Data within the Roche Proprietary Genetic Variant Data and Materials shall be considered Data and not Know-How.

1.144 "**Late Request**" is defined in Section 9.1.

1.145 "**Launch Quarter**" is defined in Section 6.12.2.

1.146 "**Lead Activities Report**" is defined in Section 4.2.1(a).

1.147 "**Lead Series**" means, for a Stage 3 Small Molecule Program, a series of small molecules [***] (a) that are (i) synthesized by or on behalf of Recursion in the conduct of the Research Plan for such Stage 3 Small Molecule Program and (ii) either (A) for which at least [***] shown by or on behalf of Recursion in the conduct of such Research Plan to meet all Lead Series Criteria for such Stage 3 Small Molecule Program or (B) otherwise designated by Roche as a Lead Series in accordance with Section 4.2.2(a); or (b) that are otherwise designated by Roche as a Lead Series in accordance with Section 4.2.5.

1.148 "**Lead Series Criteria**" means, for a Stage 3 Small Molecule Program, the criteria proposed by the applicable JPT and approved by the applicable JRC for a lead small molecule series for such Stage 3 Small Molecule Program to achieve the applicable Target Candidate Profile, which criteria are consistent with the applicable Initial Criteria for a Lead Series.

1.149 "**Letter Agreement**" is defined in Section 10.6.

1.150 "**Licensed Neuro Images**" means Neuro Image Data, and the Stage 2/3 Image Data that Recursion adds during the applicable Exclusivity Period [***] to the same Neuroscience Phenomap, for which Roche has exercised an External Use Option in accordance with Section 3.7 (including the associated metadata and annotations therefor) [***].

1.151 "**Licensed Party**" is defined in Section 13.5.9.

1.152 "**Licensed Product**" is defined in Section 13.5.9.

1.153 "**LO-Go Approval**" means [***].

1.154 "**LO-Go Decision Milestone Payment**" is defined in Section 6.6.1.

1.155 "**Loss**" or "**Losses**" is defined in Section 12.1.

1.156 "**LS Decision Period**" is defined in Section 4.2.3.

1.157 "**Major European Country**" means France, Germany, Italy, Spain or the United Kingdom.

1.158 "**Map Initiation Notice**" is defined in Section 3.3.2(c).

1.159 "**Map Request Period**" is defined in Section 3.2.3.

1.160 "**Marketing Authorization**" means with respect to a therapeutic product (including a Collaboration Product), final Regulatory Approval (including pricing approval, where required) required to sell such product for an Indication in accordance with the Applicable Law of a given country or jurisdiction. In the US, Marketing Authorization means approval of a New Drug Application, Biologics License Application or an equivalent by the FDA. In Japan, Marketing Authorization means marketing approval (*seizo hanbai shonin*) by the Ministry of Health, Labour and Welfare.

1.161 "**Materials**" is defined in Section 3.11.1.

1.162 "**MMM Know-How**" means insights and Know-How, generated by the Parties (solely or jointly) under a Multi-Modal Research Plan, that is generally applicable to designing, building and applying Model Architectures or other related software tools or user interfaces, training Models or generating Embeddings or maps therefrom.

1.163 "**MoA**" is defined in Section 4.1.2.

1.164 "**Model**" means [***].

1.165 "**Model Architecture**" means [***].

1.166 "**Multi-Modal Research Plan**" is defined in Section 3.6.1.

1.167 "**NDA**" is defined in Section 10.6.

1.168 "**Negotiation Period**" is defined in Section 6.13.

1.169 "**Net Sales**" means, with respect to a Collaboration Product during a particular period, the sum of the amounts determined under subsections (a), (b), and (c).

(a) In the case of sales of such Collaboration Product by Roche and its Affiliates, the amount calculated by subtracting from the amount of Sales of such Collaboration Product in such period: (i) [***]; (ii) [***]; and (iii) [***], including, for example, [***]. For clarity, no deductions taken in calculating Sales under Section 1.249 may be taken a second time in calculating Net Sales hereunder, and the deductions described [***] with respect to such Collaboration Product in such period; provided that, with respect to the deductions described in (iii), in the event that Roche's or its Affiliate's [***], Roche or its Affiliate [***].

(b) [***].

(c) [***].

In the event that a Collaboration Product is sold as a component of a combination or bundled product that consists of such Collaboration Product together with one or more other therapeutically active ingredients that are not the subject of this Agreement for a single price (for purposes of this Section 1.169, a "**Combination**"), the gross amount invoiced for such Collaboration Product shall be calculated by multiplying the gross amount invoiced for such Combination by the fraction A/(A+B), where "A" is the gross amount invoiced for such Collaboration Product sold separately and "B" is the gross amount invoiced for such other active ingredient(s) sold separately; provided that:

(a) in the event that such other active ingredient(s) are not sold separately (but such Collaboration Product is), the gross amount invoiced for such Collaboration Product shall be calculated by multiplying the gross amount invoiced for such Combination by the fraction A/C, where "A" is the gross invoice amount for such Collaboration Product, and "C" is the gross invoice amount for the Combination;

(b) [***]; and

(c) any pricing, or determination of gross amounts or Net Sales, shall be undertaken in good faith.

1.170 "**Neuro Field**" means [***].

1.171 "**Neuro Image Data**" means, for a Neuroscience Phenomap, any raw image generated in the course of performing Stage 0-1 Activities (or the activities set forth in Section 3.2.4) for such Neuroscience Phenomap.

1.172 "**Neuro Image Embedding**" means, for a Neuroscience Phenomap, any Embedding of Neuro Image Data generated in the course of performing Stage 0-1 Activities (or the activities set forth in Section 3.2.4) for such Neuroscience Phenomap.

1.173 "**Neuro Image Multi-Modal Embedding**" means any Embedding that relates to Neuro Image Data and not Sequencing Data and is generated in the conduct of a Multi-Modal Research Plan during the Neuroscience Exclusivity Period.

1.174 "**Neuro JRC**" is defined in Section 2.2.1.

1.175 "**Neuro SM Hit Group**" is defined in Section 4.1.4.

1.176 "**Neuroscience Exclusivity Period**" means the period beginning on the Effective Date and ending on the earlier of (a) the [***] anniversary of [***] and (b) the [***] anniversary of [***] ((a) or (b), as applicable, the "**Baseline Neuroscience Exclusivity Period**"); [***].

1.177 "**Neuroscience Phenomap**" is defined in Section 3.1(c)

1.178 "**New IP Notice**" is defined in Section 9.1.

1.179 "**Novel**" means, with respect to a Target in a particular Exclusive Field at a particular time, that such Target has not been (a) [***]; or (b) [***]. For purposes of subsections (a) and (b), [***]. Notwithstanding anything in the foregoing to the contrary, any Target that is selected by the JRC for inclusion in a Target Validation Program shall be deemed to be Novel; provided that, for purposes of determining whether a product is a Roche Enabled Product, whether the applicable Target is Novel will be assessed at the applicable time described in Section 1.232.

1.180 "**Option Effective Date**" means the effective date for each Validated Target Option, Roche Lead Series Option or Roche Development Candidate Option exercised by Roche pursuant to this Agreement, which shall occur (a) on the date Roche exercises such option right, provided Roche has determined that a HSR Filing is not necessary with respect to such exercise; or (b) if Roche determines that a HSR filing or other competition filing is necessary with respect to such exercise, the first Business Day following the date upon which any applicable waiting periods under the HSR Act expire or terminate early and any agreements with the FTC, the DOJ, or any relevant foreign governmental authority, not to consummate the exercise of the option have expired and no objection on the part of the FTC or DOJ remains; provided, however, that if Roche receives a letter from the FTC before the Option Effective Date stating that the FTC has not finished its HSR Act investigation (an "**FTC Letter**"), [***].

1.181 "**Other Collaboration Data**" means all Data generated by the Parties (solely or jointly) in the course of performing a Research Plan (and all intellectual property rights therein), other than Neuro Image Data, HUVEC Image Data and Embeddings, [***] Image Data and Embeddings, Sequencing Data, Neuro Image Embeddings, Neuro Image Multi-Modal Embeddings, Sequencing Multi-Model Embeddings, Joint Multi-Modal Embeddings, Phenomaps, Joint Multi-Modal Maps, Collaboration Insights, Program Data, Roche Proprietary Phenomap Information and Data within the Roche Proprietary Genetic Variant Data and Materials.

1.182 "**Other Collaboration IP**" means all Know-How generated by the Parties (solely or jointly) in the course of performing a Research Plan (and all intellectual property rights therein),

other than Joint Multi-Modal Model Architectures, Joint Multi-Modal Models, MMM Know-How, Recursion Platform Improvement IP, Roche Platform Improvement IP, the Roche Proprietary Genetic Variant Data and Materials, and Program IP.

1.183 "**Other Map Perturbations**" means, for a Phenomap, the [***], that the applicable JTT determines to include in such Phenomap.

1.184 "**Outside Patent Counsel**" is defined in Section 9.4.1.

1.185 "**Party**" and "**Parties**" has the meaning set forth in the preamble hereto.

1.186 "**Patent(s)**" means any and all patents and patent applications and any patents issuing therefrom or claiming priority thereto, worldwide, together with any extensions (including patent term extensions and supplementary protection certificates) and renewals thereof, reissues, re-examinations, substitutions, confirmation patents, registration patents, invention certificates, patents of addition, renewals, divisionals, continuations, and continuations-in-part of any of the foregoing. For clarity, Patents exclude Data and Materials.

1.187 "**Payment Rights**" is defined in Section 6.13.

1.188 "**Phase 1 Trial**" means a human clinical trial, the principal purpose of which is preliminary determination of safety and pharmacokinetics of a therapeutic product in healthy individuals or patients as further described in 21 C.F.R. §312.21, or similar clinical study in a country other than the US, and which is prospectively designed to generate sufficient clinical data, including data sufficient to determine dosing, to proceed directly to a Phase 2 Trial of such product.

1.189 "**Phase 2 Trial**" means a human clinical trial, for which the primary endpoints include a determination of dose ranges or a preliminary determination of efficacy of a therapeutic product in patients being studied as further described in 21 C.F.R. §312.21, or similar clinical study in a country other than the US.

1.190 "**Phase 3 Trial**" means a human clinical trial, the principal purpose of which is to demonstrate clinically and statistically the efficacy and safety of a therapeutic product for one or more Indications in order to obtain Marketing Authorization of such therapeutic product for such Indication(s), as further defined in 21 C.F.R. §312.21 or a similar clinical study in a country other than the US.

1.191 "**Phenomap**" means unique maps of the inferred relationships amongst perturbation phenotypes in a given Cell Context generated by Recursion using the Recursion Platform.

1.192 "**Phenomap Standards**" means, for a Phenomap created under ARTICLE 3, the image criteria [***], machine-learning criteria [***], biological criteria [***] and assay and screening quality criteria, in each case, for such Phenomap.

1.193 [***].

1.194 [***].

1.195 "**Product**" means, with respect to a Stage 3 Small Molecule Program for which Roche exercised either its Roche Lead Series Option or Roche Development Candidate Option, a pharmaceutical product [***] from such Stage 3 Small Molecule Program, (b) a [***] from such Stage 3 Small Molecule Program, (c) any [***] (small molecules described in clauses (a), (b) and (c), each a "**Program Molecule**") [***].

1.196 "**Product License**" is defined in Section 8.10.1.

1.197 "**Product Trademarks**" means the Trademarks to be used for the commercialization of Collaboration Products in the Territory and any registrations thereof or any pending applications relating thereto in the Territory (excluding, in any event, any Trademarks, service marks, names or logos that include any corporate name or logo of a Party or its Affiliates or Sublicensees).

1.198 **"Program Data**" means all Data, including Stage 2/3 Image Data, pertaining to Targets, biomarkers and small molecules (or, if applicable, other compounds) generated by the Parties (solely or jointly) in the course of performing a Research Plan for a Validation Program or a Stage 3 Small Molecule Program prior to completion of Program Transition (and all intellectual property rights therein), other than Neuro Image Data, HUVEC Image Data and Embeddings, [***] Image Data and Embeddings, Sequencing Data, Neuro Image Embeddings, Neuro Image Multi-Modal Embeddings, Sequencing Multi-Model Embeddings, Joint Multi-Modal Embeddings, Phenomaps, and Joint Multi-Modal Maps.

1.199 "**Program IP**" means the Know-How pertaining to [***] generated by the Parties (solely or jointly) in the course of performing a Research Plan for a Validation Program or a Stage 3 Small Molecule Program prior to completion of Program Transition pursuant to Section 1.200, and the intellectual property rights therein. [***].

1.200 "**Program Transition**" means, with respect to a Stage 3 Small Molecule Program, transfer of such Stage 3 Small Molecule Program to Roche at Recursion's expense, [***].

1.201 "**Prosecution and Maintenance**" or "**Prosecute and Maintain**," with respect to a given Patent or Copyright, means all activities associated with the preparation, filing, prosecution, and maintenance of such Patent or Copyright, as well as supplemental examinations, re-examinations, reissues, applications for patent term extensions, calculation and applications for patent term adjustments, supplementary protection certificates, and the like (as applicable) with respect to such Patent or Copyright. For clarity, Prosecute and Maintain shall not include any such actions with respect to a Patent or Copyright brought by a Third Party, including any reexaminations, inter partes reviews, and post grant reviews, as well as interferences and derivation proceedings, oppositions and other similar proceedings brought by a Third Party with respect to such Patent or Copyright.

1.202 "**Purpose**" is defined in Section 10.3.

1.203 "**Recursion**" has the meaning set forth in the preamble hereto.

1.204 "**Recursion Background ML Know-How**" means any of Recursion's proprietary Know-How directed to Model Architectures, Model training, and associated software and tools for implementing the same.

1.205 "**Recursion Collaboration IP**" means Recursion Phenomap Model Architectures, Recursion Phenomap Models, and Recursion Platform Improvement IP.

1.206 "**Recursion Exercise Period**" is defined in Section 4.3.3.

1.207 "**Recursion Licensed IP**" means the Recursion Licensed SM IP and the Recursion Licensed Target IP.

1.208 "**Recursion Licensed Patents**" means any and all Patents within the Recursion Licensed IP.

1.209 "**Recursion Licensed SM IP**" means, for a Stage 3 Small Molecule Program, all intellectual property (including Patents and Know-How) Controlled by Recursion or its Affiliates as of its receipt of Roche's written notice exercising the applicable option for such program or during the Term, that is necessary (i.e., would otherwise be infringed in the absence of a license) or reasonably useful to make, use, offer for sale, sell or import any and all (i) Lead Series, Development Candidate, Backup Small Molecule or Program Molecule from such Stage 3 Small Molecule Program or (ii) Derivatives thereof [***], but excluding Program IP.

1.210 "**Recursion Licensed Target IP**" means, for a Stage 3 Small Molecule Program, all intellectual property (including Patents and Know-How) Controlled by Recursion or its Affiliates as of its receipt of Roche's written notice exercising the applicable option for such program or during the Term, that is necessary (i.e., would otherwise be infringed in the absence of a license) or reasonably useful to make, use, offer for sale, sell or import therapeutic products active against and intended to modify the Target of such Stage 3 Small Molecule Program, but excluding Program IP.

1.211 "**Recursion Option**" is defined in Section 4.3.3.

1.212 "**Recursion Optioned Technology**" means Roche's and its Affiliates' interest in (a) the Collaboration Insight that initiated each Independent Stage 2 Program and (b) the Collaboration Insight that initiated, and the Program Data and Program IP generated in, each Small Molecule Validation Program and, if applicable, Stage 3 Small Molecule Program for (i) an Independent Stage 3 Program or (ii) a Recursion Program; provided that [***], or the activities under such program have not been discontinued by Recursion.

1.213 "**Recursion Phenomap Model**" means a non-public Model trained by Recursion that is used to generate a Phenomap under ARTICLE 3.

1.214 "**Recursion Phenomap Model Architecture**" means a proprietary Model Architecture of Recursion used to construct a Recursion Phenomap Model.

1.215 "**Recursion Platform**" means Recursion's proprietary platform, consisting of proprietary Know-How directed to [***]. For clarity, Recursion Platform does not include MMM Know-How or Disclosed Recursion Background ML Know-How.

1.216 "**Recursion Platform Improvement IP**" means the Know-How solely pertaining to the Recursion Platform that is generated by the Parties (solely or jointly) in the course of performing activities pursuant to a Research Plan, and the intellectual property rights therein.

1.217 "**Recursion Product**" is defined in Section 4.3.3.

1.218 "**Recursion Product License**" is defined in Section 8.11.2.

1.219 "**Recursion Product Trademarks**" is defined in Section 8.16.2.

1.220 "**Recursion Program**" is defined in Section 4.3.3.

1.221 [***].

1.222 [***].

1.223 [***].

1.224 "**Recursion Small Molecule**" means any of the small molecules within the compound library (which, as of the Effective Date, contains approximately [***] distinct small molecules) provided by Recursion for use in the conduct of the Research Plans.

1.225 "**Regulatory Approval**" means, with respect to a pharmaceutical product in a country or jurisdiction, any and all approvals (including INDs, New Drug Applications and Biologics License Applications and any supplements thereto), licenses, registrations, or authorizations of any Regulatory Authority necessary to manufacture, use, store, import, transport, commercially distribute, sell, or market such pharmaceutical product in such country, including, where applicable, (a) pricing or reimbursement approval in such country, (b) post-approval marketing authorizations (including any prerequisite manufacturing approval or authorization related thereto), and (c) labeling approval.

1.226 "**Regulatory Authority**" means any federal, national, multinational, state, provincial or local regulatory agency, department, bureau or other governmental entity with authority over the development, manufacturing, commercialization or other use or exploitation (including the granting of Regulatory Approvals) of the pharmaceutical or biological products in any jurisdiction, including the FDA.

1.227 "**Release**" is defined in Section 10.10.

1.228 "**Research Plan**" means a written research plan setting forth each of Roche's and Recursion's respective activities for a specific project or program under the Collaboration (including both technical and logistical activities, transfer of Materials where applicable and estimated timelines) agreed to be conducted under such plan, any other information specified to be included in such plan (including, where appropriate, quality specifications, criteria and standards) and, for the Research Plans for Stage 3 Small Molecule Programs, the date by which activities should reasonably be completed (or by which the applicable criteria should reasonably be achieved) (the "**Completion Date**"), as may be amended from time to time by the applicable JTT, JPT or JMMT with approval of the applicable JRC.

1.229 [***].

1.230 "**Roche Background ML Know-How**" means any of Roche's proprietary Know-How directed to Model Architectures, Model training, and associated software and tools for implementing the same.

1.231 "**Roche Development Candidate Option**" is defined in Section 4.2.4(a).

1.232 "**Roche Enabled Product**" means, with respect to a Stage 3 Small Molecule Program for which Roche exercised either its Roche Lead Series Option or Roche Development Candidate Option, a pharmaceutical product incorporating [***].

1.233 **"Roche IP"** means all intellectual property (including Patents, Copyrights and Know-How) Controlled by Roche that are necessary or reasonably useful for Recursion's performance of its Research Plan activities, excluding Program IP and Joint Collaboration IP.

1.234 "**Roche Lead Series Option**" is defined in Section 4.2.3(a).

1.235 "**Roche Optioned Technology**" means Recursion's and its Affiliates' interest in the Collaboration Insight that initiated, and the Program Data and Program IP generated in, each Stage 3 Small Molecule Program (and its related Small Molecule Validation Program) (a) for which Roche has exercised a Roche Lead Series Option, Roche Development Candidate Option, [***]; or (b) [***].

1.236 "**Roche Platform**" means Roche's proprietary platform, consisting of (a) proprietary Know-How (and intellectual property rights therein) [***]. For clarity, Roche Platform does not include MMM Know-How or Disclosed Roche Background ML Know-How.

1.237 "**Roche Platform Improvement IP**" means the Know-How solely pertaining to the Roche Platform that is generated by the Parties (solely or jointly) in the course of performing activities pursuant to a Research Plan [***], and the intellectual property rights therein.

1.238 "**Roche Proprietary Genetic Variant**" means [***] with the Neuro JRC members [***].

1.239 "**Roche Proprietary Genetic Variant Data and Materials**" means all (a) [***] for a Neuroscience Phenomap described in Section 3.3.2(a) that [***] the Roche Proprietary Genetic Variants and (b) [***] Roche Proprietary Genetic Variants, except for [***] related thereto, [***] of which are [***] a Roche-requested Neuroscience Phenomap pursuant to Section 3.3.2.

1.240 "**Roche Proprietary Phenomap Information**" is defined in Section 3.5.1.

1.241 "**Roche Small Molecule**" means any of the small molecules within the compound libraries (which, as of the Effective Date, collectively contain approximately [***] distinct small molecules) provided by Roche for use in the conduct of the Research Plans.

1.242 **"Roche Target List**" means the list of non-public Targets known to Roche as being relevant in an Exclusive Field, [***].

1.243 **"Roche Validated Target Product**" means, for a Target Validation Program for which Roche has exercised its Validated Target Option and Recursion has granted the Validated Target license and exclusivity set forth in Sections 8.10.2 and 8.14.3, any pharmaceutical product, other than a Product or Roche Enabled Product, incorporating [***].

1.244 "**ROFN Exercise Period**" is defined in Section 6.13.

1.245 "**ROFN Notice**" is defined in Section 6.13.

1.246 "**Royalty Floor**" is defined in Section 6.12.1(b).

1.247 "**Royalty Term**" is defined in Section 6.10.1.

1.248 "**Rules**" is defined in Section 14.2.1.

1.249 "**Sales**" means, for a Collaboration Product in a particular period, [***].

[***]:

(a) [***];

(b) [***];

(c) [***];

(d) [***]; and

(e) [***].

For purposes of clarity, sales by Roche and its Affiliates to any Sublicensee shall be excluded from "Sales".

1.250 "**Sequencing Data**" means any sequencing data (a) generated or provided under this Agreement by or on behalf of Roche or (b) generated by or on behalf of either Party under this Agreement in profiling Other Map Perturbations [***].

1.251 "**Sequencing Multi-Modal Embedding**" means any Embedding that relates to Sequencing Data and not Neuro Image Data and is generated in the conduct of Multi-Modal Research Plan during the Neuroscience Exclusivity Period.

1.252 "**Small Molecule**" means a Recursion Small Molecule or a Roche Small Molecule.

1.253 "**Small Molecule Validation Program**" is defined in Section 4.1.1.

1.254 "**SM Validation Confirmation**" is defined in Section 4.1.5.

1.255 "**Stage 0-1 Activities**" is defined in Section 3.1

1.256 "**Stage 0 Plan**" is defined in Section 3.2.1(a).

1.257 "**Stage 2/3 Image Data**" means any raw image of cultured cells generated by Recursion in the conduct of (a) a Research Plan for a Validation Program, a Stage 3 Small Molecule Program, Additional Screening Work or additional activities pursuant to Section 4.2.3(a), or (b) an Independent Program or Recursion Program.

1.258 "**Stage 3 Active Cap**" is defined in Section 4.2.6.

1.259 "**Stage 3 Aggregate Cap**" is defined in Section 4.2.6.

1.260 "**Stage 3 Small Molecule Program**" is defined in Section 4.2.1(a).

1.261 "**Subcontracted Activity**" is defined in Section 1.16.

1.262 "**Sublicensee**" means any Third Party, other than a Compulsory Sublicensee, to which Roche or any of its Affiliates grants a sublicense under the Recursion Licensed IP or Roche Optioned Technology, or a license under Roche's interest in the applicable Collaboration Insights, Program Data or Program IP, in each case to [***] a Collaboration Product.

1.263 "**Surviving Opt-In Rights**" is defined in Section 13.5.7.

1.264 "**Surviving Option Rights**" is defined in Section 13.5.7.

1.265 "**Target**" means a molecular entity or complex which a therapeutic molecule (a) binds and (b) functionally modulates (e.g., a protein encoded by a gene, protein complex, protein/lipid complex or protein/oligonucleotide complex).

1.266 **"Target Candidate Profile"** means, for each Stage 3 Small Molecule Program, the set of attributes and criteria set forth in the applicable Research Plan used to select and prioritize new chemical entities for the Target of such Stage 3 Small Molecule Program.

1.267 "**Target License**" is defined in Section 8.10.2.

1.268 "**Target Validation Confirmation**" is defined in Section 4.1.6(a).

1.269 "**Target Validation Program**" is defined in Section 4.1.1.

1.270 "**Team**" is defined in Section 2.3.4.

1.271 "**Term**" is defined in Section 13.1.

1.272 "**Terminated Collaboration License**" is defined in Section 13.5.9.

1.273 "**Territory**" means all the countries of the world.

1.274 "**Third Party**" means any entity other than a Party or any of its Affiliates.

1.275 "**Third Party Claims**" is defined in Section 12.1.

1.276 "**Third Party Enablement**" is defined in Section 8.14.1.

1.277 "**Title 11**" is defined in Section 13.3.

1.278 "**Trademark**" means any word, name, symbol, color, designation or device or any combination thereof that functions as a source identifier, including any trademark, trade dress, brand mark, service mark, trade name, brand name, logo or business symbol, whether or not registered.

1.279 "**US**" means the United States of America and its territories and possessions.

1.280 "**US GAAP**" means US Generally Accepted Accounting Principles.

1.281 "**Validated Hit Criteria**" means, for a Small Molecule Validation Program, the criteria that are proposed by the applicable JPT and approved by the applicable JRC for a lead small molecule series for such Small Molecule Validation Program, which criteria are consistent with the applicable Initial Criteria for those Validated Small Molecule Series.

1.282 [***].

1.283 "**Validated Small Molecule Series**" means, for a Small Molecule Validation Program, a series of small molecules [***] (a) that are synthesized by or on behalf of Recursion in the conduct of the Research Plan for such Small Molecule Validation Program and (b) either (i) for which at least [***] is shown by or on behalf of Recursion in the conduct of the Research Plan to meet all Validated Hit Criteria for such Small Molecule Validation Program or (ii) designated by Roche as a Validated Small Molecule Series in accordance with Section 4.1.5 or 4.2.8.

1.284 "**Validated SM Option**" is defined in Section 4.1.5.

1.285 "**Validated SM Option Exercise Notice**" is defined in Section 4.1.5.

1.286 "**Validated SM Option Fee**" is defined in Section 6.4.1.

1.287 "**Validated Target**" means, for a Target Validation Program, a Target that successfully achieves the Validated Target Criteria for such Target Validation Program.

1.288 "**Validated Target Criteria**" means, for a Target Validation Program, (a) the criteria that are proposed by the applicable JPT and approved by the applicable JRC for validating the applicable Target in the applicable Exclusive Field, which criteria are consistent with the applicable Initial Criteria for a Validated Target; and (b) the criteria that the Target is a Novel

Target in the applicable Exclusive Field as of the date of such Target is selected for inclusion in such Target Validation Program.

1.289 "**Validated Target Exclusivity Period**" means, for a Target Validation Program for which Roche has exercised its Validated Target Option, the later of (a) [***] and (b) [***].

1.290 "**Validated Target Option**" is defined in Section 4.1.6(a).

1.291 "**Validated Target Option Exercise Notice**" is defined in Section 4.1.6(a).

1.292 "**Validated Target Option Fee**" is defined in Section 6.4.2.

1.293 "**Validation Program**" is defined in Section 4.1.1.

1.294 "**Validation Program Active Cap**" is defined in Section 4.1.3.

1.295 "**Valid Claim**" means, [***].

1.296 "**Voting Stock**" is defined in Section 1.27.

1.297 "**VPC**" is defined in Section 3.6.2(a).

1.298 "**Wild-Type**" means, with respect to a Cell Context, that such Cell Context does not include [***].

ARTICLE 2
Governance

1.1 **Joint Steering Committee**.

1.1.1 **Formation and Composition**. Within [***] days after the Effective Date, the Parties shall establish a joint steering committee (the "**JSC**"). The JSC shall be composed of up to [***] representatives designated by each of Recursion and Roche (though the Parties need not have the same number of representatives on the JSC), each with the requisite seniority to enable such person to make decisions on behalf of the Party such person represents with respect to the issues falling within the jurisdiction of the JSC. Each Party shall designate one of its representatives as its primary contact for JSC matters (such Party's "**JSC Co-Chair**"). Subject to the foregoing, each Party may replace any or all of its JSC representatives (and designated JSC Co-Chair) at any time by informing the other Party in advance, in writing (which may be by email). The JSC shall meet at least [***] per year, or as otherwise agreed to by the Parties. Either Party may invite a reasonable number of other employees, consultants, research contractors, or scientific advisors to attend a JSC meeting in a non-voting capacity with prior written notice to the other Party; provided that such invitees are bound by appropriate confidentiality and invention assignment obligations consistent with the terms of this Agreement. The JSC shall continue to exist until the first to occur of (a) expiration of both Exclusivity Periods [***] and (b) the mutual agreement of the Parties to disband the JSC. Thereafter, the JSC shall cease operations and perform no further functions under this Agreement.

1.1.2 **Responsibilities of the JSC**. Prior to completion of Program Transition for all Stage 3 Small Molecule Programs for which Roche exercised either a Roche Lead Series Option or Roche Development Candidate Option, the JSC shall be responsible for performing the following functions:

(a) discussing whether to increase the Validation Program Active Cap or Stage 3 Active Cap;

(b) discussing and resolving any Disputes set forth in Section 2.2.3(i) that arise at a JRC and presented to the JSC for resolution;

(c) establishing, dissolving and overseeing other joint committees or teams, as appropriate, to carry out its functions and resolving any Disputes that arise in such teams or committees; and

(d) performing such other functions as agreed to by the Parties or as specified in this Agreement.

1.1.3 **Decisions**. With respect to the responsibilities of the JSC set forth in Section 2.1.2, each Party shall have one (1) collective vote in all decisions, and the Parties shall attempt to make decisions by reaching agreement. In the event that the JSC is unable to reach agreement within [***] Business Days (or such longer period as the JSC members agree) after the JSC first meets to vote on such matter, [***]. For clarity, the JSC [***].

1.2 **Joint Research Committees**.

1.1.1 **Formation and Composition**. Within [***] days after the Effective Date, the Parties shall establish a joint research committee (a "**JRC**") for the Neuro Field (the "**Neuro JRC**") and a JRC for the [***] Field (the "**[***] JRC**"). The Neuro JRC shall be composed of up to [***] representatives designated by each of Recursion and Roche and the [***] JRC shall be composed of up to [***] representatives designated by each of Recursion and Roche (though the Parties need not have the same number of representatives on a JRC), each appropriate for the tasks then being undertaken and the stage of research, in terms of their seniority, function in their respective organizations (including decision-making authority), training and experience. For each JRC, each Party shall designate one of its representatives as its primary contact for JRC matters (such Party's "**JRC Co-Chair**"). Subject to the foregoing, each Party may replace any or all of its JRC representatives (and designated JRC Co-Chair) at any time by informing the other Party in advance, in writing (which may be by email). Each JRC shall meet at least [***] each Calendar Quarter, or as otherwise agreed to by the Parties, and shall meet at such other times as deemed appropriate by the JRC. Either Party may invite a reasonable number of other employees, consultants, research contractors, or scientific advisors to attend a JRC meeting in a non-voting capacity with prior written notice to the other Party; provided that such invitees are bound by appropriate confidentiality and invention assignment obligations consistent with the terms of this Agreement. Unless otherwise agreed by the Parties, each JRC shall meet and operate during the period commencing upon its formation until the end of its applicable Exclusivity Period [***] in the applicable Exclusive Field. Thereafter, such JRC shall cease operations and perform no further functions under this Agreement. Notwithstanding the foregoing, following dissolution of a JRC, the Parties upon mutual agreement may re-establish such JRC as needed [***].

1.1.2 **Responsibilities of the JRCs**. Each JRC shall be responsible for performing the following functions in its Exclusive Field:

(a) reviewing and approving Research Plans, and any amendments thereto, proposed by the applicable JTT, JMMT or JPT;

(b) reviewing and approving the Phenomap Standards for each Phenomap, and, in the event Roche has concerns regarding whether a Phenomap has met the relevant Phenomap Standards, approving the applicable JTT's plan to address them;

(c) reviewing and approving the Joint Multi-Modal Map Standards for each Joint Multi-Modal Map;

(d) reviewing and approving initiation of a Validation Program (including creation of a JPT therefor);

(e) for a Validation Program, resolving a Dispute regarding whether Recursion has, as applicable, successfully identified (i) at least [***] Validated Small Molecule Series for such program or (ii) a Validated Target for such program;

(f) reviewing and approving the total number of Initial Small Molecule Hits that Recursion proposes to validate as part of a Neuro SM Hit Group under an Independent Stage 2 Program (Neuro JRC only);

(g) reviewing and approving the total number of Validated Small Molecule Series from the applicable Small Molecule Validation Program that Recursion proposes to pursue under an Independent Stage 3 Program (Neuro JRC only);

(h) for each Small Molecule Validation Program in which Validated Small Molecule Series are acting through different Targets, reviewing and approving separate Stage 3 Small Molecule Programs for each such Validated Small Molecule Series acting through a different Target;

(i) for a Stage 3 Small Molecule Program, reviewing and approving the plan proposed by the applicable JPT to resolve a Dispute regarding achievement of the Lead Series Criteria or Development Candidate Criteria for such program;

(j) discussing whether to increase the Validation Program Active Cap or Stage 3 Active Cap;

(k) discussing the updates and reports on the progress of the Research Plans provided by JTTs, JMMT and JPTs;

(l) overseeing each JTT's, JMMT's and JPT's activities and coordinating strategy with respect to the Research Plan activities;

(m) discussing and resolving any Disputes that arise at a JTT, JMMT or JPT presented to the JRC for resolution; and

(n) performing such other functions as agreed to by the Parties or as specified in this Agreement.

1.1.3 **Decisions**. With respect to the responsibilities of the JRC set forth in Section 2.2.2, each Party shall have one (1) collective vote in all decisions, and the Parties shall attempt to make decisions by reaching agreement. The Parties will [***].

Subject to Section 4.2.1(d) and [***], in the event that the JRC is unable to reach agreement [***]. For clarity, the JRC [***].

1.3 **Teams**.

1.1.1 **Joint Technical Teams**. Within [***] days after the Effective Date, the Parties shall establish a separate joint technical team ("**JTT**") for each of [***]; and promptly following Roche's request, during the Neuroscience Exclusivity Period, to include Roche Small Molecules or Other Map Perturbations in the HUVEC Phenomap or for a Neuroscience Phenomap in a neuroscience cell type other than [***], the Parties shall establish a new JTT for such cell type; provided that formation of a JTT for the HUVEC Phenomap shall be subject to mutual agreement by the Parties. With respect to each Phenomap in a cell type, the JTT for such cell type shall be responsible for:

(a) drafting the Research Plans for creating such Phenomap, and any amendments thereto, for the activities set forth in Sections 3.2 and 3.3, overseeing Stage 0-1 Activities under such plans and addressing technical challenges encountered during the conduct of such plans;

(b) proposing to the applicable JRC the Phenomap Standards for such Phenomap;

(c) for each Roche-requested Phenomap, proposing the Cell Context of such Phenomap (and assessing initial and subsequent technical feasibility of such Cell Context) and amending the Research Plan to include it;

(d) in the event Roche has concerns regarding whether such Phenomap has met the relevant Phenomap Standards, discussing such concerns and proposing a plan to the applicable JRC to address them;

(e) determining the security measures (if any) needed for access to such Phenomap, in addition to the measures set forth in Section 3.5 in each case to maintain data safety and compliance with the restrictions set forth in this Agreement;

(f) proposing queries for Recursion to make in such Phenomap, if it is a Declined Neuroscience Phenomap, [***] Phenomap or the HUVEC Phenomap and discussing the results of such queries;

(g) designating as Collaboration Insights certain observations made from such Phenomap (or a Joint Multi-Modal Map in such cell type) by a Party (solely or jointly) that otherwise do not qualify as Collaboration Insights based on the applicable Access Log;

(h) with regard to the [***] JTT, selecting the [***] cancer cell line for each [***] Phenomap;

(i) proposing to the applicable JRC the initiation of Validation Programs based on Collaboration Insights made in such Phenomap (or a Joint Multi-Modal Map in such cell type);

(j) determining the number of Initial Small Molecule Hits for a Small Molecule Validation Program, the number of Initial Identified Target Hits for a

Target Validation Program and the number of Neuro Field Initial Small Molecule Hits in each Neuro SM Hit Group;

(k) reporting to the applicable JRC the progress under its applicable Research Plan; and

(l) for any other decision delegated to a JRC with respect to such Phenomap, providing a recommendation to such JRC for its consideration.

With respect to the responsibilities of each JTT set forth above, each Party shall have one (1) collective vote in all decisions of such JTT. In the event that agreement on a particular matter within the scope of its responsibility cannot be reached by a JTT within [***] Business Days (or such longer period as the JTT members agree) after the JTT first meets to consider such matter, the matter shall be referred to the applicable JRC, which shall resolve such matter in accordance with Section 2.2.3. Each JTT shall meet and operate during the period commencing upon its formation until the applicable JRC at its discretion dissolves such JTT. Thereafter, such JTT shall cease operations and perform no further functions under this Agreement. Notwithstanding the foregoing, following dissolution of a JTT, the applicable JRC may re-establish such JTT as needed.

1.1.2 **Joint Multi-Modal Team**. Within [***] days after the Effective Date, the Parties shall establish a joint multi-modal team (the "**JMMT**"). The JMMT shall be responsible for:

(a) drafting the Research Plans, and any amendments thereto, for joint, multi-model activities in the Neuro Field and overseeing the activities under such plans;

(b) proposing the Joint Multi-Modal Map Standards for each Joint Multi-Modal Map;

(c) addressing technical challenges encountered during the conduct of such Research Plans;

(d) setting up the Collaboration Cloud in accordance with Section 3.6.2;

(e) determining the security measures (if any) needed for access to and use of Joint Multi-Modal Maps, Joint Multi-Modal Models, Joint Multi-Modal Embeddings and data generated under such Research Plan and used in such Collaboration Cloud, in addition to the measures set forth in Section 3.6.2, in each case to maintain data safety and compliance with the restrictions set forth in this Agreement;

(f) establish and monitor the amount and allocation of the Collaboration Cloud's GPUs and data storage among the VPCs;

(g) reporting to the Neuro JRC the progress under its applicable Research Plan; and

(h) for any other decision delegated to a JRC with respect to a Joint Multi-Modal Map, providing a recommendation to such JRC for its consideration.

With respect to the responsibilities of the JMMT set forth above, each Party shall have one (1) collective vote in all decisions of such JMMT. In the event that agreement on a particular matter within the scope of its responsibility (other than subsection (f) above) cannot be reached by the JMMT, within [***] Business Days (or such longer period as the JMMT members agree) after the JMMT first meets to consider such matter, the matter shall be referred to the Neuro JRC, which shall resolve such matter in accordance with Section 2.2.3. For decisions regarding [***]. The JMMT shall meet and operate during the period commencing upon its formation until the Neuro JRC at its discretion dissolves the JMMT. Thereafter, such JMMT shall cease operations and perform no further functions under this Agreement. Notwithstanding the foregoing, following dissolution of the JMMT, the Neuro JRC may re-establish the JMMT as needed.

1.1.3 **Joint Program Teams**. Within [***] days after a JRC decision to pursue a Validation Program or a Stage 3 Small Molecule Program, the Parties shall establish a joint project team (a "**JPT**") for such program. Such JPT shall be responsible for:

(a) drafting the Research Plans, and any amendments thereto, for the applicable Validation Program, Stage 3 Small Molecule Program or Additional Screening Work and overseeing the activities under such plans;

(b) for each Small Molecule Validation Program in which Validated Small Molecule Series are acting through different Targets, identifying separate Stage 3 Small Molecule Programs for each such set of Validated Small Molecule Series acting through a different Target;

(c) for a Stage 3 Small Molecule Program, proposing a plan to the applicable JRC to resolve a Dispute regarding achievement of the Lead Series Criteria or Development Candidate Criteria for such program;

(d) reporting to the applicable JRC the progress under its applicable Research Plan; and

(e) for any other decision delegated to a JRC with respect to such program, providing a recommendation to such JRC for its consideration.

With respect to the responsibilities of each JPT set forth above, each Party shall have one (1) collective vote in all decisions of such JPT. In the event that agreement on a particular matter within the scope of its responsibility cannot be reached by a JPT within [***] Business Days (or such longer period as the JPT members agree) after such JPT first meets to consider such matter, the matter shall be referred to the applicable JRC, which shall resolve such matter in accordance with Section 2.2.3. Each JPT shall meet and operate during the period commencing upon its formation until the completion of the applicable Research Plan unless the applicable JRC at its discretion earlier dissolves such JPT. Thereafter, the JPT shall cease operations and perform no further functions under this Agreement. Notwithstanding the foregoing, following dissolution of a JPT, the applicable JRC may re-establish such JPT as needed.

1.1.4 **Team Membership; Participation**. Each of the JTTs, JMMT and JPTs, and any team established by the JSC pursuant to Section 2.1.2(c) is sometimes referred to individually herein as a "**Team**" and collectively as the "**Teams**." Each Team shall be composed of up to [***] representatives designated by each of Recursion and Roche (though the Parties need not have the same number of representatives on such Team), each appropriate for the tasks then being undertaken and the stage of technical development, in terms of their seniority, function in their respective organizations,

training and experience. Each Party shall designate one of its representatives to each Team as its primary contact for matters pertaining to such Team (such Party's Team "**Co-Lead**"). Subject to the foregoing, from time to time, each Party may replace any or all of its representatives to a Team (including its Co-Lead) at any time by informing the other Party in advance, in writing (which may be by email). Each Team shall meet [***], or as otherwise agreed to by the Parties and shall meet at such other times as deemed appropriate by such Team. Either Party may invite a reasonable number of other employees, consultants, research contractors, or scientific advisors to attend a Team meeting in a non-voting capacity with prior written notice to the other Party; provided that such invitees are bound by appropriate confidentiality and invention assignment obligations consistent with the terms of this Agreement.

1.4 **Committee and Team Meetings; Minutes**. In order to hold a committee or Team meeting or to make a committee or Team decision, at least one (1) member of such committee or Team from each Party must participate in the meeting or vote; provided that either Party may defer a meeting or a vote if such Party desires to postpone until the applicable committee or Team members are able to attend or participate, so long as such postponement does not cause material or undue delays to any Research Plan. Committees and Teams may meet in person or via teleconference, video conference or the like, provided that at least one (1) meeting per Calendar Year shall be held in person, unless otherwise agreed by the Parties. Each Party shall bear the expense of its respective representatives' participation in committee and Team meetings. Each committee or Team shall keep minutes of its meetings that record in writing all decisions made, action items assigned or completed and other appropriate matters. The Parties shall alternate the responsibility for keeping such meeting minutes for a particular committee or Team. Meeting minutes shall be sent to both Parties promptly after a meeting for review, comment and approval. Decisions that are made by the committee or Team outside of a meeting shall be documented in writing (which may be by email).

1.5 **Alliance Managers**. Promptly following the Effective Date, each Party shall designate an individual to act as the alliance manager for such Party (such Party's "**Alliance Manager**"). The Alliance Managers will act as the primary point of contact between members of the JSC and the JRC and other relevant personnel of the Parties involved in oversight and compliance of the activities under this Agreement. Additionally, the Alliance Managers shall assist in the resolution of potential issues and Disputes in a timely manner to enable the Parties to reach consensus and avert escalation of such issues or potential Disputes. The Alliance Managers may attend all meetings of the committees and Teams contemplated herein as non-voting participants, provided that the Alliance Managers will make reasonable efforts to attend all JSC and JRC meetings and will support the JSC and JRCs in the discharge of their respective responsibilities. An Alliance Manager may bring any matter concerning a Party's performance under this Agreement to a JRC or the JSC if the Alliance Manager reasonably believes that such attention is warranted. Either Party may replace its Alliance Manager at any time by notifying the other Party's Alliance Manager in writing (which may be by email).

1.6 **Limitations on Authority**. Each Party shall retain the rights, powers, and discretion granted to it under this Agreement, and no such rights, powers, or discretion shall be delegated to or vested in a committee or Team unless such delegation or vesting of rights is expressly provided for in this Agreement or the Parties expressly so agree in writing. No committee or Team shall have the power to amend, modify or waive compliance with this Agreement, which may only be amended or modified, or compliance with which may only be waived, as provided in Section 15.8.

1.7 **Day-to-Day Conduct**. The Parties recognize that each Party possesses an internal structure (including various committees, teams and review boards) that will be involved in administering such Party's activities under this Agreement. Nothing contained in this ARTICLE

2 shall prevent a Party from making routine day-to-day decisions relating to the conduct of those activities for which it has a performance or other obligation hereunder, in each case in a manner consistent with the then-current applicable Research Plan and the terms and conditions of this Agreement.

ARTICLE 3
Map Creation; Acceptance; Access

1.1 **Phenomap Creation**. During the applicable Exclusivity Period, Recursion shall create the following Phenomaps (or, in the case of the HUVEC Phenomap, augment such then-existing map if requested by Roche, as described below) for use in the Collaboration as further described below (the activities set forth in this Section 3.1 and Sections 3.2 and 3.3, in accordance with the applicable Research Plans, the "**Stage 0-1 Activities**"):

(a) a [***] Phenomap for each of up to four (4) [***] cancer Cell Contexts determined by the applicable JTT and approved by the [***] JRC as part of the applicable Research Plan, as may be updated from time to time with Stage 2/3 Image Data;

(b) a [***] Phenomap for each of up to six (6) neuroscience-related Cell Contexts determined by the applicable JTT and approved by the Neuro JRC as part of the applicable Research Plan, including the Genetics-Only Initial Phenomaps;

(c) a [***] Phenomap for each of up to six (6) neuroscience-related Cell Contexts determined by the applicable JTT and approved by the Neuro JRC as part of the applicable Research Plan, including the [***] Phenomaps ([***] as may be updated from time to time with Stage 2/3 Image Data or as set forth in 6.2.4(a), each a "**Neuroscience Phenomap**"); and

(d) the HUVEC Phenomap.

1.2 **Stage 0 Phenomap Planning**.

1.1.1 **Stage 0 Plans**.

(a) Promptly following the Effective Date, for the [***] Initial Neuroscience Phenomaps and the [***] Phenomaps, each Party will conduct the activities designated as stage 0 activities for such Phenomap (the "**Stage 0 Plan**") and assigned to such Party in the applicable Research Plan attached hereto in Exhibit C.

(b) For any other Neuroscience Phenomap described in Section 3.1 for a cell type that has not previously been used in a Neuroscience Phenomap, promptly following Roche's request (which will include the requested cell type), the Parties shall promptly form a JTT, and such JTT will promptly draft a Research Plan, which includes a Stage 0 Plan, setting forth the Stage 0-1 Activities for such cell type for such Phenomap. Such Research Plan's Stage 0 Plan will include activities to generate, evaluate, and select a Cell Context for the Neuroscience Phenomap to be generated in Stage 1. Per each Stage 0 Plan, multiple cell lines, some of which may be modified by selected [***], will be [***]. Following approval of such Research Plan by the applicable JRC, each Party will conduct the activities assigned to it in the Stage 0 Plan of such Research Plan. If the applicable JTT determines [***], such activities shall be set forth in an amendment to the applicable Research Plan, and Recursion will create a reasonable number of certain engineered cell lines during Stage 0-1 Activities to properly display and analyze some Other Map Perturbations with the Recursion Platform.

(c) Initial aliquots of the parental cell lines to be evaluated for the Neuroscience Phenomaps will be [***] from vendors selected by the applicable JTT, and initial aliquots of the cell lines to be evaluated for the [***] Phenomaps will be [***]. Recursion thereafter will expand such initial aliquots as part of the scale-up process set forth in the applicable Stage 0 Plan.

1.1.2 **Phenomap Standards and Feasibility**.

(a) Prior to Recursion generating any Phenomap set forth in Section 3.1, the applicable JTT will propose the Phenomap Standards for such Phenomap for approval by the applicable JRC. In the event a Neuroscience Phenomap does not meet the applicable JRC-approved Phenomap Standards, [***], (i) [***] and (ii) [***], unless, in each case (i) and (ii), otherwise agreed by the Parties. In the event a [***] Phenomap does not meet the applicable Phenomap Standards, then, the Parties' respective access and use rights and obligations under this Agreement with regard to such [***] Phenomap (and its Recursion Phenomap Model and [***] Image Data and Embeddings) will be [***].

(b) All Neuroscience Phenomaps are subject to technical feasibility as determined by the applicable JTT. In the event that the JTT determines that a Neuroscience Phenomap is not technically feasible, (i) such Phenomap, to the extent it was created, will not be counted as one of the Phenomaps set forth in Section 3.1(b) and 3.1(c) and (ii) with regard to Roche's rights and obligations under this Agreement, [***], unless, in each case (i) and (ii), otherwise agreed by the Parties. If a JTT does not agree upon whether a Phenomap in a certain Cell Context is or is not technically feasible, then such Dispute will be determined by the applicable JRC under Section 2.2.3.

1.1.3 **Timing of Requests for Additional Neuroscience Phenomaps**. Unless otherwise agreed by the Parties, (a) any Additional Neuroscience Phenomap may only be requested by Roche (and the applicable Initiation Fee, if any, must be paid) within [***] years of the Effective Date (the "**Map Request Period**"); and (b) Recursion will not commence Stage 0-1 Activities for any Roche-requested Additional Neuroscience Phenomap until the Stage 0-1 Activities for [***] is completed or earlier discontinued; provided that, prior to such completion or earlier termination, [***].

1.1.4 **Recursion Independently Created Neuroscience Phenomaps**. During the Neuroscience Exclusivity Period, Recursion may create, [***], Phenomaps in neuroscience-related Cell Contexts in addition to those requested by Roche in Sections 3.1(b) and 3.1(c), and all such Phenomaps will be deemed Additional Neuroscience Phenomaps, [***].

1.3 **Stage 1 Map Creation**.

1.1.1 **[***] Phenomaps**. For each [***] Phenomap, following completion of the applicable Stage 0 Plan, including selection of the Cell Context, the JTT will finalize the Other Map Perturbations to be included in such [***] Phenomap (and, if necessary, amend the applicable Research Plan to include such Other Map Perturbations), and Recursion will create a [***] Phenomap in such Cell Context, in accordance with such Research Plan.

1.1.2 **Neuroscience**.

(a) For each Neuroscience Phenomap, following completion of the applicable Stage 0 Plan, including selection of the Cell Context, the applicable JTT will finalize the Other Map Perturbations to be included in such Neuroscience Phenomap (and, if necessary, amend the

applicable Research Plan to include such Other Map Perturbations) and, following agreement on the Phenomap Standards, Recursion will create a [***] Neuroscience Phenomap in such Cell Context, in accordance with such Research Plan; provided that, at Roche's request, Recursion will not create a [***] Phenomap for such Cell Context (and the Stage 0-1 Activities solely applicable to such [***] Phenomap will be deemed discontinued) and instead will create a [***] Phenomap in such Cell Context as set forth in Section 3.3.2(b).

(b) Following Roche's acceptance of a [***] Neuroscience Phenomap in a cell type in accordance with Section 3.4.2 and Roche's request for a [***] Phenomap in the same cell type (which will include, if applicable, a desired [***]) or following Roche's request for only a [***] Phenomap in a cell type (which will include, if applicable, a desired [***]) as set forth in Section 3.3.2(a), the applicable JTT promptly will (A) if the requested Phenomap is for a [***], draft a plan to evaluate and select [***] for such Phenomap and (B) determine the Other Map Perturbations to be included in the Phenomap. Promptly thereafter, Recursion will create a [***] Phenomap, including such Other Map Perturbations, in such Cell Context.

(c) For each Roche-requested Neuroscience Phenomap, Recursion will promptly notify Roche in writing when it initiates map-building activities following selection of the Cell Context and any Other Map Perturbations as set forth herein (each, a "**Map Initiation Notice**").

1.1.3 **HUVEC Phenomap**. Initially, the Parties anticipate that, if Roche wants the HUVEC Phenomap used for the Collaboration, the HUVEC Phenomap will be only Recursion's then-existing version as expanded by Recursion, in its discretion, from time to time. However, promptly following Roche's written request, during the Map Request Period, to include Roche Small Molecules or Other Map Perturbations in the HUVEC Phenomap, the applicable JTT(s) will determine the Other Map Perturbations to be included in such Phenomap, draft a Research Plan (or amendment thereto) to include such Roche Small Molecules and Other Map Perturbations, and Recursion will generate HUVEC Image Data and Embeddings of such Roche Small Molecules and Other Map Perturbations in HUVEC and include them in the HUVEC Phenomap for the Collaboration in accordance with such Research Plan.

1.1.4 **Sequencing**. Roche may, in its discretion, perform sequencing on a potential or selected Cell Context of any [***] Phenomap or Neuroscience Phenomap that is the subject of Stage 0-1 Activities in order to (a) for [***] Phenomap or Neuroscience Phenomaps, aid the evaluation and selection of the Cell Context for such Phenomap (or a potential future Neuroscience Phenomap); or (b) to supplement the Parties' identification of Collaboration Insights for further validation in the Neuro Field, including the Parties' activities under the Multi-Modal Research Plans, or in the [***] Field. Recursion will provide protocols it created or used in Stage 0-1 Activities for its arrayed perturbation assay for the [***] Phenomaps and Neuroscience Phenomaps, including [***], at Recursion's expense, to enable Roche's sequencing activities in accordance with the applicable Research Plan; [***]; and provided further that, [***]. Roche may provide, at its discretion and subject to agreed-upon information security measures, any or all of such Sequencing Data to Recursion, solely for use by Recursion as set forth in Section 8.5. In addition, [***].

1.1.5 **Agreement to Cease Activities under a Research Plan**. The Parties may agree to terminate specific activities under any Research Plan during any Stage.

1.4 **Phenomap Acceptance**.

1.1.1 **HUVEC and [***]**. Promptly upon Recursion's completion of an augmented HUVEC Phenomap described in Section 3.3.3 and of each Roche-requested [***] Phenomap, Recursion will provide Roche with written notice of such completion, which shall include data demonstrating achievement of the Phenomap Standards for such Phenomap, and access to the images within the augmented HUVEC Image Data and Embeddings or the [***] Image Data and Embeddings (as applicable) for such Phenomap solely to evaluate achievement of such Phenomap Standards. If Roche notifies the applicable JTT that it has concerns about the accuracy, functioning or reliability of such Phenomap, the JTT shall promptly meet to discuss and determine how to address such concerns.

1.1.2 **Neuroscience**.

(a) Promptly upon Recursion's completion of each Neuroscience Phenomap, Recursion will provide Roche with written notice of such completion, which shall include data demonstrating achievement of the Phenomap Standards for such Phenomap. During the [***] day period following Roche's receipt of such notice and data (the "**Evaluation Period**"), Recursion will permit and facilitate the full access (but not the ability to download) for up to [***] named individuals from, and nominated by, Roche to such Neuroscience Phenomap and the Neuro Image Data used to create such Phenomap, including the ability to query such Phenomap, solely to evaluate Roche's interest in accepting such Phenomap. For clarity, any observations made pursuant to such queries shall be Collaboration Insights, to the extent they satisfy Section 1.32. For clarity, [***] in such Phenomap for purposes of Roche's access during the applicable Evaluation Period and, to the extent Roche Small Molecules are included in such Phenomap, at least a subset of reference compounds comprising such Roche Small Molecules will be identified. Recursion will retain the right to maintain an Access Log of all queries to such Phenomap made during such Evaluation Period to monitor compliance with the Agreement. If, during the Evaluation Period for a Phenomap, Roche notifies the applicable JTT that it has concerns about the accuracy, functioning or reliability of such Phenomap, the applicable JTT shall promptly meet to discuss and determine how to address such concerns.

(b) If Roche provides Recursion written notice during the Evaluation Period for a Neuroscience Phenomap that it accepts such map (an "**Acceptance Notice**") and pays the applicable Acceptance Fee in accordance with Section 6.2, such map thereafter will be deemed accepted by Roche (an "**Accepted**" Neuroscience Phenomap). If Roche does not provide an Acceptance Notice within the Evaluation Period for a Neuroscience Phenomap or does not pay the applicable Acceptance Fee in accordance with Section 6.2, such map thereafter will be deemed declined by Roche (a "**Declined**" Neuroscience Phenomap).

1.5 **Phenomap Access**. Unless otherwise agreed by the Parties, Phenomaps created pursuant to this ARTICLE 3 will be hosted on a Recursion-controlled server.

1.1.1 **Restricted Access Phenomaps**. During the [***] Exclusivity Period, for all [***] Phenomaps, [***] Images Data and Embeddings, and Models used to create such [***] Phenomaps, only named individuals from, and nominated from time to time by, Recursion working directly on generating Collaboration Insights or on Research Plan activities will have access to such Phenomaps, image data, Embeddings or Models through a unique email and password combination and additional security measures determined by the applicable JTT to ensure data safety and compliance with the Agreement (e.g., VPNs). During the applicable Exclusivity Period, for each of the (i) HUVEC Phenomap (as may be augmented in accordance with Section 3.3.3) and (ii) all Declined Neuroscience Phenomaps, only named individuals from, and nominated from time to time by, Recursion will have access to such Phenomaps through a unique email and password combination and additional security measures determined by the applicable

JTT to ensure data safety and compliance with the Agreement (e.g., VPNs), but only the subset of such named individuals working directly on generating Collaboration Insights or on Research Plan activities will have access to the Phenomap relationships and HUVEC Image Data and Embeddings, Neuro Image Data, and Neuro Image Embeddings (as applicable), in each case that involve or pertain to the Roche Small Molecules or to Other Map Perturbations that are proprietary to Roche and included in such Phenomap (collectively, the "**Roche Proprietary Phenomap Information**") and solely to conduct queries in the applicable Exclusive Field to generate Collaboration Insights or inform Research Plan activities. Recursion will ensure that no other individual with access to the HUVEC Phenomap or Declined Neuroscience Phenomaps will have access to Roche Proprietary Phenomap Information during the applicable Exclusivity Period and that no other Recursion individuals will have access to the [***] Phenomaps. Recursion will maintain an Access Log for each [***] Phenomap and Declined Neuroscience Phenomap [***]. Roche will not have independent access to the HUVEC Phenomap, [***] Phenomaps or Declined Neuroscience Phenomaps, but, during the applicable Exclusivity Period, will access and query such Phenomaps in the applicable Exclusive Field by:

(a) [***].

(b) [***].

(c) [***].

1.1.2 **[***] Access Phenomaps**. During the Neuroscience Exclusivity Period, for each Accepted Neuroscience Phenomap, [***] access to such Phenomap and the Neuro Image Data used to create such Phenomap (but, for clarity, not the ability to download such images) through a unique email and password combination and additional security measures determined by the applicable JTT to ensure data safety and compliance with the Agreement (e.g., VPNs), solely to conduct queries in the Neuro Field to generate Collaboration Insights or inform Research Plan activities (including for Validation Programs and Stage 3 Small Molecule Programs). Recursion will maintain an Access Log for each Accepted Neuroscience Phenomap, which is accessible by both Parties [***].

1.1.3 **Phenomap Use Training**. At least [***] days prior to the completion of each Neuroscience Phenomap, Recursion will provide training to the named Roche individuals who will access such Phenomap for evaluation pursuant to Section 3.4.2 on the software, interface, metrics and the like to allow Roche to access, query and evaluate such Phenomap (and the Neuro Image Data used to create such Phenomap). Following Roche's acceptance of each Neuroscience Phenomap, Recursion will, if requested by Roche, also provide such [***]. In addition, during the first [***] days of the Evaluation Period for a Neuroscience Phenomap, Recursion will actively assist the named Roche individuals pursuant to Section 3.4.2 to understand and use such Phenomap and the Neuro Image Data used to create such Phenomap and, during the Evaluation Period, promptly answer all reasonable questions from Roche regarding such Phenomap and Roche's evaluation thereof.

1.6 **Joint Multi-Modal Maps**.

1.1.1 Following acceptance of a Neuroscience Phenomap by Roche in accordance with Section 3.4.2 and Roche's written request during the Neuroscience Exclusivity Period, the JMMT will promptly draft a Research Plan, for approval by the Neuro JRC, setting forth each Party's activities to create a Joint Multi-Modal Map for such Accepted Neuroscience Phenomap (a "**Multi-Modal Research Plan**"), using the Neuro Image Data from such Accepted Neuroscience Phenomap, Sequencing Data,

Recursion Background ML Know-How, Roche Background ML Know-How and any other Know-How or data that the Parties agree to include in such activities. For clarity, a Joint Multi-Modal Model Architecture shall not use the Recursion Phenomap Model Architectures except to the extent that Recursion, at its sole discretion, uses or incorporates such Recursion Phenomap Model Architecture(s) in such Joint Multi-Modal Model Architecture. Notwithstanding the foregoing, the Parties anticipate that the JMMT will be meeting and making infrastructure plans and arrangements prior to Roche's first acceptance of a Neuroscience Phenomap in order to move quickly after such acceptance.

1.1.2 **Joint Multi-Modal Map Access**.

(a) During the Neuroscience Exclusivity Period, the Joint Multi-Modal Models, Joint Multi-Modal Embeddings and Joint Multi-Modal Maps will be created, trained and stored on a [***] (a "**Collaboration Cloud**"). The JMMT will work together to set up the Collaboration Cloud, including three (3) virtual private cloud environments (each, a "**VPC**") consisting of (i) a shared VPC and (ii) a unique VPC environment for each Party, accessible only by named individuals from such Party, for storage of proprietary data, Recursion Background ML Know-How or Roche Background ML Know-How that a Party wants to use, but not disclose to the other Party, in the creation or operation of a Joint Multi-Modal Model or Joint Multi-Modal Map. [***]. As of the Effective Date, Roche anticipates, that, following its acceptance of the first Initial Neuroscience Phenomap, it would purchase [***] reserved instance GPUs for the Collaboration Cloud, which would be shared across the three (3) VPCs. The JMMT would, among other matters, decide how to allocate the Collaboration Cloud's GPUs and data storage capacity among the VPCs at any given time. If, at any time during the Neuroscience Exclusivity Period, Recursion wants to use additional GPUs or data storage in its VPC beyond what the JMMT has allocated to it at that particular time, [***]. Each Party will bear the data transfer costs it incurs from transferring its data into or out of the Collaboration Cloud. [***].

(b) During the Neuroscience Exclusivity Period, [***] access to the Collaboration Cloud, including the Joint Multi-Modal Maps, through a unique email and password combination and additional security measures determined by the JMMT to ensure data safety and compliance with the Agreement as needed (e.g., VPNs); provided that such individuals may query the Joint Multi-Modal Maps solely in the Neuro Field to generate Collaboration Insights or inform Research Plan activities. The Parties will maintain an Access Log for the Collaboration Cloud, accessible by both Parties, which will include [***].

1.7 **External Use Option**.

1.1.1 During the Neuroscience Exclusivity Period, at any time following Roche's acceptance of a [***] Phenomap and a [***] Neuroscience Phenomap for the same cell type, Roche may exercise its option to obtain the rights to use outside the Collaboration for all purposes, as described in Sections 8.4.2(b) and 8.6, (i) the Neuro Image Data created for such Accepted [***] Neuroscience Phenomap and for any Accepted [***] Phenomap for the same cell type (as well as any Stage 2/3 Image Data that Recursion adds to such Phenomap(s) during the applicable Exclusivity Period [***]) and (ii) [***] (an "**External Use Option**"). To exercise an External Use Option, Roche shall first provide written notice to Recursion specifying the applicable Accepted [***] Neuroscience Phenomap (and the related Accepted [***] Phenomap) whose Neuro Image Data it desires (an "**Election Notice**"). Promptly following receipt of an Election Notice, Recursion will provide [***]. If Roche does not believe such image criteria have been met, it will notify Recursion in writing within such [***] day period of its concerns, and the Parties will promptly discuss such concerns in good faith. If Roche believes the applicable Neuro Image Data and Stage 2/3 Image Data satisfy such image criteria, then

it will provide Recursion with a written notice of such within such [***] day period (an "**Exercise Notice**").

1.1.2 Promptly following its receipt of an Exercise Notice, Recursion will transfer to Roche a copy of all Neuro Image Data [***] that is the subject of such External Use Option. Promptly following Roche's receipt of the applicable Neuro Image Data and [***], Roche will provide Recursion with written confirmation of the successful transfer and pay Recursion the applicable External Use Fee in accordance with Section 6.3.

1.1.3 [***].

1.1.4 For the avoidance of doubt, [***].

1.1.5 Notwithstanding anything to the contrary in Section 3.7.1, [***].

1.8 **General Principles for All Research Plans**. Roche and Recursion each shall use Commercially Reasonable Efforts to perform the activities assigned to it under each Research Plan. For the avoidance of doubt, [***]. Except as otherwise expressly set forth herein, each Party shall conduct its activities under all Research Plans under this Agreement [***] and in accordance with the terms and conditions of this Agreement and each Party shall obtain and maintain, at its expense (subject to Section 9.1), all rights and licenses necessary for it to conduct such activities [***]. In addition, the Parties expect that all future Research Plans (other than Multi-Modal Research Plans) will follow a similar allocation of performance and expense responsibility between the Parties as their initial ones [***]. The JTT, JMMT or JPT (as applicable) responsible for overseeing or conducting activities under a Research Plan will review such Research Plan from time to time as necessary for the purpose of considering appropriate amendments thereto and recommend any such amendments to the applicable JRC for consideration. In addition, either Party, through its representatives on the applicable JRC, may propose amendments to a Research Plan at any time.

1.9 **Subcontracting**.

1.1.1 Roche shall have the right to subcontract any of its activities under this Agreement to a Third Party.

1.1.2 Recursion shall not subcontract any material Research Plan activities to a Third Party, other than Authorized Subcontractors solely to perform the relevant Subcontracted Activities. Such activities performed by an Authorized Subcontractor on behalf of Recursion shall be pursuant to a written subcontract specifying the work to be subcontracted and containing provisions consistent with the terms and conditions of this Agreement, including with respect to confidentiality and intellectual property.

1.1.3 Each Party shall be responsible (and liable) to the other Party for the performance of such Party's activities pursuant to this Agreement by its subcontractors and for any failure by its subcontractors to comply with the restrictions, limitations and obligations set forth in this Agreement as if such performance or failure of such subcontractors were the performance or failure of such Party under this Agreement.

1.10 **Reports; Records.**

1.1.1 **Progress Reports**.

(a) Subject to Section 3.3.4, each Party shall use reasonable efforts to keep the other Party informed of its activities under the Research Plans, including providing updates at each JRC and applicable JTT, JMMT or JPT meeting. In the event that either Party requests further information regarding any such update, including any reasonable request for then-existing data or other research results from activities under the Research Plan, then, except as set forth in Section 3.3.4 with respect to Sequencing Data, the Parties shall cooperate to achieve such data exchange in a timely and efficient manner. Neither Party shall be required to generate additional data to comply with the foregoing obligation. Except as set forth in Section 3.3.4 with respect to Sequencing Data, upon completion or earlier cessation of each Research Plan, each Party will provide a written report to the applicable JTT, JMMT or JPT that summarizes the activities performed and discloses all Other Collaboration Data, Program Data other than Stage 2/3 Image Data, Program IP and Joint Collaboration IP, in each case generated by or on behalf of such Party (solely or jointly) in the conduct of such activities. For any Stage 2/3 Image Data generated in the conduct of a Research Plan, Recursion will provide named individuals from, and nominated from time to time by, each Party working directly on the applicable Research Plan with unrestricted access to such Stage 2/3 Image Data, through a unique email and password combination and additional security measures determined by the JMMT to ensure data safety and compliance with the Agreement as needed (e.g., VPNs). Each Party's use of such Stage 2/3 Image Data is governed by ARTICLE 8, depending on the status of the applicable program and each Party's exercise of its options, if any, therefor to which such images relate. After the applicable Exclusivity Period, at Roche's request, Recursion will continue to make the Stage 2/3 Image Data generated in the applicable Exclusive Field available to Roche using the same controlled access as set forth above (except that, with regard to Stage 2/3 Image Data that is not licensed under a Product License, Target License or Recursion Product License, there is no requirement that a Party's named individuals accessing such data must be working on a Research Plan in order to do so), or transfer such Stage 2/3 Image Data to Roche; provided that, at any time after the applicable Exclusivity Period, Recursion may elect to transfer such Stage 2/3 Image Data to Roche at Recursion's expense and thereafter cease making such Stage 2/3 Image Data available to Roche. In addition, the JRC may determine what reports shall be generated in respect of Research Plan activities, including the content and timing thereof. The Parties shall promptly share all such reports with the JRC or applicable Team.

(b) Recursion shall provide Roche a written update on the progress of its each of its Independent Programs and Recursion Programs at least [***] each Calendar Year until the earlier of permanent discontinuation of such program by Recursion and [***]. Roche shall have the right to call an ad hoc meeting of the applicable JRC to discuss such written update and the applicable Independent Program or Recursion Program.

1.1.2 **Research Records**. Each Party shall, and shall ensure that any Third Party subcontractors pursuant to Section 3.9, maintain records (a) in sufficient detail and in good scientific manner appropriate for Prosecution and Maintenance and regulatory purposes, and (b) in compliance with Applicable Law, which shall be complete and accurate and shall properly reflect all work done and results achieved in the performance of its activities under the Research Plans, Independent Programs and Recursion Programs and which shall record only such activities and shall not include or be commingled with records of activities other than those conducted pursuant to the applicable Research Plan, Independent Program or Recursion Program. All laboratory notebooks shall be maintained for no less than the term of any Patent issuing therefrom. All other records shall be maintained by the applicable Party through the end of the applicable Exclusivity Period and for [***] years thereafter, or for such longer period as may be required by Applicable Law.

1.11 **Materials.**

1.1.1 **Transfer**. Each Party shall, at its expense (unless otherwise set forth in the applicable Research Plan), provide the other Party with the tangible materials specified under the applicable Research Plan (or as otherwise agreed by the applicable JTT, JMMT or JPT by consensus of the Parties) to be provided by such Party to the other Party for use pursuant to the applicable Research Plan (collectively, the "**Materials**"). Such Team may determine the specific format and timeline for the transfer of such Materials. For clarity, the term Materials does not include any Know-How or Data created by a Party in its performance of a Research Plan.

1.1.2 **Rights of Use**. With respect to the Materials provided pursuant to this Section 3.11, the receiving Party shall have the right to use such Materials solely for the activities under the applicable Research Plan and to exercise the rights granted to such Party pursuant to ARTICLE 8, as applicable. Subject to the foregoing, all such Materials (a) shall be used by the receiving Party only in accordance with the terms and conditions of this Agreement; (b) shall not be reverse engineered, deconstructed or analyzed in any way by such Party except as expressly set forth in the applicable Research Plan or this Agreement; (c) shall not be delivered by such Party to any Third Party or used by such Party for the benefit of any Third Party except as expressly provided for herein; and (d) shall be used by such Party in compliance with Applicable Law.

1.1.3 **Roche Proprietary Genetic Variant Data and Materials and Engineered Cell Lines**. Recursion shall have the right to use Roche Proprietary Genetic Variant Data and Materials solely for the activities under the applicable Research Plan and during the applicable Exclusivity Period. The Roche Proprietary Genetic Variant Data and Materials shall not be reverse engineered, deconstructed or analyzed in any way by or on behalf of Recursion except as expressly set forth in the applicable Research Plan and shall not be delivered by Recursion to any Third Party except as expressly provided for herein. Recursion shall provide Roche with (a) copies of all Data generated by or on behalf of Recursion within the Roche Proprietary Genetic Variant Data and Materials; and (b) [***]. Roche may use such Data [***] for any purpose, both during and after the Collaboration. Within [***] days after the end of the applicable Exclusivity Period, Recursion shall destroy all Roche Proprietary Genetic Variant Data and Materials (including copies thereof).

ARTICLE 4
Collaboration Programs

1.1 **Stage 2 Validation Programs**.

1.1.1 During the applicable Exclusivity Period, the applicable JTTs will discuss Collaboration Insights found by each Party, potentially designate other Collaboration Insights and propose initiation of validation activities for prioritized Collaboration Insights of interest to the applicable JRC for discussion. At any time during the applicable Exclusivity Period, the applicable JRC may approve initiation of such validation activities in the [***] Field or Neuro Field by Recursion under this Section 4.1 and create a JPT therefor. Subject to Section 4.1.3, promptly following such JRC approval, such JPT will draft a Research Plan for such activities for approval by the applicable JRC, and Recursion will undertake such activities pursuant to such approved Research Plan. Depending on the Collaboration Insights being pursued, Recursion will attempt to validate, pursuant to such Research Plan, either JTT-selected and JRC-approved Initial Small Molecule Hits (a "**Small Molecule Validation Program**") or JTT-selected and JRC-approved Initial Identified Target Hits (a "**Target Validation Program**," and collectively, with Small Molecule Validation Programs, "**Validation Programs**"). Each Research Plan for a Validation Program will include the validation activities consistent

with the general activities set forth in Exhibit C to be conducted by Recursion, the total number of Initial Small Molecule Hits or Initial Identified Target Hits (as applicable) to be validated under such Validation Program, and the Validated Hit Criteria or Validated Target Criteria (as applicable).

1.1.2 In each Small Molecule Validation Program's Research Plan, the applicable JPT will include validation activities to evaluate the Initial Small Molecule Hits associated with the applicable Insight Perturbation, understand the mechanism of action ("**MoA**") of the applicable Small Molecules (including identifying the associated Target), validate the associated Target and characterize between [***] and [***] potential Validated Small Molecule Series. In each Target Validation Program's Research Plan, the applicable JPT will include validation activities to evaluate each Initial Identified Target Hit associated with the applicable Insight Perturbation in the applicable Phenomap or Joint Multi-Modal Map. A Target Validation Program will be pursued for a Target only in the event that the applicable JTT determines that no Small Molecules are associated with such Target in the originating Phenomap or Joint Multi-Modal Map or all such associated Small Molecules have failed; provided that if the applicable JTT determines that Small Molecules are associated with such Target in a later Phenomap or Joint Multi-Modal Map, at Roche's request such Target Validation Program will be converted to a Small Molecule Validation Program.

1.1.3 No more than [***] Validation Programs in the [***] Field and Neuro Field combined will be actively pursued in parallel by Recursion at any point during the Collaboration (the "**Validation Program Active Cap**"), unless otherwise agreed by the Parties in writing.

1.1.4 [***].

1.1.5 **Roche's Option for Validated Small Molecule Series**. For each Small Molecule Validation Program, within [***] days following completion of the Research Plan activities for such Small Molecule Validation Program, Recursion will deliver to Roche, to the extent not previously provided by Recursion to Roche during conduct of the program, (a) a list, including structures, of each of the small molecules identified and synthesized by Recursion for such Small Molecule Validation Program, specifically identifying each of those within each Validated Small Molecule Series (if any); and (b) a copy of [***] and description of all Program IP and Joint Collaboration IP, in each case in this clause (b), generated by or on behalf of Recursion (solely or jointly) in the conduct of the Research Plan for such Small Molecule Validation Program, specifically noting all such Data that demonstrate achievement of the Validated Hit Criteria (an "**SM Validation Confirmation**"). For each Small Molecule Validation Program that successfully identifies at least [***] Validated Small Molecule Series, Roche may exercise its option (each, a "**Validated SM Option**") for such Small Molecule Validation Program to have Recursion initiate lead optimization activities under a Stage 3 Small Molecule Program as set forth in Section 4.2.1 with up to [***] Validated Small Molecule Series from such program, which were either identified by Recursion or otherwise designated by Roche, by providing written notice (a "**Validated SM Option Exercise Notice**") to Recursion within [***] days after Recursion delivers to Roche the SM Validation Confirmation for such Small Molecule Validation Program, subject to Section 4.2.7, and payment of the Validated SM Option Fee in accordance with Section 6.4.1. For each Small Molecule Validation Program for which Roche has exercised its Validated SM Option, at Roche's request, Recursion will promptly transfer all Stage 2/3 Image Data for such Small Molecule Validation Program to Roche.

1.1.6 **Roche's Validated Target Option; Roche Target List**.

(a) For the Target of a Target Validation Program, within [***] days following completion of the Research Plan activities for such Target Validation Program, Recursion will deliver to Roche, to the extent not previously provided by Recursion to Roche during conduct of the program, (i) a copy of [***] and (ii) a description of all Program IP and Joint Collaboration IP, in each case of (i) and (ii), generated by or on behalf of Recursion (solely or jointly) in the conduct of the Research Plan for such Target Validation Program, specifically noting all such Data that confirm such Target is a Novel Target in the applicable Exclusive Field and demonstrate achievement of the other Validated Target Criteria (a "**Target Validation Confirmation**"). For each Target Validation Program that successfully identifies a Validated Target, Roche may exercise its option (each, a "**Validated Target Option**") to obtain from Recursion the Validated Target license and exclusivity set forth in Sections 8.10.2 and 8.14.3 for such Target Validation Program by providing written notice (the "**Validated Target Option Exercise Notice**") to Recursion within [***] days after Recursion delivers to Roche the Target Validation Confirmation for such Target Validation Program and paying the Validated Target Option Fee. For each Target Validation Program for which Roche has exercised its Validated Target Option, at Roche's request, Recursion will promptly transfer all Stage 2/3 Image Data for such Target Validation Program to Roche.

(b) Following the Effective Date, Roche shall promptly deposit the Roche Target List with the Deposit Agent. If a JTT proposes initiating a Target Validation Program in the applicable Exclusive Field based on a proposed Initial Identified Target Hit for a Target on the Roche Target List for such Exclusive Field to the applicable JRC, Roche shall promptly notify Recursion that such Target is not a Novel Target; and upon Recursion's written request, Roche will cause the Deposit Agent to confirm such fact (but no additional information concerning the Target) to Recursion in writing. For any pharmaceutical product that would be a Roche Enabled Product if the applicable Target was a Novel Target in the applicable Exclusive Field at the relevant time set forth in Section 1.179, upon Recursion's written request, Roche will disclose to Recursion whether such Target is not a Novel Target because it is on the Roche Target List, and, if it is on such list, Roche will cause the Deposit Agent to confirm such fact (but no additional information concerning the Target) to Recursion in writing. All notices, requests and confirmations provided for in this Section 4.1.6(b) may be by email.

(c) For clarity, solely for purposes of a Target Validation Program, a Target of such Target Validation Program that is a Novel Target as of the date it is approved by the JRC for inclusion in such Target Validation Program shall remain Novel for purposes of the Collaboration and Roche Validated Target Products. For the avoidance of doubt, in the event that, during the conduct of a Target Validation Program, [***].

1.1.7 **Additional Validated Target Activities**. Following Roche's exercise of a Validated Target Option for a Target Validation Program, Roche, in its discretion, may elect to:

(a) research and develop therapeutic candidates against such Validated Target without further involvement of Recursion;

(b) research and develop therapeutic candidates against such Validated Target and supplement such activities by requesting in writing that Recursion, [***], use its phenomics platform, until the sooner of (i) [***] or (ii) [***] years from the Roche's exercise of such Validated Target Option (the "**Additional Screening Period**"), to perform reasonable profiling or validation screens on therapeutic agents independently discovered or generated by Roche against such Validated Target pursuant to a Research Plan drafted by the applicable JPT and approved by the Neuro JRC ("**Additional Screening Work**"); or

(c) request in writing that Recursion, [***], identify, including by a cellular or biochemical screen, potential therapeutic candidates active against and intended to modify such Validated Target (other than the Small Molecules from the original Phenomap) pursuant to a Research Plan drafted by the applicable JPT and approved by the Neuro JRC. In the event that Recursion, at its discretion, agrees to such request and conducts the activities set forth in such Research Plan during the time period set forth therein, the therapeutic candidates identified by or on behalf of Recursion in accordance with such Research Plan will be deemed Initial Small Molecule Hits, which Roche may select for a Small Molecule Validation Program.

For the avoidance of doubt, Recursion may agree to or decline any Roche request under this Section 4.1.7(c) at its discretion by notifying Roche in writing within [***] days of receipt of such request (or such longer period as the Parties agree); provided that once Recursion agrees to conduct such activities, it will use Commercially Reasonable Efforts to conduct and complete them.

1.2 **Stage 3 Small Molecule Programs**.

1.1.1 **Lead Identification**.

(a) During the applicable Exclusivity Period, upon Roche's exercise of a Validated SM Option for a Small Molecule Validation Program, subject to Section 4.2.7, the applicable JPT will promptly draft a Research Plan setting forth the hit-to-lead activities for the up to [***] Validated Small Molecule Series from such Small Molecule Validation Program with the goal of developing at least [***] and up to [***] Lead Series therefrom (each such program following exercise of the Validated SM Option, a "**Stage 3 Small Molecule Program**"). Such Research Plan shall be approved by the applicable JRC and will include the Lead Series Criteria and Target Candidate Profile for such Stage 3 Small Molecule Program. The applicable JPT will identify up to [***] prioritized Validated Small Molecule Series for which (unless otherwise agreed by the Parties) such hit-to-lead activities will initially be conducted in parallel to develop small molecule(s) that satisfy such Lead Series Criteria; provided that any of the other Validated Small Molecule Series from such Small Molecule Validation Program may be included in such hit-to-lead activities if one or more of the initial prioritized Validated Small Molecule Series fails. Promptly following approval of such Research Plan by the applicable JRC, Recursion will conduct the activities as set forth therein. Within [***] days following the earlier of completion of the Research Plan activities for such Stage 3 Small Molecule Program and the applicable Completion Date, Recursion will deliver to Roche, to the extent not previously provided by Recursion to Roche during conduct of the program, (a) a list, including structures and synthesis protocols, of each of the small molecules identified and synthesized by Recursion in the conduct of such Stage 3 Small Molecule Program, specifically identifying those within each Lead Series identified by Recursion (if any); and (b) a copy of [***] and a description of all Program IP and Joint Collaboration IP, in each case in this clause (b), generated by or on behalf of Recursion (solely or jointly) in the conduct of such Research Plan, specifically noting all such Data that demonstrate achievement of the Lead Series Criteria (a "**Lead Activities Report**").

(b) Roche shall notify Recursion in writing within [***] days of receipt of the Lead Activities Report if Roche does not in good faith agree that Recursion has identified and synthesized small molecules in at least [***] different series that meet the Lead Series Criteria, and promptly following such notice, the applicable JPT will discuss potential reasons for the disagreement and propose a plan to resolve the disagreement for approval by the applicable JRC. If approved, the Parties shall promptly carry out such approved plan. If such JPT is unable to agree on a plan to resolve the disagreement, then the applicable JRC shall attempt to resolve such disagreement. If the JRC cannot agree on such plan or if, after conducting an approved plan, the Parties still cannot agree on whether or not Recursion has identified and synthesized small molecules in at least [***] different series that meet the Lead Series Criteria for the applicable

Stage 3 Small Molecule Program, the Parties will mutually agree (such agreement not to be unreasonably withheld) within [***] days on a Third Party to review such small molecules to determine whether small molecules identified and synthesized by Recursion in at least [***] different series meet the Lead Series Criteria. Such Third Party shall be required by the Parties to execute an appropriate confidentiality agreement approved in form and substance by the Parties and to make a final determination within [***] days, unless the Parties otherwise agree. Such Third Party's determination with respect to Recursion has identified and synthesized small molecules in at least [***] different series that meet the Lead Series Criteria will be binding on both Parties. [***].

(c) If the results of performing a JSC approved, JPT plan or of a Third Party review under subsection (b) confirm Roche's belief that Recursion has not identified and synthesized small molecules in at least [***] different series that meet the Lead Series Criteria, unless the Parties agree to terminate such Research Plan, Recursion shall continue to conduct the applicable Research Plan until the earlier of (i) identification by Recursion of small molecules in at least [***] different series that meet the Lead Series Criteria and (ii) the Completion Date for such Research Plan (as may be extended by mutual agreement). In either case (i) or (ii), Recursion will provide Roche, within [***] days of the conclusion of such time period, with a second Lead Activities Report as set forth above, and the Parties shall proceed with the process above with respect thereto. If the results of performing a JSC approved, JPT plan or of a Third Party review under subsection (b) confirm that Recursion has identified and synthesized small molecules in at least [***] different series that meet the Lead Series Criteria, and, at the time of Roche's receipt of all results of such plan or of the Third Party review, whichever is applicable, more than [***] days have elapsed since delivery of the applicable Lead Activities Report to Roche, then, notwithstanding the time period set forth in Section 4.2.3, Roche shall have [***] days from receipt of the results of such plan or of the Third Party review, whichever is applicable, to exercise the Roche Lead Series Option with respect to such Stage 3 Small Molecule Program or elect to have Recursion continue development of such Stage 3 Small Molecule Program, each as otherwise set forth in Section 4.2.3.

(d) If, at any time, Recursion has elucidated the MoA for a Small Molecule Validation Program and determined that different Validated Small Molecule Series of such program are acting through different Targets to mediate the relationship between the applicable Insight Perturbation, the applicable JRC will designate a separate potential Stage 3 Small Molecule Program for each such set of Validated Small Molecule Series acting through a different Target to mediate such relationship, and the Program Data and Program IP for the related Small Molecule Validation Program will be allocated to each such separate Stage 3 Small Molecule Program based on which MoA it pertains to. In the event the applicable JRC is unable to agree on whether such Validated Small Molecule Series are acting through different Targets, the Parties will mutually agree (such agreement not to be unreasonably withheld) within [***] days on a Third Party to review such small molecules to determine whether they are acting through different Targets. Such Third Party shall be required by the Parties to execute an appropriate confidentiality agreement approved in form and substance by the Parties and to make a final determination within [***] days, unless the Parties otherwise agree. Such Third Party's determination with respect to whether such Validated Small Molecule Series are acting through different Targets will be binding on both Parties. [***].

1.1.2 **Lead Optimization**.

(a) During the applicable Exclusivity Period, for each Stage 3 Small Molecule Program for which Roche pays Recursion [***] and elects to have Recursion continue such program to develop a Development Candidate as set forth in Section 4.2.3(b), the applicable JPT will promptly draft a second Research Plan setting forth the lead optimization activities for the up to [***] Lead Series, identified by or on behalf of Recursion or otherwise designated by

Roche, from such Stage 3 Small Molecule Program to develop a Development Candidate and [***] to [***] Backup Small Molecules. Such Research Plan shall be approved by the applicable JRC and will include the Development Candidate Criteria and corresponding Target Candidate Profile for such Stage 3 Small Molecule Program. Promptly following approval of such Research Plan by the applicable JRC, Recursion will conduct the activities as set forth therein. Within [***] days following the earlier of completion of the activities for such Stage 3 Small Molecule Program set forth in such second Research Plan and the applicable Completion Date, Recursion will deliver to Roche, to the extent not previously provided by Recursion to Roche during conduct of the program, (a) a list, including structures and synthesis protocols, of each of the small molecules identified and synthesized by Recursion in the conduct of such Stage 3 Small Molecule Program, specifically identifying each of the Development Candidate(s) and Backup Small Molecules identified by Recursion; and (b) a copy of [***] and a description of all Program IP and Joint Collaboration IP, in each case in this clause (b), generated by or on behalf of Recursion (solely or jointly) in the conduct of such Research Plan, specifically noting all such Data that demonstrate achievement of the Development Candidate Criteria (a "**Development Activities Report**").

(b) Roche shall notify Recursion in writing within [***] days of receipt of each such Development Activities Report if it does not in good faith agree that Recursion has identified and synthesized one or more Development Candidates for the applicable Stage 3 Small Molecule Program, and promptly following such notice, the applicable JPT will discuss potential reasons for the disagreement and propose a plan to resolve the disagreement for approval by the applicable JRC. If approved, the Parties shall carry out such approved plan. If such JPT is unable to agree on a plan to resolve the disagreement, then the applicable JRC shall resolve such disagreement.

(c) If the JRC cannot agree on such plan or if, after conducting an approved plan, the Parties still cannot agree on whether or not Recursion has identified and synthesized one or more Development Candidates for the applicable Stage 3 Small Molecule Program, the Parties will mutually agree (such agreement not to be unreasonably withheld) within [***] days on a Third Party to review such purported Development Candidate(s) to determine whether they meet the Development Candidate Criteria. Such Third Party shall be required by the Parties to execute an appropriate confidentiality agreement approved in form and substance by the Parties and to make a final determination within [***] days, unless the Parties otherwise agree. Such Third Party's determination with respect to whether Recursion has identified and synthesized one or more Development Candidates will be binding on both Parties. [***].

(d) If the results of performing a JRC approved, JPT plan or of a Third Party review under subsection (b) confirm Roche's belief that Recursion has not identified Development Candidates, unless the Parties agree to terminate such Research Plan, Recursion shall continue to conduct the applicable Research Plan until the earlier of (i) identification by Recursion of another small molecule that Recursion believes meets the Development Candidate Criteria and (ii) the Completion Date for such Research Plan (as may be extended by mutual agreement). In either case (i) or (ii), Recursion will provide Roche, within [***] days of the conclusion of such time period, with a second Development Activities Report as set forth above, and the Parties shall proceed with the process above with respect thereto. If the results of performing a JRC approved, JPT plan or of a Third Party review under subsection (b) confirm that Recursion has identified at least [***] small molecule that meets the Development Candidate Criteria, and, at the time of Roche's receipt of all results of such plan or of the Third Party review, whichever is applicable, more than [***] days have elapsed since delivery of the applicable Development Activities Report to Roche, then, notwithstanding the time period set forth in Section 4.2.4, Roche shall have [***] days from receipt of the results of such plan or of the Third Party review, whichever, is applicable, to exercise the Roche Development Candidate Option with respect to such Stage 3 Small Molecule Program.

1.1.3 **Roche Lead Series Option**. Upon Recursion's achievement of the Lead Series Criteria for a Stage 3 Small Molecule Program, Roche may, by written notice to Recursion within [***] days after receipt of the Lead Activities Report demonstrating such achievement (as may be extended per Section 4.2.1(c)) (an "**LS Decision Period**"), either:

(a) exercise its exclusive option to obtain from Recursion the Product License set forth in Section 8.10.1 with respect to such Stage 3 Small Molecule Program (and from its prior Small Molecule Validation Program) (a "**Roche Lead Series Option**"), in which case Recursion will, promptly after the Option Effective Date, complete Program Transition for such Stage 3 Small Molecule Program; [***]; or

(b) elect to have Recursion continue such Stage 3 Small Molecule Program by developing a Development Candidate in accordance with Section 4.2.2.

If Roche, within an LS Decision Period, provides written notice that it is exercising its Roche Lead Series Option under subsection (a) or its election in subsection (b) with regard to the applicable Stage 3 Small Molecule Program, Roche would then pay Recursion an LO-Go Decision Milestone Payment within the period set forth in Section 6.6.1 for such program. In the event a Stage 3 Small Molecule Program achieved the Lead Series Criteria but Roche does not provide such notice within the LS Decision Period for such Stage 3 Small Molecule Program or pay the LO-Go Decision Milestone Payment within the period set forth in Section 6.6.1, such Stage 3 Small Molecule Program will be deemed an Available Stage 3 SM Program, subject to Section 4.3.3.

1.1.4 **Roche Development Candidate Option**.

(a) Upon Recursion's achievement of the Development Candidate Criteria for a Stage 3 Small Molecule Program that Roche elected to have Recursion continue as set forth in Section 4.2.3(b), Roche may, by written notice to Recursion within [***] days after receipt of the Development Activities Report demonstrating such achievement (a "**DC Exercise Period**"), exercise its exclusive option to obtain from Recursion the Product License set forth in Section 8.10.1 with respect to such Stage 3 Small Molecule Program (and from its prior Small Molecule Validation Program),(a "**Roche Development Candidate Option**"), in which case Recursion will, promptly after the Option Effective Date, complete Program Transition for such Stage 3 Small Molecule Program. In such notice, Roche may designate up to [***] Backup Small Molecules. If Roche, within a DC Exercise Period, provides written notice that it is exercising its Roche Development Candidate Option with regard to the applicable Stage 3 Small Molecule Program, Roche would pay Recursion an ED-Go Decision Milestone Payment within the period following the applicable Option Effective Date set as forth in Section 6.6.2 for such program.

(b) In the event a Stage 3 Small Molecule Program achieved the Development Candidate Criteria but Roche does not provide such notice within the DC Exercise Period for such Stage 3 Small Molecule Program or pay the ED-Go Decision Milestone Payment within the period set forth in Section 6.6.2, such Stage 3 Small Molecule Program will be deemed an Available Stage 3 SM Program, subject to Section 4.3.3.

1.1.5 [***].

(a) [***].

(b) [***].

1.1.6 **Caps on Stage 3 Small Molecule Programs**. In total, during the Exclusivity Periods, Roche may elect to advance up to forty (40) Stage 3 Small Molecule Programs in the [***] Field and Neuro Field combined (the "**Stage 3 Aggregate Cap**"), with no more than a total of [***] Stage 3 Small Molecule Programs in the [***] Field and Neuro Field combined being actively pursued by Recursion at any given time (the "**Stage 3 Active Cap**"), unless otherwise agreed by the Parties in writing. For clarity, if Roche exercises an option to any Independent Stage 2 Program or Independent Stage 3 Program as set forth in Section 4.3.4(a), such program, even if a Stage 3 Small Molecule Program is commenced or continued for such program, will not count against the Stage 3 Aggregate Cap or Stage 3 Active Cap.

1.1.7 **Roche's Rights When Stage 3 Active Cap Reached**. At any time during the Exclusivity Periods the Stage 3 Active Cap is reached, then, for any Small Molecule Validation Program for which Roche has exercised a Validated SM Option but for which a Stage 3 Small Molecule Program has not yet commenced at such time, Roche may:

(a) [***];

(b) [***];

(c) [***]; or

(d) [***].

1.1.8 [***].

1.1.9 **Unstarted or Unfinished Stage 3 Small Molecule Programs Following the End of an Exclusivity Period**. With respect to any (a) Small Molecule Validation Program for which Roche has exercised its Validated SM Option during the applicable Baseline Exclusivity Period but for which a Stage 3 Small Molecule Program has not yet commenced, (b) [***], or (c) Stage 3 Small Molecule Program for which Program Transition has not been initiated, in each case, [***].

1.3 **Recursion Independent Activities**.

1.1.1 **Independent Stage 2 Activities**.

(a) If, during the Neuroscience Exclusivity Period, Recursion desires to pursue validation activities for a Neuro SM Hit Group that the Neuro JRC has not included in an existing or previous Validation Program [***], Recursion will submit to Roche a written proposal setting forth the proposed research plan for such activities, including validated hit criteria (which shall be consistent with the applicable Initial Criteria) and any related research activities with respect to compounds beyond the scope of the applicable Neuro SM Hit Group (an "**Independent Stage 2 Proposal**"), [***], with such validation activities on such Neuro SM Hit Group. The total number of Initial Small Molecule Hits that Recursion proposes to validate as part of a Neuro SM Hit Group under an Independent Stage 2 Program shall be [***]. Within [***] days upon receipt of Recursion's Independent Stage 2 Proposal, Roche may, by written notice to Recursion:

(i) [***];

(ii) [***];

(iii) [***]; or

(iv) agree that Recursion may proceed with such Independent Stage 2 Proposal in the Neuro Field solely with regard to such Neuro SM Hit Group (unless otherwise agreed by the Neuro JRC to also permit Recursion's proposed related research activities with respect to other compounds) (an "**Independent Stage 2 Program**") and if Recursion achieves the applicable validated hit criteria in the conduct of such program, that, [***], Recursion may continue such program to develop a development candidate and thereafter to develop and commercialize small molecule therapeutic products for such program from such Neuro SM Hit Group, notwithstanding Recursion's exclusivity obligations pursuant to Section 8.14; [***].

(b) If Roche elects the option under subsection (a)(iv), then:

(i) Roche will grant the Recursion Product License set forth in Section 8.11.2 with respect to such Independent Stage 2 Program, which shall remain in effect unless and until [***].

(ii) Within [***] days following Recursion's achievement of the applicable validated hit criteria for each Independent Stage 2 Program, Recursion will deliver to Roche sufficient data that demonstrate achievement of such criteria and, if requested by Roche following its receipt of such data, a list, including structures and synthesis protocols, of each of the small molecules identified and synthesized by Recursion in the conduct of such Independent Stage 2 Program, specifically identifying each of the small molecules and series that meet such criteria. Recursion will promptly respond to any reasonable requests for additional information. If [***] and Recursion wants to continue such program, Recursion will [***]. Thereafter, [***], Recursion may proceed.

(iii) Provided that [***], Recursion will, within [***] days following Recursion's achievement of the applicable lead series criteria for such Independent Stage 2 Program, deliver to Roche sufficient data that demonstrate achievement of such criteria and, if requested by Roche following its receipt of such data, a list, including structures and synthesis protocols, of each of the small molecules identified and synthesized by Recursion in the conduct of such Independent Stage 2 Program, specifically identifying each of the small molecules that meet such criteria. Recursion will promptly respond to any reasonable requests for additional information. If [***] and Recursion wants to continue such program, Recursion will [***]. Thereafter, [***], Recursion may proceed.

(iv) Provided that [***], Recursion will, within [***] days following Recursion's achievement of the applicable development candidate criteria for such Independent Stage 2 Program, deliver to Roche sufficient data that demonstrate achievement of such criteria and, if requested by Roche following its receipt of such data, a list, including structures and synthesis protocols, of each of the small molecules identified and synthesized by Recursion in the conduct of such Independent Stage 2 Program, specifically identifying each of the small molecules that meet such criteria. Recursion will promptly respond to any reasonable requests for additional information.

(v) Provided that [***], Recursion will, within [***] days following Recursion's completion of preparing and compiling the final tables, listings and figures for the first Phase 1 Trial with a small molecule from such Independent Stage 2 Program, deliver such tables, listings and figures to Roche. Recursion will promptly respond to any reasonable requests for additional information.

1.1.2 **Independent Stage 3 Activities**.

(a) If, during the Neuroscience Exclusivity Period, Recursion desires to pursue hit-to-lead and lead optimization activities for the Validated Small Molecule Series from

a Small Molecule Validation Program in the Neuro Field for which a Validated SM Option was triggered but for which Roche has either failed to timely exercise such Validated SM Option or [***], Recursion will submit to Roche a written proposal setting forth the proposed research plan for such activities, including lead series criteria (which shall be consistent with the applicable Initial Criteria) and any related research activities with respect to compounds beyond the scope of the applicable Validated Small Molecule Series (an "**Independent Stage 3 Proposal**"), [***]. The total number of Validated Small Molecule Series from the applicable Small Molecule Validation Program that Recursion proposes to pursue under an Independent Stage 3 Program shall be [***]. Within [***] days upon receipt of Recursion's Independent Stage 3 Proposal, Roche may, by written notice to Recursion:

(i) [***];

(ii) [***]; or

(iii) agree that Recursion may proceed with such Independent Stage 3 Proposal in the Neuro Field solely with regard to those Validated Small Molecule Series (unless otherwise agreed by the Neuro JRC to also permit Recursion's proposed related research activities with respect to other compounds), ("**Independent Stage 3 Program**") and if Recursion achieves the applicable lead series criteria in the conduct of such program, that, [***], Recursion may continue such program to develop a development candidate and thereafter to develop and commercialize small molecule therapeutic products for such program from those Validated Small Molecule Series, notwithstanding Recursion's exclusivity obligations pursuant to Section 8.14; [***].

(b) If Roche elects the option under subsection (a)(iii) above, then:

(i) Roche will grant to Recursion the Recursion Product License set forth in Section 8.11.2 with respect to such Independent Stage 3 Program, which shall remain in effect [***].

(ii) Within [***] days following achievement of the applicable lead series criteria for each Independent Stage 3 Program, Recursion will deliver to Roche sufficient data to demonstrate achievement of such criteria and, if requested by Roche following its receipt of such data, a list, including structures and synthesis protocols, of each of the small molecules identified and synthesized by Recursion in the conduct of such Independent Stage 3 Program, specifically identifying each of the small molecules that meet such criteria. If [***] and Recursion wants to continue such program, Recursion will [***]. Thereafter, [***], Recursion may proceed.

(iii) Provided that [***], Recursion will, within [***] days following achievement of the applicable development candidate criteria for such Independent Stage 3 Program, deliver to Roche sufficient data to demonstrate achievement of such criteria and, if requested by Roche following its receipt of such data, a list, including structures and synthesis protocols, of each of the small molecules identified and synthesized by Recursion in the conduct of such Independent Stage 3 Program, specifically identifying each of the small molecules that meet such criteria.

(iv) Provided that [***], Recursion will, within [***] days following completion of preparing and compiling the final tables, listings and figures for the first Phase 1 Trial with a small molecule from such Independent Stage 3 Program, deliver such tables, listings and figures to Roche. In each case, Recursion will promptly respond to any reasonable requests for additional information.

1.1.3 **Recursion Option**.

(a) Recursion shall have the option during the Neuroscience Exclusivity Period, exercisable for up to [***]Available Stage 3 SM Programs, to obtain from Roche the Recursion Product License set forth in Section 8.11.2 (the "**Recursion Option**"), by providing written notice to Roche during the [***]-day period immediately following the expiration of the LS Decision Period or DC Exercise Period, as applicable, for such Available Stage 3 SM Program (the "**Recursion Exercise Period**"). If Recursion includes with such option exercise notice a written request that Roche consider negotiating, within [***] days thereafter, a license and its financial terms with Recursion under intellectual property (including Patents, Copyrights and Know-How) owned or controlled by Roche or its Affiliates that Recursion believes is necessary for Recursion's exploitation of such optioned Available Stage 3 SM Program (other than the rights licensed under Section 8.11.2), Roche will consider such request in good faith for up to [***] days, but is under no obligation to agree to negotiate any such license or, if in its discretion it agrees to negotiate such license, to continue such negotiations.

(b) For each Available Stage 3 SM Program for which Recursion has exercised the Recursion Option (a "**Recursion Program**"), [***], Recursion will use Commercially Reasonable Efforts to develop small molecule therapeutic incorporating such program's Lead Series or Development Candidate and Backup Small Molecules, as applicable, or a derivative of any of the foregoing (in each case consistent in scope with the corresponding compounds in a Stage 3 Small Molecule Program; provided that for purposes of the Recursion Programs, Backup Small Molecules are not designated as such by Roche) (each such therapeutic product, a "**Recursion Product**"). If an Available Stage 3 SM Program that became a Recursion Program had not yet achieved a Development Candidate at the time of Recursion Option exercise, then, within [***] days following achievement of the applicable development candidate criteria for such Recursion Program (which shall be consistent with the Initial Criteria), Recursion will deliver to Roche sufficient data that demonstrate achievement of such criteria and, if requested by Roche following its receipt of such data, a list, including structures and synthesis protocols, of each of the small molecules identified and synthesized by Recursion in the conduct of such Recursion Program, specifically identifying each of the small molecules that meet such criteria. Provided that [***], Recursion will, within [***] days following completion of preparing and compiling the final tables, listings and figures for the first Phase 1 Trial with a small molecule from such Recursion Program, provide written notice to Roche, including such tables, listings and figures, that it has completed such Phase 1 Trial. In addition, Recursion will promptly respond to any reasonable requests for additional information.

1.1.4 [***].

(a) [***].

(b) [***].

1.4 **HSR and Other Governmental Filings**.

1.1.1 Prior to the applicable Option Effective Date, Roche shall notify Recursion in writing if it determines an HSR Filing is required to report its exercise of a Validated Target Option, Roche Lead Series Option or Roche Development Candidate Option (as applicable). If Roche notifies Recursion that an HSR Filing is required, the Parties shall each, as promptly as practicable file or cause to be filed with the U.S. Federal Trade Commission ("**FTC**") and the U.S. Department of Justice ("**DOJ**") and any relevant foreign governmental authority any notifications required to be filed under the HSR Act or any similar applicable foreign law or regulation with respect to the exercise of such option. The Parties shall use diligent efforts to respond promptly to any

requests for additional information made by such agencies or otherwise to cause the waiting period (and any extension thereof) under the HSR Act to terminate or expire at the earliest possible date or obtain any required authorization or clearance under any similar applicable foreign law or regulation after the date of filing. [***].

1.1.2 **Cooperation**. In connection with obtaining clearance under the HSR Act each of Roche and Recursion shall (a) cooperate with each other in connection with any investigation or other inquiry relating to an HSR Filing and the transactions contemplated hereby; (b) keep the other Party or its counsel informed of any communication received from or given to the FTC or DOJ relating to the HSR Filing and the transactions contemplated hereby (and provide a copy to the other Party if such communication is in writing); (c) reasonably consult with each other in advance of any meeting or conference with the FTC or DOJ, and, to the extent permitted by the FTC or DOJ, give the other Party or its counsel the opportunity to attend and participate in such meetings and conferences; and (d) permit the other Party or its counsel to review in advance, and in good faith consider the views of the other Party or its counsel and incorporating where appropriate, concerning, any submission, filing or communication (and documents submitted therewith) intended to be given to the FTC or DOJ.

1.1.3 **Option Effective Date**. Notwithstanding anything in this Agreement to the contrary, each Validated Target Option, Roche Lead Series Option or Roche Development Candidate Option granted to Roche under this Agreement shall not become effective until the applicable Option Effective Date. If, by the [***] day after the date of filing under the HSR Act the waiting period required thereunder has not expired, Roche shall have the right thereafter, on written notice to Recursion, to terminate exercise of the applicable option. Furthermore, for any Program Transition not associated with the exercise of a Roche Lead Series Option or Roche Development Candidate Option, at Roche's written request, Recursion will delay initiating such Program Transition until Roche determines whether a HSR filing or other competition filing is necessary with respect to such Program Transition, and if Roche determines such a filing is necessary, until the first Business Day following the date upon which any applicable waiting periods under the HSR Act expire or terminate early and any agreements with the FTC, the DOJ, or any relevant foreign governmental authority, not to consummate Program Transition have expired and no objection on the part of the FTC or DOJ remains; [***]. In addition, if by the [***] day after the date of filing under the HSR Act the waiting period required thereunder has not expired, Roche shall have the right thereafter, on written notice to Recursion, to terminate exercise of such Program Transition.

ARTICLE 5
Diligence

1.1 **Development and Commercialization of Products and Roche Validated Target Products**.

(a) As between Roche and Recursion, for each Stage 3 Small Molecule Program for which Roche has exercised a Roche Lead Series Option, Roche Development Candidate Option, [***], following completion of Program Transition, (a) except as set forth in Section 4.1.7(b), Roche shall have sole responsibility for, and bear all costs for, researching, developing and commercializing Products; (b) Roche shall have the sole right and authority to control all decisions related to the research, development and commercialization of Products; and (c) Roche shall use Commercially Reasonable Efforts to develop and seek Marketing Authorization for [***] Product for each such Stage 3 Small Molecule Program [***] and, following Roche's receipt of Marketing Authorization for a Product, to commercialize such Product.

(b) For each Target Validation Program for which Roche has exercised its Validated Target Option, Roche shall use, only during the applicable Validated Target Exclusivity Period, Commercially Reasonable Efforts (i) to develop and seek Marketing Authorization for [***] Roche Validated Target Product that is active against, and intended to modulate, the Validated Target validated by such Target Validation Program, [***] and (ii), following Roche's receipt of Marketing Authorization for a Roche Validated Target Product, to commercialize such Roche Validated Target Product.

1.2 **Progress Reports**.

(a) Following completion of Program Transition of the first Stage 3 Small Molecule Program and within [***] days after each anniversary of the Effective Date during the Term, Roche shall provide to Recursion an annual written report summarizing Roche's progress in the development of the Products for each Stage 3 Small Molecule Program that has then transitioned to Roche pursuant to ARTICLE 4 (and for which the applicable Product License has not been terminated in accordance with ARTICLE 13). On a Stage 3 Small Molecule Program-by-Stage 3 Small Molecule Program basis, [***]. Such reports, and the information contained therein, are the Confidential Information of Roche.

(b) Following Roche's exercise of a Validated Target Option for a Target Validation Program and within [***] days after each anniversary of the Effective Date during the Term, Roche shall provide to Recursion an annual written report summarizing [***] Roche's progress in the development of a Roche Validated Target Product for such Target Validation Program. Roche's obligations under this Section 5.2(b) with regard to a particular Target Validation Program shall end upon the sooner of the expiration of the applicable Validated Target Exclusivity Period or the First Commercial Sale of a Roche Validated Target Product for such Target Validation Program. Such reports, and the information contained therein, are the Confidential Information of Roche.

ARTICLE 6
Financial Terms

1.1 **Upfront Payment**. In consideration for the rights and licenses set forth herein, no later than [***] days after the Effective Date and Roche's receipt of an invoice therefor, Roche shall pay to Recursion a one-time upfront payment in the amount of one hundred fifty million dollars ($150,000,000).

1.2 **Phenomap Initiation and Acceptance Fees**. Roche shall pay to Recursion the Phenomap initiation fees (each, an "**Initiation Fee**") and acceptance fees (each, an "**Acceptance Fee**") for the Neuroscience Phenomaps as set forth in this Section 6.2, no later than [***] days after Roche's receipt of a Map Initiation Notice from Recursion (for Initiation Fees) or Roche's provision of its Acceptance Notice to Recursion (for Acceptance Fees) and, in each case, Roche's receipt of an invoice therefor:

1.1.1 **Initial Neuroscience Phenomaps**. Roche shall pay Recursion the fee set forth in the following table upon initiation or acceptance (as applicable) of the corresponding Initial Neuroscience Phenomap, which payments shall total up to a maximum of [***]:

Initial Neuroscience Phenomap	Initiation Fee	Acceptance Fee
[***]	[***]	[***]
[***]	[***]	[***]

1.1.2 **Additional Neuroscience Phenomaps if all Initial Neuroscience Phenomaps are Accepted**. If Roche accepts all [***] of the Initial Neuroscience Phenomaps (and pays the corresponding Acceptance Fees in Section 6.2.1) and requests an Additional Neuroscience Phenomap(s) for a Cell Context in accordance with Sections 3.1 and 3.2, Roche shall pay Recursion the fee(s) set forth in the tables in this Section 6.2.2 below upon initiation or acceptance (as applicable) of the corresponding Additional Neuroscience Phenomap:

(a) If Roche requests [***]:

Additional Neuroscience Phenomap	Initiation Fee	Acceptance Fee
[***]	[***]	[***]
[***]		
[***]	[***]	[***]
[***]	[***]	[***]

(b) If Roche requests only a [***]:

Additional Neuroscience Phenomap	Initiation Fee	Acceptance Fee
[***]	[***]	[***]

1.1.3 **Additional Neuroscience Phenomaps if not all Initial Neuroscience Phenomaps are Accepted**.

(a) Notwithstanding Section 6.2.2, in the event that [***]:

Additional Neuroscience Phenomap	Initiation Fee	Acceptance Fee
[***]	[***]	[***]
[***]	[***]	[***]

(b) In the event that Roche [***]:

Additional Neuroscience Phenomap	Initiation Fee	Acceptance Fee
[***]	[***]	[***]

(c) If, after Roche has paid Recursion a total of [***] for [***] Accepted Neuroscience Phenomaps under Sections 6.2.1 or 6.2.2, Roche requests [***]:

Additional Neuroscience Phenomap	Initiation Fee	Acceptance Fee
[***]	[***]	[***]
[***]		
[***]	[***]	[***]
[***]	[***]	[***]

(d) If, after Roche has paid Recursion a total of [***] for [***] Accepted Neuroscience Phenomaps under Sections 6.2.1 or 6.2.2, Roche requests [***]:

Additional Neuroscience Phenomap	Initiation Fee	Acceptance Fee
[***]	[***]	[***]

1.1.4 **Conditions Affecting Payments for Neuroscience Phenomaps**.

(a) The Initiation Fees and Acceptance Fees set forth in this Section 6.2 are payable only one time for each corresponding Neuroscience Phenomap and, with respect to a Full Phenomap, are based on the assumption that Recursion will profile up [***] Small Molecules for each Full Phenomap. If the Parties agree to profile additional Small Molecules for a Full Phenomap, the Parties will discuss in good faith the appropriate compensation [***] for any additional costs to be incurred [***] in profiling such additional Small Molecules for such

Full Phenomap. [***]. For clarity, any small molecules that Recursion images (i.e., as Stage 2/3 Image Data) during a Validation Program or Stage 3 Small Molecule Program and subsequently adds to a Phenomap are not subject to, nor count against the [***] cap described in, this subsection (a).

(b) In the event that Recursion initiates, or Roche accepts, an Additional Neuroscience Phenomap prior to the expiration of the Evaluation Period(s) for one or more Initial Neuroscience Phenomaps, the Parties will assume that such Initial Neuroscience Phenomaps will be accepted by Roche, and the applicable Initiation Fee and Acceptance Fee for the Additional Neuroscience Phenomap will be determined accordingly; provided, however, that if any of such Initial Neuroscience Phenomaps is later not accepted by Roche in accordance with Section 3.4, the Parties will determine the difference between the Initiation Fee and Acceptance Fee (as applicable) actually paid by Roche for such Additional Neuroscience Phenomap and the Initiation Fee or Acceptance Fee that otherwise would have been due when such Additional Neuroscience Phenomap was initiated or accepted (as applicable), and within [***] days after the expiration of the Evaluation Period for such Initial Neuroscience Phenomap, the applicable Party will make a reconciling payment for such difference.

1.1.5 **Milestones for Recursion Independently Created Neuroscience Phenomaps**. Notwithstanding anything to the contrary in this Section 6.2, for each Additional Neuroscience Phenomap created by Recursion pursuant to Section 3.2.4, [***].

1.3 **External Use Option Fee**. Roche shall pay to Recursion the fee set forth in the following table for the applicable Accepted Neuroscience Phenomap(s) specified in Roche's Election Notice under Section 3.7.1 (an "**External Use Fee**") no later than [***] days after providing its Exercise Notice for such Phenomap to Recursion and Roche's receipt of an invoice therefor:

Accepted Neuroscience Phenomap(s) for which an External Use Option is Exercised	External Use Fee
[***]	[***]
[***]	[***]

1.4 **Validation Program Option Fees**.

1.1.1 Roche shall pay Recursion [***] (the "**Validated SM Option Fee**") upon exercise of a Validated SM Option for a Small Molecule Validation Program no later than [***] days after the applicable Option Effective Date for such Small Molecule Validation Program to Recursion and Roche's receipt of an invoice therefor.

1.1.2 Roche shall pay Recursion [***] (the "**Validated Target Option Fee**") upon exercise of a Validated Target Option for a Validated Target no later than [***] days after delivery of its Validated Target Option Exercise Notice for such Validated Target to Recursion and Roche's receipt of an invoice therefor.

1.5 [***].

1.1.1 [***].

1.1.2 [***].

1.6 **Stage 3 Small Molecule Programs**.

1.1.1 **LO-Go Decision Milestone**. Subject to Section 6.11.1 (as applicable), if Roche (a) exercises a Roche Lead Series Option for a Stage 3 Small Molecule Program or (b) elects to have Recursion continue such Stage 3 Small Molecule Program by developing a Development Candidate, Roche will pay Recursion [***] (the "**LO-Go Decision Milestone Payment**") no later than [***] days after the Option Effective Date (in the case of (a)) or delivery of written notice of such election as set forth in Section 4.2.1 to Recursion (in the case of (b)) and, in each case, Roche's receipt of an invoice therefor.

1.1.2 **ED-Go Decision Milestone**. Subject to Section 6.11.1 (as applicable), if Roche exercises a Roche Development Candidate Option for a Stage 3 Small Molecule Program, Roche will pay Recursion [***] (the "**ED-Go Decision Milestone Payment**") no later than [***] days after the applicable Option Effective Date and Roche's receipt of an invoice therefor.

1.1.3 **Development and First Commercial Sale Milestones**. For each Stage 3 Small Molecule Program for which Roche exercises either a Roche Lead Series Option or Roche Development Candidate Option, subject to Sections 6.11, Roche shall pay Recursion each milestone payment, corresponding to the applicable option exercised, set forth in the following table, in accordance with Section 7.1, following the first achievement of the corresponding milestone event by a Product from such Stage 3 Small Molecule Program by or on behalf of Roche, its Affiliate or its Sublicensee:

Development and First Commercial Sale Milestone Event	**Milestone Payment**			
	Roche Lead Series Option Exercised		**Roche Development Candidate Option Exercised**	
[***]	[***]		[***]	
[***]	[***]		[***]	
[***]	[***]		[***]	
[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]
[***]	[***]		[***]	

* [***].

Each milestone payment specified in this Section 6.6.3 is payable one time only for each optioned Stage 3 Small Molecule Program, and only the milestone payments set forth in the single column corresponding to the option that was exercised for such Stage 3 Small Molecule Program will be payable for such program. [***].

In the event that Roche has previously paid Recursion (i) a milestone payment for achievement of a milestone event by a Roche Enabled Product active against, and intended to modulate, the same Target as the Lead Series, or (if applicable) Development Candidate, from such Stage 3 Small Molecule Program pursuant to Section 6.7.1 or (ii) a milestone payment for achievement of a milestone event pursuant to this Section 6.6.3 by a Product containing a Derivative from such Stage 3 Small Molecule Program that was reduced pursuant to Section 6.11.2 (a), the milestone payment for the same milestone event set forth in this Section 6.6.3 [***].

1.1.4 **Worldwide Annual Net Sales Milestones**. For each Stage 3 Small Molecule Program for which Roche exercised either a Roche Lead Series Option or Roche Development Candidate Option, subject to Sections 6.11, Roche shall pay Recursion each milestone payment, corresponding to the applicable option exercised, set forth in the following table, in accordance with Section 7.1, following the first achievement of the corresponding milestone event by a Product from such Stage 3 Small Molecule Program by or on behalf of Roche, its Affiliate or its Sublicensee:

Worldwide Annual Net Sales Milestone Event	**Milestone Payment**	
	Roche Lead Series Option Exercised	**Roche Development Candidate Option Exercised**
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]

Each milestone payment specified in this Section 6.6.4 is payable one time only for each optioned Stage 3 Small Molecule Program, and only the milestone payments set forth in the single column corresponding to the option that was exercised for such Stage 3 Small Molecule Program will be payable for such program. If more than one milestone specified in this Section 6.6.4 is first achieved with respect to a Product in the same Calendar Year, Roche shall pay Recursion the milestone payment associated with each such milestone achieved during such Calendar Year.

In the event that Roche has previously paid Recursion (i) a milestone payment for achievement of a milestone event by a Roche Enabled Product active against, and intended to modulate, the same Target as the Lead Series from such Stage 3 Small Molecule Program pursuant to Section 6.7.2 or (ii) a milestone payment for achievement of a milestone event pursuant to this Section 6.6.4 by a Product containing a Derivative from such Stage 3 Small Molecule Program that was reduced pursuant to Section 6.11.2, the milestone payment for the same milestone event set forth in this Section 6.6.4 [***].

1.1.5 **Royalties**. For each Stage 3 Small Molecule Program for which Roche exercised either a Roche Lead Series Option or Roche Development Candidate Option, Roche shall pay Recursion, on a Product-by-Product and country-by-country basis, and subject to Sections 6.10, 6.11 and 6.12, a royalty on worldwide Annual Net Sales of such

Product in accordance with Section 7.2, at the following rate corresponding to the applicable option exercised:

Worldwide Annual Net Sales	Royalty Rate	
	Roche Lead Series Option Exercised	Roche Development Candidate Option Exercised
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]

1.7 **Roche Enabled Products**.

1.1.1 **Development and First Commercial Sales Milestones**. For each Stage 3 Small Molecule Program for which Roche exercised either a Roche Lead Series Option or Roche Development Candidate Option, Roche shall pay Recursion each milestone payment set forth in the following table, in accordance with Section 7.1, following the first achievement of the corresponding milestone event by a Roche Enabled Product active against, and intended to modulate, the same Target as the Lead Series or, if applicable, Development Candidate of such optioned Stage 3 Small Molecule Program by or on behalf of Roche, its Affiliate or its Sublicensee; provided that [***]:

Development and First Commercial Sale Milestone Events	Milestone Payment
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

Each milestone payment specified in this Section 6.7.1 is payable one time only for each optioned Stage 3 Small Molecule Program.

1.1.2 **Worldwide Annual Net Sales Milestones**. For each Stage 3 Small Molecule Program for which Roche exercised either a Roche Lead Series Option or Roche Development Candidate Option, Roche shall pay Recursion each milestone payment set forth in the following table, in accordance with Section 7.1, following the first achievement of the corresponding milestone event by a Roche Enabled Product

active against, and intended to modulate, the same Target as the Lead Series or, if applicable, Development Candidate of such optioned Stage 3 Small Molecule Program by or on behalf of Roche, its Affiliate or its Sublicensee; provided that [***]:

Worldwide Annual Net Sales Milestone Event	Milestone Payment
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

Each milestone payment specified in this Section 6.7.2 is payable one time only for each optioned Stage 3 Small Molecule Program. If more than one milestone specified in this Section 6.7.2 is first achieved with respect to a Roche Enabled Product in the same Calendar Year, Roche shall pay Recursion the milestone payment associated with each such milestone achieved during such Calendar Year.

1.8 **Validated Targets**.

1.1.1 **Development and First Commercial Sale Milestones**. For each Validated Target for which Roche exercised a Validated Target Option, Roche shall pay Recursion each milestone payment, corresponding to whether or not Recursion provided Additional Screening Work at Roche's request for the applicable Validated Target after such option exercise, set forth in the following table, in accordance with Section 7.1, following the first achievement of the corresponding milestone event by a Roche Validated Target Product active against, and intended to modulate such Validated Target by or on behalf of Roche, its Affiliate or its Sublicensee:

Development and First Commercial Sale Milestone Event	Milestone Payment	
	Validated Target for which Roche exercised a Validated Target Option and Recursion provided Additional Screening Work for such Validated Target	Validated Target for which Roche exercised a Validated Target Option only
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]

Each milestone payment specified in this Section 6.8.1 is payable one time only for each Validated Target for which Roche exercised a Validated Target Option, and only the milestone payments set forth in the single column corresponding to whether or not Recursion provided Additional Screening Work at Roche's request for the applicable Validated Target after such option exercise will be payable for such program.

1.1.2 **Worldwide Annual Net Sales Milestones**. For each Validated Target for which Roche exercised a Validated Target Option, Roche shall pay Recursion each milestone payment, corresponding to whether or not Recursion provided Additional Screening Work at Roche's request for the applicable Validated Target after such option exercise, set forth in the following table, in accordance with Section 7.1, following the first achievement of the corresponding milestone event by a Roche Validated Target Product active against, and intended to modulate such Validated Target by or on behalf of Roche, its Affiliate or its Sublicensee:

Worldwide Annual Net Sales Milestone Event	Milestone Payment	
	Validated Target for which Roche exercised a Validated Target Option and Recursion provided Additional Screening Work for such Validated Target	Validated Target for which Roche exercised a Validated Target Option only
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]

Each milestone payment specified in this Section 6.8.2 is payable one time only for each Validated Target for which Roche exercised a Validated Target Option, and only the milestone payments set forth in the single column corresponding to whether or not Recursion provided Additional Screening Work at Roche's request for the applicable Validated Target after such option exercise will be payable for such program. If more than one milestone specified in this Section 6.8.2 is first achieved with respect to a Roche Validated Target Product in the same Calendar Year, Roche shall pay Recursion the milestone payment associated with each such milestone achieved during such Calendar Year.

1.9 **Recursion Program Financials**.

1.1.1 **Development and Launch Milestones**. For each Recursion Program, Recursion shall pay Roche each milestone payment set forth in the following table, in accordance with Section 7.1, following the first achievement of the corresponding milestone event by a Recursion Product active against, and intended to modulate, the same Target as a lead series or development candidate of such Recursion Program by or on behalf of Recursion, its Affiliate or its commercial sublicensee:

Development and First Commercial Sale Milestone Events	Milestone Payment
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

Each milestone payment specified in this Section 6.9.1 is payable one time only for each Recursion Program.

1.1.2 **Worldwide Annual Net Sales Milestones**. For each Recursion Program, Recursion shall pay Roche each milestone payment set forth in the following table, in accordance with Section 7.1, following the first achievement of the corresponding milestone event by a Recursion Product active against, and intended to modulate, the same Target as a lead series or development candidate of such Recursion Program by or on behalf of Recursion, its Affiliate or its commercial sublicensee:

Worldwide Annual Net Sales Milestone Event	Milestone Payment
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

Each milestone payment specified in this Section 6.9.2 is payable one time only for each Recursion Program. If more than one milestone specified in this Section 6.9.2 is first achieved with respect to a Recursion Product in the same Calendar Year, Recursion shall pay Roche the milestone payment associated with each such milestone achieved during such Calendar Year. For purposes of this Section 6.9.2 and Section 6.9.3 below, net sales of Recursion Products shall be calculated in accordance with Accounting Standards and in a manner substantially equivalent to the calculation of Net Sales for Collaboration Products set forth in Section 1.169.

1.1.3 **Royalties**. For each Recursion Program, Recursion shall pay Roche, on a Recursion Product-by-Recursion Product and country-by-country basis a [***] royalty on worldwide annual net sales of such Recursion Product by Recursion, its Affiliates or commercial sublicensees in accordance with Section 7.2, beginning on the first commercial sale of such Recursion Product in such country, and continuing on a country-by-country basis until [***]. Upon expiration of the royalty obligation with respect to a

Recursion Product in a country, the Recursion Product License in Section 8.11.2 shall be fully paid-up, perpetual, and irrevocable in respect of that Recursion Product in that country. No more than one stream of royalty payments shall be due under this section with respect to sales of any one particular Recursion Product. For the avoidance of doubt, multiple royalties shall not be payable because the sale of a particular Recursion Product is Covered by more than one (1) Valid Claim in the country in which such Recursion Product is sold. [***].

1.10 **Royalty Payments**.

1.1.1 **Royalty Term.** On a Product-by-Product and country-by-country basis, the royalty obligations set forth in Section 6.6.5 will [***] (the "**Royalty Term**").

1.1.2 **Rights Following Expiration of Royalty Term**. Upon expiration of the Royalty Term with respect to a Product in a country, the Product License in Section 8.10.1 shall be fully paid-up, perpetual, and irrevocable in respect of that Product in that country.

1.1.3 **Single Royalty**. No more than one stream of royalty payments shall be due under this ARTICLE 6 with respect to sales of any one particular Product. For the avoidance of doubt, multiple royalties shall not be payable because the sale of a particular Product is Covered by more than one (1) Valid Claim in the country in which such Product is sold.

1.11 **Additional Financial Provisions**.

1.1.1 [***].

1.1.2 **Derivative Washout Period**. On a Stage 3 Small Molecule Program-by-Stage 3 Small Molecule Program basis, in the event a Product for such Stage 3 Small Molecule Program incorporates, as an active ingredient, a Derivative (but no other Program Molecule) that was first synthesized by or on behalf of Roche, its Affiliate or Sublicensee of such program (a) after the [***] anniversary but on or before the [***] anniversary of the date of receipt by Recursion of Roche's notice of exercise of the applicable Roche Lead Series Option or election to have Recursion continue the Stage 3 Small Molecule Program to Development Candidate, then all payments pursuant to Section 6.6.3, 6.6.4 or 6.6.5 that would otherwise be payable hereunder for such Product, if any, shall be reduced by [***]; or (b) after the [***] anniversary of the date of receipt by Recursion of such option or election notice from Roche, then all payments pursuant to Section 6.6.3, 6.6.4 or 6.6.5 that would otherwise be payable hereunder for such Product, if any, shall be reduced [***].

1.12 **Payment Offsets and Reductions.**

1.1.1 **Third Party Payments.**

(a) **Recursion**. Recursion shall continue to have the obligation to make all payments owed under written agreements entered into by Recursion with Third Parties as of the Effective Date that relate to any Product, including the Existing Third Party Agreement Payments.

(b) **Roche**. In the event that Roche (or its Affiliate or Sublicensee hereunder) acquires rights under any intellectual property from a Third Party that are [***] for the manufacture, use, importation, offer for sale or sale of a Product,

Roche may offset any royalties due and payable by Roche to Recursion pursuant to Section 6.6.5 in any Calendar Quarter for such Product in a country [***] of the amount of royalties paid by Roche (or its Affiliates or Sublicensees) to such Third Party for such intellectual property rights with respect to the sale of such Product in such country; provided that in no event will the royalties due and payable to Recursion pursuant to Section 6.6.5 (as such may be increased in accordance with Section 6.5 or reduced in accordance with Section 6.11) with respect to a Product in a country in a Calendar Quarter be reduced lower than the Royalty Floor pursuant to aggregate deductions under this Section 6.12.1(b). [***].

1.1.2 **Competitive Products**. Following the first marketing approval and first commercial sale of a Competitive Product in a country where a Product is being sold (the Calendar Quarter during which such sale of such Competitive Product in such country occurred, the "**Launch Quarter**"), the otherwise applicable royalty payable in such country under 6.6.5 (as may be increased in accordance with Section 6.5 or reduced pursuant to Section 6.11) in such country for such Product shall be reduced as follows:

if, in [***] Calendar Quarter after the Launch Quarter in such country, the quarterly Net Sales of the applicable Product in such country are [***] or less of the average quarterly Net Sales such Product achieved in such country in the [***] consecutive Calendar Quarters immediately prior to the Launch Quarter, then the royalty payments due under Section 6.6.5 (as may be increased in accordance with Section 6.5 or reduced pursuant to Section 6.11) for such Product in such country shall be reduced by [***] for the remainder of the Royalty Term, subject to the Royalty Floor, [***].

1.1.3 **Royalty Floor Calculation**. The reductions and offsets to royalties set forth in Sections 6.12.1(b) and 6.12.2, if applicable, shall be cumulative; provided that in no event will the royalties due and payable to Recursion pursuant to Section 6.6.5 (as such may be increased in accordance with Section 6.5 or reduced in accordance with Section 6.11) with respect to a Product in a country in a Calendar Quarter be reduced by more than [***] pursuant to the aggregate deductions under Sections 6.12.1(b) and 6.12.2 (the "**Royalty Floor**").

1.13 [***].

[***].

[***].

ARTICLE 7
Payment Terms; Reports; Audits

1.1 **Notice of Milestone Achievement; Timing of Payment**. With respect to each of the milestone events set forth in Sections 6.6.3, 6.7.1 and 6.8.1, Roche shall inform Recursion within [***] days following the achievement of such event. With respect to each of the milestone events set forth in Sections 6.6.4, 6.7.2 and 6.8.2, Roche shall inform Recursion within [***] days following the end of the Calendar Quarter for which such achievement of such event occurred. With respect to each of the milestone events set forth in Section 6.9.1, Recursion shall inform Roche within [***] days following the achievement of such event. With respect to each of the milestone events set forth in Section 6.9.2, Recursion shall inform Roche within [***] days following the end of the Calendar Quarter for which such achievement of such event

occurred. Each Party shall pay the other Party the respective payable milestone payment within [***] days of receipt of an invoice from such other Party with respect thereto.

1.2 **Timing of Royalty Payment**. All royalty payments by either Party shall be made within [***] days of the end of each Calendar Quarter in which the sale was made.

1.3 **Royalty Report**. For each Calendar Quarter for which Roche has an obligation to make royalty payments pursuant to Section 6.6.5, such payments shall be accompanied by a report that specifies for such Calendar Quarter the following information on a Product-by-Product basis:

(a) [***];

(b) [***]; and

(c) [***].

For each Calendar Quarter for which Recursion has an obligation to make royalty payments pursuant to Section 6.9.3, such payment will be accompanied by a report specifying, on a Recursion Product-by-Recursion Product basis, the information corresponding to that set forth in subsections (a)-(c) for such Calendar Quarter.

1.4 **Invoicing**. Recursion shall send invoices under this Agreement to Roche via e-mail to Roche's Alliance Manager and at:

Alliance Manager, Pharma Partnering
Genentech, Inc.
One DNA Way, [***]
South San Francisco, CA 94080,

or to such other address as Roche may designate from time to time. Roche shall send invoices under this Agreement to Recursion at its address set forth in Section 15.2, Attention: Finance, or to such other address as Recursion may designate from time to time.

1.5 **Mode of Payment**. All payments by either Party hereunder shall (unless otherwise specifically designated) be non-creditable and non-refundable.

All payments to Recursion hereunder shall be made in immediately available funds to the account listed below (or such other account as Recursion shall designate before such payment is due):

For Wire Transfers:

Bank: [***]
Bank Address: [***]

Account #: [***]
ABA Routing Number: [***]

SWIFT Code: [***]

All payments to Roche hereunder shall be made in immediately available funds to the account designated by Roche before such payment is due.

1.6 **Currency of Payments**. All amounts set forth herein (including all payments) are in United States dollars, unless otherwise expressly provided in this Agreement. Net Sales outside of the United States shall be first determined in the currency in which they are earned and shall then be converted into an amount in United States dollars as follows: (a) with respect to Sales by or on behalf of Roche or an Affiliate, using Roche's or such Affiliate's customary and usual conversion procedures, consistently applied, (b) with respect to sales by or on behalf of a given Sublicensee, using the conversion procedures applicable to payments by such Sublicensee to Roche for such sales, and (c) with respect to sales of Recursion Products by or on behalf of Recursion or its Affiliate or sublicensee, using Recursion or such Affiliate's or sublicensee's customary and usual conversion procedures, consistently applied.

1.7 **Blocked Currency**. If, at any time, legal restrictions prevent Roche (or an Affiliate or Sublicensee) from remitting part or all of payments when due with respect to any country in the Territory where Collaboration Products are sold, Roche shall continue to provide the reports set forth in Section 7.3 for such payments, and such payments shall continue to accrue in such country, but Roche shall not be obligated to make such payments, and, for clarity, Section 7.9.5 shall not apply to such payments, until such time as payment may be made through reasonable, lawful means or methods that may be available, as Roche shall determine. The foregoing shall apply, *mutatis mutandis*, with respect to Recursion in the event that legal restrictions prevent Recursion (or an Affiliate or sublicensee) from remitting part or all of any payments due to Roche hereunder.

1.8 **Taxes**.

1.1.1 **General**. Recursion shall pay all taxes based on net income imposed on Recursion that are levied on account of any payments accruing or made to Recursion under this Agreement. If provision is made in law or regulation of any country for withholding of taxes of any type, levies or other charges with respect to any royalty or other amounts payable under this Agreement to Recursion, then Roche shall deduct and withhold such tax, levy or charge for and on behalf of Recursion, pay such amounts to the proper governmental authority, and promptly furnish Recursion with receipt of payment. Roche shall be entitled to deduct any such tax, levy or charge actually paid from royalty or other payment due to Recursion or be promptly reimbursed by Recursion if no further payments are due to Recursion; provided, if Roche changes its residency for tax purposes or assigns or transfers its rights and obligations pursuant to this Agreement and such change in tax residency or assignment or transfer increases the amount of tax, levy or charge required to be deducted or withheld pursuant to this Section 7.8.1, Roche or its assignee or transferee shall pay Recursion such amount as is required such that Recursion receives, on an after-tax basis, the same amount as Recursion would have received had no such change in tax residency or assignment or transfer been made. Each Party agrees to reasonably assist the other Party in claiming exemption from such deductions or

withholdings under double taxation or similar agreement or treaty from time to time in force and in minimizing the amount required to be so withheld or deducted.

1.1.2 **German Withholding Tax**. The Parties acknowledge that payments to Recursion with respect to the rights in Germany granted to Roche under this Agreement are subject to (i) German income tax pursuant to sec. 49 para. 1 German Income Tax Act and (ii) withholding tax pursuant to sec. 50a para. 1 German Income Tax Act (the "**German WHT Requirement**"). Without limiting anything in this ARTICLE 7, the following shall apply:

(a) Recursion shall provide Roche with all information reasonably requested by Roche and reasonably available to Recursion to assess the applicability of and the tax assessment basis for the German WHT Requirement;

(b) Reasonably taking into account any comments and information received from Recursion, Roche shall use commercially reasonable efforts to determine (i) whether the German WHT Requirement is applicable on the licenses granted to Roche under this Agreement and (ii) the amount to be withheld and remitted to the competent German tax authority (including the allocation to and calculation of the assessment basis for the withholding);

(c) Based on the determination made pursuant to Section 7.8.2(b), Roche shall remit the withheld amount to the competent German tax authority in due course. With regards to Roche's payment obligations under this Agreement, any amount paid to the German tax authority pursuant to the preceding sentence shall be deemed as payment to Recursion;

(d) As soon as Roche has received a valid exemption certificate (*Freistellungsbescheinigung*) issued by a competent German tax authority (upon the application of Recursion) confirming that Recursion is not required to make a withholding pursuant to the German WHT Requirement, Roche shall not be allowed to make any deductions from any payments pursuant to this Section 7.8.2 for the time period specified in the exemption certificate; and

(e) If Roche receives a request by a competent German tax authority to make a payment based on or in connection with the German WHT Requirement, Recursion shall indemnify Roche from such payment obligation without undue delay. Roche shall be allowed to offset its indemnification claim pursuant to the preceding sentence against payments due under this Agreement to Recursion.

1.1.3 **Indirect Taxes**. All payments pursuant to this Agreement are exclusive of Indirect Taxes. If any Indirect Taxes are properly chargeable in respect of any payments, Roche shall pay such Indirect Taxes at the applicable rate in respect of such payments following receipt, where applicable, of an Indirect Taxes invoice in the appropriate form issued by Recursion in respect of those payments. Recursion shall issue invoices for all amounts payable under this Agreement consistent with Indirect Tax requirements. Roche and Recursion shall reasonably cooperate to minimize any Indirect Taxes or request any available refund of Indirect Taxes paid pursuant to this Section 7.8.3 from any applicable governmental authority or other fiscal authority, which amount will be transferred to Roche within [***] days of receipt. As used herein, "**Indirect Taxes**" means any value added, sales, purchase, turnover or consumption tax as may be applicable in any relevant jurisdiction.

1.1.4 **FDII**. Roche shall provide all information reasonably requested by Recursion and reasonably available to Roche in order to establish eligibility for the Foreign Derived Intangible Income deduction pursuant to Section 250 of the Internal Revenue Code of 1986 or any future deduction or credit that is substantially similar to such deduction or which provides for a similar information or proof requirement.

1.9 **Records; Inspection**.

1.1.1 **Records**. Roche agrees to keep, and to require that its Affiliates and Sublicensees keep, for [***] years from the end of the year of creation, records of all sales of Products for each reporting period in which royalty payments are due, showing sales of Products by or on behalf of the applicable entity and applicable deductions in sufficient detail to enable the reports provided under Section 7.3 to be verified.

1.1.2 **Audits**. Recursion shall have the right to request that reports provided under Section 7.3 be verified by an independent, certified and internationally recognized public accounting firm selected by Recursion and reasonably acceptable to Roche (the "**CPA Firm**"). Such right to request a verified report shall (a) be limited to the [***]-year period during which Roche is required to maintain the same, (b) not be exercised more than [***] in any Calendar Year, and (c) not be exercised more than [***] with respect to records covering any specific period of time. Subject to Section 7.9.3, Roche shall, upon reasonable advance notice and at a mutually agreeable time during its regular business hours, make its records available for inspection by such CPA Firm at such place or places where such records are customarily kept, solely to verify the accuracy of such applicable reports and related payments due under this Agreement. The CPA Firm shall only state factual findings in the audit reports. The CPA Firm shall share all draft audit reports with Roche before the draft audit report is shared with Recursion and before the final document is issued. The final audit report shall be shared with Roche at the same time that it is shared with Recursion. Roche and its Affiliates shall include in each relevant sublicense granted by it under this Agreement a provision requiring any Sublicensee to maintain records of sales of Products made pursuant to such sublicense and to grant access to such records by Roche's independent accountant to the same extent and under the same obligations as required of Roche under this Agreement. Roche shall notify Recursion in advance of each audit of any such Sublicensee with respect to Product sales. Roche will provide Recursion with a confidential summary of the results received from the audit. [***].

1.1.3 **Confidentiality**. Prior to any audit under Section 7.9.2, the CPA Firm shall enter into a written confidentiality agreement with Roche that (a) limits the CPA Firm's use of the Roche's records to the verification purpose described in Section 7.9.2; (b) limits the information that the CPA Firm may disclose to the Recursion to the numerical summary of payments due and paid; and (c) prohibits the disclosure of any information contained in such records to any Third Party for any purpose. All information subject to review under Section 7.9.2 or provided by the CPA Firm to Recursion is Roche's Confidential Information, and Recursion shall not use any such information for any purpose that is not germane to Section 7.9.2.

1.1.4 **Underpayment; Overpayment**. After reviewing the CPA Firm's audit report, Roche shall promptly pay any understated amounts due to Recursion. Any overpayment made by Roche shall be promptly refunded or fully creditable against amounts payable in subsequent payment periods, at Roche's election. Any audit under Section 7.9.2 shall be at Recursion's expense; provided, however, Roche shall reimburse reasonable audit fees for a given audit if the results of such audit reveal that Roche

underpaid Recursion with respect to royalty payments by [***] or more for the audited period.

1.1.5 **Late Payments**. If any payment due to either Party under this Agreement is not paid when due (other than as described in Section 7.7), then such paying Party shall pay interest thereon (before and after any judgment) at an annual rate (but with interest accruing on a daily basis) of [***] basis points above EURIBOR (or such other interbank rate acceptable to both Parties), such interest to run from the date on which payment of such sum became due until payment thereof in full together with such interest.

1.1.6 **Recursion Records for Recursion Products**. For each Recursion Product for which royalties are due under Section 6.9.3, the provisions of Section 7.9 shall apply, *mutatis mutandis*, to Recursion and its Affiliates and sublicensees with respect to net sales and royalty reports of Recursion Products and the records relating thereto.

ARTICLE 8
Licenses

1.1 **Use Rights for Phenomap Model Architectures and Neuroscience Phenomap Models**. Recursion may use Recursion Phenomap Model Architectures for any purpose both during and after the Exclusivity Periods. For each Neuroscience Phenomap that is not a Declined Neuroscience Phenomap, Recursion has the right to use the associated Recursion Phenomap Model trained on Collaboration Data used to create such Phenomap (a) during the applicable Exclusivity Period, solely for the Collaboration; and (b) following expiration of the applicable Exclusivity Period, for any and all purposes. For each Declined Neuroscience Phenomap, Recursion has the right to use the associated Recursion Phenomap Model trained on Collaboration Data used to create such Phenomap for any and all purposes; provided that, during the applicable Exclusivity Period, such Recursion Phenomap Model will be used with regard to the Exclusive Field solely for the Collaboration. Roche will not have access to, or a rights to use, any Recursion Phenomap Model Architectures or Recursion Phenomap Models either during (unless Recursion, in its sole discretion, uses or incorporates such Recursion Phenomap Model Architecture(s) in such Joint Multi-Modal Model Architecture as set forth in Section 3.6.1) or after the Exclusivity Periods.

1.2 **Use Rights for the HUVEC Phenomap and HUVEC Image Data and Embeddings**. Recursion has the right to access, as set forth in Section 3.5, and use the (a) HUVEC Phenomap and the HUVEC Image Data and Embeddings, excluding all Roche Proprietary Phenomap Information, for the Neuro Field during the Neuroscience Exclusivity Period solely for the Collaboration (including for training machine learning algorithms for use in the Collaboration); (b) HUVEC Phenomap and the HUVEC Image Data and Embeddings, excluding all Roche Proprietary Phenomap Information, for the [***] Field during the [***] Exclusivity Period solely for the Collaboration (including for training machine learning algorithms for use in the Collaboration); and (c) Roche Proprietary Phenomap Information during the Exclusivity Periods solely for the Collaboration; provided that Recursion may also use the HUVEC Image Data and Embeddings, excluding all Roche Proprietary Phenomap Information, for its Internal Technical Development. At any time during or after the Exclusivity Periods, Recursion has the exclusive right to use the HUVEC Phenomap and the HUVEC Image Data and Embeddings, excluding all Roche Proprietary Phenomap Information, outside the Exclusive Fields for any and all purposes. Following expiration of the applicable Exclusivity Period(s), as between the Parties, Recursion has the exclusive right to use the HUVEC Phenomap and the HUVEC Image Data and Embeddings in such expired field too for any and all purposes. Roche has the right to query the HUVEC Phenomap solely as provided in Section 3.5.1 but, except as provided in Section 3.4.1, will not have access to the HUVEC Phenomap or the HUVEC Image Data and Embeddings.

1.3 **Use Rights for [***] Phenomaps and [***] Image Data and Embeddings**. During the [***] Exclusivity Period, Recursion has the right to access, as set forth in Section 3.5, and use the [***] Phenomaps and the [***] Image Data and Embeddings solely for the Collaboration (including for training machine learning algorithms for use in the Collaboration); provided that Recursion may also use such [***] Image Data and Embeddings for its Internal Technical Development. Following expiration of the [***] Exclusivity Period, as between the Parties, Recursion has the exclusive right to use such [***] Phenomaps and the [***] Image Data and Embeddings for any and all purposes; provided that Recursion will not use the [***] Phenomaps and the [***] Image Data and Embeddings in the Neuro Field during the Neuroscience Exclusivity Period, except for the Collaboration. Roche has the right to query the [***] Phenomaps solely as provided in Section 3.5.1 and solely for the Collaboration but, except as provided in Section 3.4.1, will not have access to the [***] Phenomaps or the [***] Image Data and Embeddings.

1.4 **Use Rights for Neuroscience Phenomaps, Neuro Image Data and Neuro Image Embeddings**.

1.1.1 **By Recursion**. During the Neuroscience Exclusivity Period, Recursion has the right to access, as set forth in Section 3.5, and use Neuroscience Phenomaps (whether Accepted or Declined) and the Neuro Image Data and Neuro Image Embeddings created for such Phenomaps solely for the Collaboration (including for training machine learning algorithms for use in the Collaboration); provided that Recursion may also use such Neuro Image Data and Embeddings for its Internal Technical Development and may use the Declined Neuroscience Phenomaps and their Neuro Image Data and Neuro Image Embeddings outside the Exclusive Fields for any and all purposes (except in the [***] Field during the [***] Exclusivity Period). Following expiration of the Neuroscience Exclusivity Period, Recursion has (i) the exclusive right, as between the Parties, to access and use Accepted Neuroscience Phenomaps, the Neuro Image Data and Neuro Image Embeddings created for Accepted Neuroscience Phenomaps for which Roche has not exercised its External Use Option, Neuro Image Embeddings created for Accepted Neuroscience Phenomaps for which Roche exercised its External Use Option, Declined Neuroscience Phenomaps, and the Neuro Image Data and Neuro Image Embeddings created for Declined Neuroscience Phenomaps; and (ii) the co-exclusive right with Roche and its Affiliates (as set forth in Section 8.4.2) to possess, access and use the Licensed Neuro Images, in each case (i) and (ii) for any and all purposes.

1.1.2 **By Roche**.

(a) During the Neuroscience Exclusivity Period, Roche and its Affiliates have the right to (i) [***] Accepted Neuroscience Phenomaps solely for the Collaboration and (ii) access and use the (A) Neuro Image Data from such Phenomaps and (B), if provided by or on behalf of Recursion in its sole discretion, any Neuro Image Embeddings, in each case (A)-(B), solely for creating Joint Multi-Modal Models, Neuro Image Multi-Modal Embeddings [***], Joint Multi-Modal Embeddings, and Joint Multi-Modal Maps in the Neuro Field with Recursion in accordance with the Multi-Modal Research Plans. In addition, [***].

(b) Roche and its Affiliates have the right to use (and sublicense, solely to the Third Parties set forth in this Section 8.4.2(b)) all Neuro Image Data and Stage 2/3 Image Data for which it exercised an External Use Option for any and all purposes both during and after the Neuroscience Exclusivity Period; provided that, during the Neuroscience Exclusivity Period, except in the conduct of the Collaboration, Roche will not initiate research or development programs for therapeutic products in the Neuro Field primarily using or based on such Neuro Image Data or Stage 2/3 Image Data. Unless otherwise agreed by the Parties in writing, Roche

and its Affiliates have the right to disclose (or provide access to) such Neuro Image Data or Stage 2/3 Image Data under appropriate conditions of confidentiality solely to [***].

1.5 **Use Rights for Sequencing Data and Sequencing Multi-Model Embeddings**. Recursion has the right to access, solely at Roche's discretion in accordance with Section 3.3.4, and use Sequencing Data and Sequencing Multi-Model Embeddings solely for the Collaboration and only during the Exclusivity Period(s). Roche and its Affiliates have the right to access and use Sequencing Data and Sequencing Multi-Model Embeddings for any and all purposes during and after the Exclusivity Periods.

1.6 **Use Rights for Joint Multi-Modal Maps, Neuro Image Multi-Modal Embeddings, and Joint Multi-Modal Embeddings**. During the Neuroscience Exclusivity Period, each Party and its Affiliates have the right to use the Joint Multi-Modal Maps, Neuro Image Multi-Modal Embeddings [***] and Joint Multi-Modal Embeddings solely for the Collaboration. Following the expiration of the Neuroscience Exclusivity Period, [***].

1.7 **Use Rights for Joint Multi-Modal Model Architectures, MMM Know-How, Joint Multi-Modal Models, Disclosed Recursion Background ML Know-How, and Disclosed Roche Background ML Know-How**.

1.1.1 Each Party and its Affiliates have the sublicenseable right to use Joint Multi-Modal Model Architectures and MMM Know-How for any and all purposes both during and after the Neuroscience Exclusivity Period. Each Party and its Affiliates have the right (sublicenseable after the Neuroscience Exclusivity Period) to use the Joint Multi-Modal Models (a) during the Neuroscience Exclusivity Period, solely for the Collaboration; and (b) [***].

1.1.2 Both during and after the Neuroscience Exclusivity Period, Recursion has the non-exclusive right to use for any and all purposes any Roche Background ML Know-How that is disclosed by or on behalf of Roche to Recursion in the conduct of a Multi-Modal Research Plan and that is generally applicable to building and applying machine learning algorithms, tools, or Models or user interfaces therefor or generating maps therefrom ("**Disclosed Roche Background ML Know-How**"). Both during and after the Neuroscience Exclusivity Period, Roche has the non-exclusive right to use for any and all purposes any Recursion Background ML Know-How that is disclosed by or on behalf of Recursion to Roche in the conduct of a Multi-Modal Research Plan and that is generally applicable to building and applying machine learning algorithms, tools, or Models or user interfaces therefor or generating maps therefrom ("**Disclosed Recursion Background ML Know-How**").

1.8 **Use Rights for Other Collaboration Data and IP**. Subject to Section 8.14, each Party and its Affiliates have the sublicenseable right to use Other Collaboration Data and Other Collaboration IP for any and all purposes both during and after the Exclusivity Periods.

1.9 **Licenses**. Each Party hereby grants the worldwide, fully-paid licenses under its intellectual property rights (including Copyright) in the (a) Collaboration Data, other than Collaboration Insights and Program Data, and (b) Roche Background ML Know-How, Recursion Background ML Know-How and Joint Collaboration IP, in each case ((a) and (b)) that are included in rights and licenses set forth in Sections 8.1-8.8 to the extent necessary to exercise such rights and licenses, and following the expiration or earlier termination of the applicable Exclusivity Period, such licenses in this Section 8.9 shall continue (and become perpetual and irrevocable) to the extent those rights and licenses set forth in Sections 8.1-8.8 continue, per their terms, after the expiration or earlier termination of such Exclusivity Period.

1.10 **Additional Licenses to Roche**.

1.1.1 **Product License**. Subject to the terms and conditions of this Agreement, for each (i) Stage 3 Small Molecule Program for which Roche exercised either its Roche Lead Series Option or Roche Development Candidate Option, (ii) [***] and (iii) [***], Recursion hereby grants Roche and its Affiliates a non-transferable (except in accordance with Section 15.3), worldwide license, including the right to sublicense through multiple tiers, that is (a) exclusive (even as to Recursion) under the Recursion Licensed SM IP and Roche Optioned Technology for such program; and (b) non-exclusive under the Recursion Licensed Target IP for such program, in each case to make, use, offer for sale, sell, import and otherwise fully exploit Products and Roche Enabled Products for any and all uses (each, a "**Product License**").

For each Stage 3 Small Molecule Program for which Roche exercised its [***], Roche Lead Series Option or Roche Development Candidate Option, the license grant set forth in this Section 8.10.1 shall be effective on the Option Effective Date for such option.

1.1.2 **Validated Target License**. For each Target Validation Program for which Roche has exercised its Validated Target Option, Recursion, effective on the Option Effective Date for such option, hereby grants Roche and its Affiliates an exclusive (even as to Recursion, except as needed to perform Additional Screening Work during the applicable Additional Screening Period), non-transferable (except in accordance with Section 15.3), worldwide license, including the right to sublicense through multiple tiers, during the applicable Validated Target Exclusivity Period, under Recursion's interest in the Collaboration Insight that initiated, and the Program Data and Program IP generated in the course of, such Target Validation Program to make, use, offer for sale, sell, import and otherwise fully exploit pharmaceutical products active against, and intended to modulate, the Validated Target validated by such Target Validation Program, in the applicable Exclusive Field (each, a "**Target License**").

1.1.3 **Sublicenses**. Roche and its Affiliates shall have the right to sublicense the rights granted under Sections 8.10.1 and 8.10.2 to Third Parties; provided that such sublicense is [***], and provided further that Roche shall remain responsible for compliance by all such Third Parties' and its Affiliates exercising the rights granted under Sections 8.10.1 and 8.10.2 with all applicable obligations under this Agreement. Within [***] days after the execution of any sublicense agreement pursuant to which Roche or its Affiliate grants a Sublicensee rights in the Recursion Licensed IP or Roche Optioned Technology, Roche shall provide written notice to Recursion of such sublicense agreement, which notice shall include the identity of the Sublicensee and the Product(s) or Roche Enabled Product(s) that are the subject of the sublicense. For clarity, Roche's obligations to provide Recursion with the notice set forth in the immediately preceding sentence shall not apply to any sublicense agreement with a distributor that does not grant such distributor rights in the Recursion Licensed IP or Roche Optioned Technology other than the right to distribute, market and sell Products with respect to a given country or a given Product.

1.11 **Additional Licenses to Recursion**.

1.1.1 **Research License**. Subject to the terms and conditions of this Agreement, Roche hereby grants to Recursion a worldwide, royalty-free, non-transferable (except in accordance with Section 15.3), non-sublicensable, non-exclusive license under the Roche IP solely to perform the activities allocated to Recursion under the Research Plans during the applicable Exclusivity Period.

1.1.2 **Recursion Product License**. Subject to the terms and conditions of this Agreement, for (i) an Independent Stage 2 Program, (ii) an Independent Stage 3 Program or (iii) a Recursion Program, in each case (i)-(iii) for which [***], Roche hereby grants Recursion and its Affiliates an exclusive, non-transferable (except in accordance with Section 15.3), worldwide license, including the right to sublicense through multiple tiers, under the Recursion Optioned Technology, in each case to make, use, offer for sale, sell, import and otherwise fully exploit therapeutic products from such program that are consistent in scope with Products that are the subject of a Product License, and including (as applicable) Recursion Products (each, a "**Recursion Product License**").

1.1.3 **Sublicenses**. Recursion and its Affiliates shall have the right to sublicense the rights granted under Section 8.11.2 to Third Parties; provided that such sublicense is [***], and provided further that Recursion shall remain responsible for compliance by all such Third Parties' and its Affiliates exercising the rights granted under Section 8.11.2 with all applicable obligations under this Agreement. Within [***] days after the execution of any sublicense agreement pursuant to which Recursion or its Affiliate grants a commercial sublicensee rights in the Recursion Optioned Technology, Recursion shall provide written notice to Roche of such sublicense agreement, which notice shall include the identity of the sublicensee and the product(s) that are the subject of the sublicense. For clarity, Recursion's obligations to provide Roche with the notice set forth in the immediately preceding sentence shall not apply to any sublicense agreement with a distributor that does not grant such distributor rights in the Recursion Optioned Technology other than the right to distribute, market and sell products with respect to a given country or a given product.

1.12 **Use Rights for Collaboration Insights, Program Data and Program IP**. Subject to the licenses set forth in Section 8.10-8.11:

1.1.1 During the applicable Exclusivity Period, each Party and its Affiliates have the right to use Collaboration Insights, Program Data and Program IP solely for performance of the Collaboration (including pursuant to Section 4.2.7(d)).

1.1.2 Following expiration of the applicable Exclusivity Period:

(a) Each Party may [***].

(b) Neither Party may use a Collaboration Insight that initiated, or the Program Data or Program IP generated in the course of, a (i) Small Molecule Validation Program that achieved its Validated Hit Criteria during the applicable Exclusivity Period but was not elected to progress to a Stage 3 Small Molecule Program or to an Independent Stage 3 Program or for which Roche did not provide the notice set forth in Section 4.2.7(d) or (ii) Target Validation Program that achieved its Validated Target Criteria during the applicable Exclusivity Period but for which Roche did not exercise a Validated Target Option, in each case until the latest of: [***].

(c) Neither Party may use a Collaboration Insight that initiated, or the Program Data or Program IP generated in the course of, a Stage 3 Small Molecule Program that (i) did not achieve its Lead Series Criteria during the applicable Exclusivity Period (or by the Completion Date set forth in the Research Plan for such program if it became an Extended Program); (ii) after achieving its Lead Series Criteria did not achieve its Development Candidate Criteria during the applicable Exclusivity Period (or by the Completion Date set forth in the Research Plan for such program if it became an Extended Program); (iii) that achieved its Lead Series Criteria but for which Roche did not exercise the Roche Lead Series Option and Recursion did not exercise the Recursion Option or (iv) achieved its Development Candidate Criteria during

the applicable Exclusivity Period but for which Roche did not exercise the Roche Development Candidate Option and Recursion did not exercise the Recursion Option, in each case, until the later of the end [***].

(d) Following expiration of a Validated Target Exclusivity Period for a Target Validation Program for which Roche has exercised its Validated Target Option, [***].

1.13 **No Additional Licenses**. Except as expressly provided in this Agreement, nothing in this Agreement shall grant either Party any right, title or interest in and to the Know-How, Copyrights, Patents or other intellectual property rights of the other Party (either expressly or by implication or estoppel). Without limiting the foregoing, Recursion does not grant Roche or its Affiliates any right to use (a) any Recursion Phenomap Model under Recursion's rights in such Recursion Phenomap Model or (b) any rights to use any Recursion Phenomap Model Architecture under Recursion's rights in such Recursion Phenomap Model Architecture, except to the extent that Recursion, at its sole discretion, uses or incorporates such Recursion Phenomap Model Architecture(s) in such Joint Multi-Modal Model Architecture as set forth in Section 3.6.1.

1.14 **Exclusivity**.

1.1.1 **Neuro Field**. During the Neuroscience Exclusivity Period, Recursion and its Affiliates will not: (a) create any Phenomap [***], (b) research or develop, either for itself or a Third Party, [***], or (c) conduct any research or development, either for itself or a Third Party, [***]; in each case (a)-(c), except for the Collaboration. In addition, during the Neuroscience Exclusivity Period, Recursion and its Affiliates will not [***], any Third Party for purposes of conducting such activities in (a)-(c) (collectively, "**Third Party Enablement**"). For clarity, pursuant to the foregoing, Recursion will (i) [***]; (ii) in the event Recursion provides any Third Party access to a Phenomap(s), [***]; and (iii) in the event Recursion provides any Third Party with a copy of a Phenomap, [***], in each case (i)-(iii) during the Neuroscience Exclusivity Period and for purposes of conducting such activities in (a)-(c). Recursion also will [***]. Notwithstanding anything herein to the contrary, this Section 8.14.1 does not prohibit Recursion from granting a license or sublicense to develop or commercialize one or more compounds, which license does not include a field limitation; provided that such compounds were not identified pursuant to Recursion's conduct of any of the activities that are prohibited under (a)-(c) above or pursuant to Third Party Enablement.

1.1.2 **[***] Field**. During the [***] Exclusivity Period, Recursion and its Affiliates will not, either for themselves or for a Third Party:

(a) create Phenomaps [***];

(b) [***];

(c) [***];

(d) [***];

(e) [***];

(f) grant a license or sublicense to a Third Party that specifically includes any of such activities set forth in (a)-(e) above;

(g) provide physical materials or Know-How to a Third Party for use in any such activities set forth in (a)-(e) above; or

(h) grant a license or sublicense to a Third Party to develop or commercialize (including the right to conduct the activities set forth in (a)-(e)) a compound that (i), as of the time such license or sublicense is granted, is known by Recursion to [***].

1.1.3 **Validated Target**. For each Validated Target validated by a Target Validation Program for which Roche has exercised its Validated Target Option, during the applicable Validated Target Exclusivity Period for such program, except for the Collaboration, Recursion shall not (a) conduct any research or development, either for itself or a Third Party, [***], or enable a Third Party to do so; or (b) use the [***] to research, develop or commercialize, either for itself or a Third Party, [***].

1.1.4 **Existing Recursion Products**. Notwithstanding the foregoing provisions of this Section 8.14, Recursion may (a) continue its research, development and commercialization activities for those pharmaceutical products for which research and development was initiated by Recursion prior to the Effective Date and set forth on Exhibit A to the Letter Agreement (the "**Existing Recursion Products**"), but shall not, during the applicable Exclusivity Period, use [***] to support the research, development, or commercialization of such Existing Recursion Products; and (b) conduct, during the Neuroscience Exclusivity Period, each Independent Stage 2 Program, Independent Stage 3 Program and Recursion Program, in each case until [***], or the activities under such program are discontinued by Recursion. Notwithstanding the foregoing, Recursion will not, during the [***] Exclusivity Period, conduct the activities described in 8.14.2(b) with respect to [***].

1.1.5 **Exceptions**.

(a) If a Third Party becomes an Affiliate of Recursion or its Affiliate or is assigned this Agreement in accordance with Section 15.3, in each case after the Effective Date through or in connection with a Change in Control (each, an "**Acquisition Entity**"), and as of the closing date of such transaction or thereafter during the Exclusivity Period, such Acquisition Entity is engaged or engages in activities that, if conducted by Recursion, would cause Recursion to be in breach of its exclusivity obligations set forth in this Section 8.14 (such Third Party program, a "**Competing Program**"), then such Acquisition Entity may continue or conduct such Competing Program after such Change in Control and such activities shall not constitute a breach of Recursion's exclusivity obligations set forth in this Section 8.14; provided that such new Acquisition Entity conducts such Competing Program independently of the activities of this Agreement [***]; and

(b) If, during the applicable Exclusivity Period, Recursion or its Affiliate acquires a majority of the Voting Stock of, the power, directly or indirectly, to elect a majority of the members of the Board of Directors of, or all or substantially all of the assets of a Third Party (such Third Party, an "**Acquired Entity**") that, as of the date of such transaction, has a Competing Program, then Recursion or its Affiliate or its new Acquired Entity will have [***] from the closing date of such transaction to wind down or complete the Divestiture of such Competing Program and shall cease all activities with respect to such Competing Program if it has not completed such Divestiture within such period (it being understood that Recursion or its Affiliate or its new Acquired Entity may thereafter continue its efforts to complete Divestiture), and their conduct of such

Competing Program during such [***] period shall not be deemed a breach of the exclusivity obligations set forth in this Section 8.14; provided that Recursion, its Affiliate or such new Acquired Entity conducts such Competing Program during such [***] period independently of the activities of this Agreement [***]. "**Divestiture**", as used in this Section 8.14.5(b), means the sale or transfer of all rights to the Competing Program, as applicable, to a Third Party; [***].

1.15 **Removal of Selected Small Molecules from Recursion Libraries**. Recursion will remove or block each Recursion Small Molecule that Roche moves forward into a [***], unless and until [***].

1.16 **Product Trademarks**.

1.1.1 Roche shall have the sole right to determine the Product Trademarks to be used with respect to the exploitation of the Collaboration Products on a worldwide basis. Recursion shall not, and shall not permit its Affiliates to, [***].

1.1.2 Recursion shall have the sole right to determine the Trademarks to be used with respect to the exploitation of the Recursion Products on a worldwide basis (such Trademarks, excluding, in any event, any Trademarks, service marks, names or logos that include any corporate name or logo of a Party or its Affiliates or Sublicensees, "**Recursion Product Trademarks**"). Roche shall not, and shall not permit its Affiliates to, [***].

ARTICLE 9
Intellectual Property

1.1 **Disclosure of Certain IP**. During the applicable Exclusivity Period [***], (a) Roche shall promptly disclose to Recursion any Recursion Platform Improvement IP of which it becomes aware, (b) Recursion shall promptly disclose to Roche any Roche Platform Improvement IP of which it becomes aware, and (c) each Party shall promptly disclose to the other Party any Joint Collaboration IP of which it becomes aware. During the Term, Recursion shall promptly disclose to Roche all Recursion Licensed IP (including any that become Controlled by Recursion after the Effective Date). In addition, during the Term, Recursion shall provide a reasonable description to Roche of any Patents or Know-How that would be Recursion Licensed IP if Roche agreed to reimburse Recursion for the payment obligations described in Section 1.43 with respect to the applicable sublicense (or other right) ("**Available**"), along with such payment obligations and any other obligations associated with receiving a sublicense under such Patent or Know-How rights, promptly after Recursion first obtains access to such Patents or Know-How (collectively, the "**New IP Notice**"). Roche shall [***].

1.2 **Ownership**.

1.1.1 Each Party will continue to own any Patents, Copyrights and Know-How that it owned prior to the Effective Date or that it creates or obtains independently of this Agreement, including Recursion Background ML Know-How for Recursion and Roche Background ML Know-How for Roche.

1.1.2 Subject to the licenses set forth in ARTICLE 8, (a) Recursion shall solely own all Phenomaps created under ARTICLE 3 and Recursion Collaboration IP, (b) Roche shall solely own all Roche Platform Improvement IP, (c) [***], and (d) ownership of all other Inventions shall, as between the Parties, be determined based on which Party or Party(ies) discovered, conceived, or first reduced to practice or created or authored such other Inventions with each Party having sole ownership of such Inventions solely

discovered, conceived or first reduced to practice or created or authored by or on behalf of such Party, and the Parties jointly owning all such Inventions jointly discovered, conceived or first reduced to practice or created or authored by or on behalf of the Parties (with each Party having an equal, undivided interest therein) (such jointly owned Inventions, together with the Joint Collaboration IP, "**Joint IP**"). The determination of whether the Inventions described in clause (d) are discovered, conceived, or first reduced to practice or created or authored by or on behalf of a Party for purposes of allocating proprietary rights therein shall, for purposes of this Agreement, be made in accordance with the United States patent and copyright laws and other Applicable Laws in the United States.

1.1.3 Subject to the obligations, licenses and restrictions of this Agreement, including ARTICLE 8, each Party has the right to practice, license, sublicense, assign, transfer and otherwise exploit such Party's interest in the Program IP and Joint IP (including Patents and Copyrights therein) for any and all purposes on a worldwide basis without restriction, and without the consent of and without a duty of accounting to the other Party. Each Party will grant and hereby does grant all permissions, consents and waivers with respect to, and all licenses under, such Party's interest in the Program IP and Joint IP, throughout the world, necessary to provide the other Party with the foregoing rights.

1.3 **Assignment and Cooperation**. The assignments necessary to accomplish the ownership provisions set forth in Section 9.2 are hereby made, and each Party shall execute such further documentation as may be necessary or appropriate and provide reasonable assistance and cooperation to implement the provisions of Section 9.2. Without limiting the foregoing, each Party agrees to execute such documents, render such assistance, and take such other action as the other Party may reasonably request, to apply for, register, perfect, confirm, and protect the other Party's rights in such Know-How and intellectual property rights (including Patents and Copyrights) therein to effect the intent of Section 9.2. Each Party shall require, to the extent legally possible under relevant national or local laws, all of its employees, Affiliates and subcontractors to assign (or otherwise convey rights) to such Party its right, title and interests in any Patents, Copyrights and Know-How discovered, conceived or reduced to practice by such employee, Affiliate or subcontractor in the performance of activities pursuant to the Research Plans, and to cooperate with such Party in connection with obtaining Patent or Copyright protection therefor.

1.4 **Prosecution and Maintenance**.

1.1.1 **Control.**

(a) As between the Parties, (i) Recursion shall, at its expense, control and make decisions with respect to Prosecution and Maintenance of Patents and Copyrights within the Recursion Licensed IP, Phenomaps created under ARTICLE 3, or Recursion Collaboration IP; and (ii) Roche shall, at its expense, control and make decisions with respect to Prosecution and Maintenance of Patents and Copyrights within the Roche Platform Improvement IP.

(b) [***].

(c) During a Stage 3 Small Molecule Program, Recursion shall, at its expense, have the first right to control Prosecution and Maintenance of Patents within Program IP generated under such Stage 3 Small Molecule Program and the Validation Program therefor with input from Roche, through a mutually agreed-upon outside Patent counsel firm (the "**Outside Patent Counsel**"); provided that (i) if the Parties disagree on a particular filing issue, they will consult with such Outside Patent Counsel, and if they still cannot reach agreement, [***] and (ii)

following exercise of a Roche Lead Series Option or Roche Development Candidate Option for such Stage 3 Small Molecule Program, Roche will have the [***] right [***] to control, at its expense and using counsel selected in its discretion, Prosecution and Maintenance of such Patents with [***]. Recursion shall, at its expense, have the right for each Recursion Program and, following commencement of hit-to-lead activities, each Independent Program, to control Prosecution and Maintenance of Patents and Copyrights within the intellectual property generated under such Recursion Program or Independent Program (the "**Independent IP**"), through Outside Patent Counsel; provided that [***]. In the event that Roche does not exercise its [***], as applicable, Recursion shall, at its expense, have the first right to control Prosecution and Maintenance of the Patents and Copyrights within the Program IP generated under such Stage 3 Small Molecule Program and the Validation Program therefor, and the sole right to control the Prosecution and Maintenance of the Patents and Copyrights within the Independent IP from such Recursion Program or Independent Program, in each case using counsel selected in its discretion.

(d) Each Party shall, at its expense, have the right to control Prosecution and Maintenance of Patents and Copyrights within the Joint IP that such Party invented, solely or jointly; provided that if both Parties desire to control Prosecution and Maintenance for Patents and Copyrights within the Joint IP that was jointly invented, Roche shall have the first right to Prosecute and Maintain such Patents and Copyrights, at its expense. If Recursion decides not to Prosecute and Maintain any Recursion Licensed Patent or a Patent within the Program IP, Recursion will notify Roche in writing at least [***] days prior to any relevant deadline or filing or response date, and Roche shall thereupon have the right, but not the obligation, to assume the Prosecution and Maintenance of such Patent at its expense. If a Party decides not to Prosecute and Maintain any Patent or Copyright within the Joint IP that it has the right to Prosecute and Maintain pursuant to this Section 9.4.1, such Party will notify the other Party in writing at [***] days prior to any relevant deadline or filing or response date, and the other Party shall thereupon have the right, but not the obligation, to assume the Prosecution and Maintenance of such Patent or Copyright at its expense. If Roche decides not to Prosecute and Maintain in a country any Patent within the Program IP [***] for which it has the first right to control Prosecution and Maintenance, and such Patent is the only Patent in such country that includes a claim directed to a composition of matter of a Program Molecule or Derivative, Roche will notify Recursion in writing at least [***] days prior to any relevant deadline or filing or response date and Recursion shall thereupon have the right, but not the obligation, to assume the Prosecution and Maintenance of such Patent at its expense.

1.1.2 **Cooperation**. The Prosecuting and Maintaining Party shall provide the other Party with copies of draft Patent and Copyright applications directed to Program IP or Joint IP and drafts of substantive official correspondence with patent or copyright offices for the Prosecution and Maintenance of such Patents and Copyrights sufficiently in advance (where reasonable) for the other Party to comment and will consider such comments in good faith.

1.1.3 **Further Acts**. At the requesting Party's expense, each Party will reasonably cooperate with and assist each other in the Prosecution and Maintenance of Patents and Copyrights within the Recursion Licensed IP, Program IP and Joint IP, including making scientists and scientific records reasonably available and using its reasonable efforts to have documents signed as necessary in connection with such Prosecution and Maintenance.

1.5 **CREATE Act**. It is the intention of the Parties that this Agreement is a "joint research agreement" as that that term is defined in 35 USC § 100(h), and as it applies to inventions as set forth in 35 USC § 102(c) (AIA) or 35 USC § 103(c) (pre-AIA), and may be used for the purpose of overcoming a rejection of a claimed invention within the Program IP or Joint IP pursuant to

the provisions of 35 USC § 102(c) or 35 USC § 103(c). In the event that either Party intends to overcome a rejection of any other claimed invention outside the Program IP or Joint IP pursuant to the provisions of 35 USC § 102(c) or 35 USC § 103(c), such Party shall first obtain the prior written consent of the other Party.

1.6 **Patent Term Extension**. Notwithstanding anything to the contrary in Section 9.4, as between the Parties, with respect to each Product or Roche Enabled Product, [***]. In addition, on Recursion's request, Roche and Recursion shall have a good faith discussion as to [***]. In the event that Recursion desires to file a patent term extension for any Recursion Licensed Patent for a product other than a Product or Roche Enabled Product in any jurisdiction, then [***]. For clarity, any patent term extensions for any Recursion Licensed Patent will be in the name of Recursion.

1.7 **Patent Listings**. [***] Regulatory Authorities in the Territory relating to any Collaboration Products, including as required or allowed under the national implementations of Article 10.1(a)(iii) of Directive 2001/EC/83 or other international equivalents.

1.8 **Enforcement and Defense of IP; Defense of Third Party Infringement Claims**.

1.1.1 **Notice**. Each Party shall promptly notify the other Party upon learning of any (a) actual or suspected infringement or misappropriation by a Third Party of the Recursion Licensed IP with respect to a Product or of the Program IP or Joint IP; or (b) claim by a Third Party of invalidity, unpatentability (including any reexaminations, inter partes reviews, and post grant reviews, as well as interferences and derivation proceedings, oppositions and other similar proceedings brought by a Third Party), unenforceability or non-infringement (or non-misappropriation) of the Program IP or Joint IP or a Patent (or Know-How), in each case within the Recursion Licensed IP, claiming or describing a Product (or a component thereof) or its use or method of manufacture (each, an "**Infringement**").

1.1.2 **Enforcement and Defense of IP**.

(a) **Control**. As between the Parties, Roche shall have the first right, but not the obligation, to determine the appropriate course of action to enforce or defend the Recursion Licensed IP, Program IP or Joint IP, as applicable, against the Infringement or otherwise to abate the Infringement of, to take (or refrain from taking) appropriate action to enforce, to defend, to control any litigation or other enforcement or defense action, and to enter into, or permit, the settlement of any such litigation or other enforcement or defense action with respect to any Infringement. If Roche elects to not take any steps to abate (including, as applicable, to enforce or defend the applicable Patents against) such Infringement, Roche agrees to notify Recursion within [***] days after a Party provides notice of such Infringement pursuant to Section 9.8.1, and Recursion shall then have the right (but not the obligation) to take action to enforce or defend the Recursion Licensed IP, Program IP or Joint IP, as applicable, against such Infringement, or otherwise abate such Infringement; provided, however, [***]. The non-controlling Party shall cooperate with the Party controlling any such action (as may be reasonably requested by the controlling Party) at the controlling Party's expense, including, if necessary, by being joined as a party, and the Party controlling any such action shall keep the other Party updated with respect to any such action, including providing copies of all documents received or filed in connection with any such action. Notwithstanding the foregoing, if Roche fails to exercise any of its options, prior to its last-to-expire option, to obtain licenses hereunder with respect to a Validation Program or a Stage 3 Small Molecule

Program that generated particular Program IP, then Recursion shall have the first right to enforce or defend such Program IP against an Infringement, and this Section 9.8.2(a) shall apply, *mutatis mutandis*, replacing reference to "Roche" with references to "Recursion" and references to "Recursion" with references to "Roche" with respect to such Infringements and Program IP.

(b) **Settlement**. The Party controlling any action described in Section 9.8.2(a) shall not settle or consent to an adverse judgment (including any judgment that affects the scope, validity or enforcement of any Recursion Licensed IP, Program IP or Joint IP, as applicable) without the express written consent of the non-controlling Party (such consent not to be unreasonably withheld), unless such settlement or judgment does not (A) impose any financial obligation upon the non-controlling Party or (B) limit the scope of or invalidate any Recursion Licensed IP, Program IP or Joint IP.

(c) **Damages**. Any recovery realized as a result of any action described in Section 9.8.2(a) (whether by way of settlement or otherwise) shall be first, allocated to [***]. Any remainder after such reimbursement is made shall be allocated [***].

1.1.3 **Defense of Third Party Infringement Claims**. In the event that a claim is brought against either Party alleging the infringement, violation or misappropriation of any Third Party intellectual property right based on the manufacture, use, sale or importation of a Product(s), Roche Enabled Product(s) or Recursion Product(s), the Parties shall promptly meet to discuss the defense of such claim, and the Parties shall, as appropriate, enter into a joint defense agreement with respect to the common interest privilege protecting communications regarding such claim in a form reasonably acceptable to the Parties.

ARTICLE 10
Confidentiality and Non-Disclosure

1.1 **Definition**. "**Confidential Information**" of a Party means the confidential or proprietary information (of whatever kind and in whatever form or medium, including copies thereof) disclosed by or on behalf of such Party or its Affiliate to the other Party or its Affiliate in connection with this Agreement, whether prior to or during the Term, including Know-How regarding such Party's research, development plans, clinical trial designs, preclinical and clinical data, technology, products, business information or objectives and other information of the type that is customarily considered to be confidential information by entities engaged in activities that are substantially similar to the activities being engaged in by the Parties pursuant to this Agreement. Notwithstanding the foregoing, (a) [***]; (b) [***]; (c) [***]; and (d) all other Know-How generated under this Agreement is the Confidential Information of the Party that owns such Know-How pursuant to Section 9.2. For the avoidance of doubt, [***].

1.2 **Exclusions Regarding Confidential Information**. Notwithstanding anything in this ARTICLE 10 to the contrary, Confidential Information of a Party shall not include information that the other Party can demonstrate:

1.1.1 was already known to the other Party, other than under an obligation of confidentiality, at the time of receipt by such other Party;

1.1.2 was generally available to the public or otherwise part of the public domain at the time of its receipt by the other Party;

1.1.3 became generally available to the public or otherwise part of the public domain after its receipt by the other Party other than through any act or omission of such other Party in breach of this Agreement;

1.1.4 was received by the other Party without an obligation of confidentiality from a Third Party having no obligation to not disclose such information;

1.1.5 was independently developed by or for the other Party without use of or reference to the Confidential Information of the disclosing Party; or

1.1.6 was released from the restrictions set forth in this Agreement by express prior written consent of the disclosing Party.

1.3 **Non-Use and Non-Disclosure of Confidential Information**. During the Term, and for a period of [***] years thereafter, a Party shall (i) except to the extent expressly permitted by this Agreement or otherwise agreed to in writing, keep confidential and not disclose to any Third Party or use for any purpose any Confidential Information of the other Party; and (ii) take reasonable precautions to protect the Confidential Information of the other Party from unauthorized use or disclosure (including all precautions a Party employs with respect to its own confidential information of a similar nature and taking reasonable precautions to assure that no unauthorized use or disclosure is made by others to whom access to the Confidential Information of the Party is granted). Without limiting the foregoing, Roche acknowledges that the Existing Product Information is the Confidential Information of Recursion and is of a highly confidential nature. Accordingly, Roche agrees that: Existing Product Information will be governed by this ARTICLE 10; Roche will not use the Existing Product Information for any purpose other than confirming compliance with Section 8.14 (the "**Purpose**") and specifically will not use the Existing Product Information for purposes of informing its own development and commercialization efforts; Roche shall not disclose Existing Product Information to any Third Party or any employee or personnel of Roche or its Affiliates, except for those employees or personnel of Roche or its Affiliates who have a need to know such information for the Purpose and who are bound by obligations of confidentiality, non-use and non-disclosure at least as restrictive as those in ARTICLE 10.

1.4 **Authorized Disclosures of Confidential Information**. A Party may use and disclose the Confidential Information of the other Party as follows:

1.1.1 if required by law, rule or governmental regulation, provided that the Party seeking to disclose the Confidential Information of the other Party (a) uses all reasonable efforts to inform the other Party prior to making any such disclosures and cooperate with the other Party in seeking a protective order or other appropriate remedy (including redaction) and (b) whenever possible, request confidential treatment of such information;

1.1.2 to the extent such use and disclosure is reasonably required in the Prosecution and Maintenance of a Patent or Copyright within the Program IP or Joint IP in accordance with this Agreement;

1.1.3 as reasonably necessary to obtain or maintain any Regulatory Approval, including to conduct preclinical studies and clinical trials and for pricing approvals, for any Collaboration Products or Recursion Products, as applicable, provided, that, the disclosing Party shall take all reasonable steps to limit disclosure of the Confidential Information outside such Regulatory Authority and to otherwise maintain the confidentiality of the Confidential Information;

1.1.4 to the extent reasonably necessary for purposes of performing its obligations or exercising its rights under this Agreement, to employees, Affiliates, sublicensees, collaborators, vendors, consultants, advisers, agents, attorneys, contractors and clinicians under written obligations of confidentiality and non-use of the Confidential Information consistent with the confidentiality provisions of this Agreement as they apply to such Party. Further, the receiving Party may disclose Confidential Information of the disclosing Party to existing or bona fide potential acquirers, merger partners, collaborators, sublicensees and sources of financing or to professional advisors (e.g., attorneys, accountants and prospective investment bankers) involved in such activities, for the limited purpose of evaluating such transaction, collaboration or sublicense and under appropriate conditions of confidentiality, provided that such disclosures are limited to only such information that is strictly necessary for such purpose and made under a written agreement by those permitted individuals to maintain such Confidential Information in strict confidence.

1.5 **Information Security Incident**.

1.1.1 **Notification**. A Party shall provide to the other Party written notice within [***] Business Days of such Party's confirmation of an Information Security Incident with respect to the other Party's Confidential Information. Such notice shall describe in reasonable detail the Information Security Incident, including the other Party's Confidential Information impacted, the extent of such impact and any corrective action taken or to be taken by such Party. In addition, if a Party reasonably suspects (even if it has not confirmed) that an actual or attempted Information Security Incident has occurred with respect to the other Party's Confidential Information, then the Party shall promptly notify the other Party of such suspected actual or suspected Information Security Incident.

1.1.2 **Non-Disclosure**. Except to the extent required by Applicable Law, neither Party shall disclose any information related to an actual or suspected Information Security Incident of the other Party's Confidential Information to any Third Party without the other Party's prior written consent.

1.6 **Termination of Prior Agreements**. As of the Effective Date, as between the Parties, this Agreement supersedes the Non-Disclosure Agreement between Recursion and FHLR, dated November 9, 2020, as amended, (the "**NDA**") and that certain Letter Agreement between the Parties, dated December 1, 2021 (the "**Letter Agreement**"), and the Parties agree that disclosures made prior to the Effective Date pursuant to the NDA and the Letter Agreement shall be subject to the provisions of this ARTICLE 10.

1.7 [***].

1.8 **No License**. Subject to the second sentence of Section 10.1, as between the Parties, Confidential Information disclosed hereunder shall remain the property of the disclosing Party. Disclosure of Confidential Information to the other Party shall not constitute any grant, option or license to the other Party, beyond those licenses expressly granted under ARTICLE 8 and the rights granted under Section 10.7, under any intellectual property rights now or hereinafter held by the disclosing Party.

1.9 **Publicity**. Following the Effective Date, Recursion may issue a press release concerning the execution of this Agreement in the form attached hereto as Exhibit D. Recursion may include [***].

1.10 **Subsequent Releases**. Subject to Sections 10.9 and 10.12, (a) Recursion may not issue any other press releases or other public statements or announcement concerning this Agreement, the subject matter hereof, or the research, development or commercial results of products hereunder (a "**Release**") without Roche's prior written consent unless it pertains solely to an Independent Program or Recursion Program [***] and does not reference Roche by name; and (b) Roche may [***], in each case, such consent to not be unreasonably withheld, conditioned, or delayed (provided that inclusion of the financial terms set forth herein in such Release shall be an appropriate reason to withhold such consent). Each Party shall provide such consent (or explain why it is withholding consent) within [***] weeks of receipt of a proposed Release from the other Party.

1.11 **Approved Releases**. If a Release requires consent pursuant to Section 10.10, once consent has been given both Parties may make subsequent public disclosure of the contents of such Release (or the press release issued pursuant to Section 10.9) without the further approval of the Party whose consent was required; provided that such information remains accurate as of such time and is not presented with any new data or information or conclusions or in a form or manner that materially alters the subject matter therein.

1.12 **Releases Required by Law or Regulation**. Each Party may issue any Release it is required to issue by Applicable Law (including rules of any applicable securities exchange); provided that if the issuing Party seeks to disclose any of the other Party's Confidential Information in such Release it (a) informs the other Party prior to making any such Release (in no event less than [***] weeks prior to the anticipated date of disclosure) so as to permit such other Party the opportunity to comment thereon or seek to obtain a protective order or other confidential treatment preventing or limiting the required disclosure, and (b) discloses only such Confidential Information of the other Party that it is advised by counsel is legally required to be disclosed in such Release. To the extent such other Party seeks to obtain a protective order or other confidential treatment to prevent or limit the required disclosure, the issuing Party shall reasonably assist such other Party, but shall not be required to delay such Release beyond the requirements of the Applicable Law.

1.13 **Publications**. Notwithstanding Sections 10.9 through 10.12, the following shall apply with respect to papers and presentations proposed by the Parties:

1.1.1 **Publications Containing a Party's Confidential Information**. Subject to Section 10.13.2, neither Party may make, publish, or disclose any paper or presentation that discloses Confidential Information of the other Party without the other Party's prior written approval.

1.1.2 **Publications During the Exclusivity Periods**. With respect to any paper or presentation proposed by either Party during the applicable Exclusivity Period that contains Confidential Information of the other Party (whether sole or joint), such publishing Party cannot make, publish or disclose such paper or presentation within such Exclusivity Period without the non-publishing Party's prior written approval, not to be unreasonably withheld, delayed or conditioned, in accordance with Section 10.13.4; provided that Roche shall not be required to obtain Recursion's consent to publish Roche Optioned Technology and Recursion shall not be required to obtain Roche's consent to publish Recursion Optioned Technology. Each Party shall adhere to standard academic practice regarding authorship of scientific publications and recognition of the contribution of the other Party for any publication or presentation that includes such Data or Know-How.

1.1.3 **Publications Following the Exclusivity Periods**. With respect to any paper or presentation proposed by a Party that will be disclosed after the applicable

Exclusivity Period and contains Collaboration Insights, Program Data, Other Collaboration Data or Know-How within the Program IP or Joint IP (in each case other than Recursion Optioned Technology, Roche Optioned Technology, Joint Multi-Modal Models or Stage 2/3 Image Data), so long as such paper or presentation does not contain any other Confidential Information (whether sole or joint) of the non-publishing Party, the publishing Party shall be free to make, publish and disclose such papers and presentations at its discretion. If such publication does include other Confidential Information of the non-publishing Party, such publishing Party cannot make, publish or disclose such paper or presentation without the non-publishing Party's prior written approval, not to be unreasonably withheld, delayed or conditioned, in accordance with Section 10.13.4. Notwithstanding anything to the contrary in this Section 10.13.3, [***].

1.1.4 **Review and Approval Procedure**. With respect to any paper or presentation proposed by a Party for publication during the applicable Exclusivity Period that includes Confidential Information of the other Party, or proposed by a Party for publication following the applicable Exclusivity Period that includes such other Confidential Information of the other Party described in Section 10.13.3, the non-publishing Party shall have the right to review and approve any such proposed paper or presentation. The publishing Party shall submit to the other Party the proposed publication or presentation (including, without limitation, posters, slides, abstracts, manuscripts, marketing materials and written descriptions of oral presentations) at least [***] days ([***] days for abstracts) prior to the date of submission for publication or the date of presentation, whichever is earlier, of any such submitted materials. The non-publishing Party shall review such submitted materials and respond to the publishing Party as soon as reasonably possible, but in any case within [***] days ([***] days for abstracts) of receipt thereof. At the request of the non-publishing Party, the publishing Party shall (a) delete from such proposed publication or presentation any Confidential Information (or if after the Exclusivity Period, any such other Confidential Information described in Section 10.13.3) of the non-publishing Party; and (b) delay the date of such submission for publication or the date of such presentation for a period of time sufficiently long (but in no event longer than [***] days) to permit the non-publishing Party to seek appropriate intellectual property protection; provided that, notwithstanding subsection (a), [***]. Once a publication has been approved by the non-publishing Party, the publishing Party may make subsequent public disclosure of the contents of such publication without the further approval of the non-publishing Party; provided that such information remains accurate as of such time.

1.14 **No Right to Use Names**. Except as expressly provided herein, no right, express or implied, is granted by the Agreement to use in any manner the name of "Recursion," "Genentech" or "Roche", as applicable, or any other trade name, symbol, logo or Trademark of the other Party or its Affiliates in connection with the performance of this Agreement, except to the extent required by Applicable Law. Notwithstanding the foregoing, [***].

ARTICLE 11
Representations, Warranties and Covenants

1.1 **Mutual Representations and Warranties**. Each Party represents and warrants to the other Party that as of the Effective Date:

1.1.1 it is validly organized under the laws of its jurisdiction of incorporation;

1.1.2 it has obtained all necessary consents, approvals and authorizations of all governmental authorities and other persons or entities required to be obtained by it in connection with this Agreement;

1.1.3 the execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate action on its part;

1.1.4 it has the legal right and power to enter into this Agreement and to fully perform its obligations hereunder;

1.1.5 the performance of its obligations will not conflict with such Party's charter documents or any agreement, contract or other arrangement to which such Party is a party; and

1.1.6 it follows reasonable commercial practices common in the industry to protect its proprietary and confidential information, including requiring its employees, consultants and agents to be bound in writing by obligations of confidentiality and non-disclosure, and requiring its employees, consultants and agents to assign to it any and all inventions, discoveries, creations and works discovered or created by such employees, consultants or agents made within the scope of and during their employment or in the course of providing services for such Party, subject only to the intellectual property policies of universities or academic institutions to the contrary to which any academic consultants of Recursion are bound, and only disclosing proprietary and confidential information to Third Parties pursuant to written confidentiality and non-disclosure agreements.

1.2 **Recursion Additional Representations, Warranties and Covenants**. Recursion also represents, warrants and covenants to Roche that:

1.1.1 as of the Effective Date, it has the legal right and power to grant the licenses, rights, and interests granted to Roche hereunder;

1.1.2 it has not granted and will not grant during the Term, any right, license or interest in or to the Recursion Licensed IP or Program IP, or any portion thereof, that conflicts with the rights granted to Roche herein;

1.1.3 as of the Effective Date, (a) it owns the entire right, title and interest in the Recursion Platform and [***];

1.1.4 as of the Effective Date, the Existing Recursion Licensed IP [***] the licenses granted to Roche hereunder, except for the fees payable pursuant to those agreements set forth on Exhibit E, as may be amended from time to time (collectively, "**Existing Third Party In-License Agreements**");

1.1.5 as of the Effective Date, Recursion has not entered into any agreements with any Third Party, other than the Existing Third Party In-License Agreements, under which Know-How or Patent rights with respect to the Recursion Platform are licensed (or an option to such license is granted) to Recursion or any Third Party;

1.1.6 as of the Effective Date, to the actual knowledge of Recursion, no activities of any Third Parties are infringing or threatening to infringe or misappropriating or threatening to misappropriate any Recursion Licensed IP (including any pending patent applications and registrations therein as if such applications or registrations were to issue or become registered);

1.1.7 as of the Effective Date, Recursion has no actual knowledge of any threatened or pending actions, lawsuits, claims or arbitration proceedings that [***] as contemplated under this Agreement;

1.1.8 Recursion shall maintain all agreements with Third Parties to which it is a party as of the Effective Date [***], as applicable, and not amend, waive or otherwise modify such agreements in a [***] hereunder without Roche's prior written consent;

1.1.9 Recursion shall use the same degree of diligence to protect the confidentiality of the Know-How within the Recursion Licensed IP as it uses to protect its other proprietary information of similar importance, but in all cases at least a reasonable degree of care;

1.1.10 as of the Effective Date, Recursion is actively conducting, and intends to continue actively conducting, research, development or commercialization programs for each of the Existing Recursion Products and Recursion will promptly provide Roche written notice in the event Recursion decides to permanently cease actively conducting any such program (or divests such program);

1.1.11 as of the Effective Date, to the knowledge of Recursion, the Recursion Platform does not contain or incorporate [***]. The foregoing warranty is not applicable in relation to open source components licensed under the GNU General Public License v3.0 that are merely used as an independent program; and

1.1.12 as of the Effective Date, neither Recursion nor any of its Affiliates has been debarred or is subject to debarment and neither Recursion nor any of its Affiliates will knowingly use in any capacity, in connection with the services to be performed under this Agreement, any individual or entity that has been debarred pursuant to Section 306 of the FFDCA, or who is the subject of a conviction described in such section. Recursion agrees to inform Roche in writing immediately if it is, or becomes aware that any individual or entity that is performing activities by or on behalf of Recursion hereunder is, debarred or is the subject of a conviction described in Section 306, or if, to the knowledge of Recursion and its Affiliates, any action, suit, claim, investigation or legal or administrative proceeding is pending or is threatened, relating to the debarment or conviction of Recursion or any individual or entity that is performing activities by or on behalf of Recursion hereunder.

1.3 **Roche Additional Representations, Warranties and Covenants**. Roche also represents, warrants and covenants to Recursion that as of the Effective Date:

1.1.1 Roche has the legal right and power to grant the licenses, rights, and interests granted to Recursion hereunder;

1.1.2 Roche has no actual knowledge of any threatened or pending actions, lawsuits, claims or arbitration proceedings that [***] as contemplated under this Agreement; provided, however, that nothing in this Section 11.3 shall be interpreted as requiring Roche to have obtained any freedom to operate opinion;

1.1.3 Roche owns all entire right, title and interest in the Roche IP and Materials (including Roche Proprietary Genetic Variant Data and Materials and Roche Small Molecules) provided by Roche, or otherwise has the rights therein sufficient to permit Recursion to use such Roche IP and Materials as contemplated under this Agreement.

1.4 **Disclaimers**. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, (A) EACH PARTY EXPRESSLY DISCLAIMS ANY AND ALL REPRESENTATIONS OR WARRANTIES OF ANY KIND WITH RESPECT TO THE SUBJECT MATTER OF THIS AGREEMENT, EITHER EXPRESS OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A

PARTICULAR PURPOSE; AND (B) MATERIALS PROVIDED UNDER SECTION 3.11 ARE PROVIDED "AS IS".

ARTICLE 12
Indemnification

1.1 **Indemnification by Recursion**. Subject to Section 12.3, Recursion shall indemnify, defend and hold each of Roche, its Affiliates and their respective directors, officers, and employees, and the successors and assigns of any of the foregoing, harmless from and against any and all liabilities, damages, settlements, penalties, fines, costs or expenses (including, without limitation, reasonable attorneys' fees and other expenses of litigation) (collectively, "**Loss**" or "**Losses**") as a result of any Third Party claims, suits, actions, demands or judgments ("**Third Party Claims**") arising out of (a) breach by Recursion of this Agreement, (b) the gross negligence or willful misconduct on the part of Recursion or its Affiliates or their respective directors, officers, employees, and agents in performing its or their obligations under this Agreement or (c) the research, development, manufacture or commercialization of therapeutic products from an Independent Program or Recursion Products, by or on behalf of Recursion hereunder, except, in each case, to the extent such Losses are caused by the acts set forth in Sections 12.2(a)-(c) below.

1.2 **Indemnification by Roche**. Subject to Section 12.3, Roche shall indemnify, defend and hold each of Recursion, its Affiliates and their respective directors, officers, and employees, and the successors and assigns of any of the foregoing, harmless from and against any and all Losses as a result of any Third Party Claims arising out of (a) breach by Roche of this Agreement, (b) the gross negligence or willful misconduct on the part of Roche or its Affiliates or their respective directors, officers, employees, and agents in performing its or their obligations under this Agreement or (c) the research, development, manufacture or commercialization of Collaboration Products by or on behalf of Roche hereunder, except, in each case, to the extent such Losses are caused by the acts set forth in Sections 12.1(a)-(c) above.

1.3 **Procedure**. If a Party intends to claim indemnification under this Agreement (the "**Indemnitee**"), it shall promptly notify the other Party (the "**Indemnitor**") in writing of such alleged Loss. The failure to deliver written notice to the Indemnitor within a reasonable time after the commencement of any such action, to the extent prejudicial to its ability to defend such action, shall relieve the Indemnitor of any obligation to the Indemnitee under this Section 12.3 with regard to such action, but the omission to deliver notice to the Indemnitor shall not otherwise relieve the Indemnitor of any liability that it may have to any Indemnitee otherwise under this ARTICLE 12. Only Roche and Recursion may claim indemnity under this Agreement (on its own behalf or on behalf of its Indemnitees), and other Indemnitees may not directly claim indemnity hereunder. The Indemnitor shall have the right to control the defense thereof with counsel of its choice and reasonably acceptable to Indemnitee. Any Indemnitee shall have the right to retain its own counsel at its own expense for any reason, provided, however, that if the Indemnitee shall have reasonably concluded, based upon reasonable advice from outside legal counsel, that there is a conflict of interest between the Indemnitor and the Indemnitee in the defense of such action, the Indemnitor shall pay the fees and expenses of one law firm serving as counsel for the Indemnitee as part of Losses. The Indemnitee, its employees and agents, shall reasonably cooperate with the Indemnitor and its legal representatives in the investigation of any Third Party Claims covered by this Agreement. The obligations of this ARTICLE 12 shall not apply to amounts paid in settlement of any claim, demand, action or other proceeding if such settlement is effected without the consent of the Indemnitor, which consent shall not be unreasonably withheld, conditioned, or delayed. The Indemnitor shall not, without the written consent of the Indemnitee, effect any settlement of any Third Party Claims, unless such settlement is solely for monetary damages and includes an unconditional release of the Indemnitee from all liability on claims that are the subject matter of such proceeding.

1.4 **Insurance**. During the Term and for [***] years thereafter, each Party shall maintain commercial general liability insurance (i) combined single limit for bodily injury and property damage liability, in the minimum amount per occurrence of [***] per occurrence and [***] in the aggregate, (ii) workers' compensation insurance, according to Applicable Law and (iii) employers' liability insurance, in the minimum amount of [***], all commencing as of the Effective Date; provided, however, Roche has the right, in its sole discretion, to self-insure, in part or in whole, for any such coverage. The insurance policies for such coverage shall be an occurrence form, but if only a claims made form is available to a Party, such Party shall maintain such coverage for at least [***] years after the later of (a) termination or expiration of this Agreement or (b) such Party has no further obligations under this Agreement. Insurance coverage shall be maintained with an insurance company or companies having an A.M. Best's rating (or its equivalent) of A-VII or better. On written request, Recursion shall provide to Roche certificates of insurance evidencing the insurance coverage required under this Section 12.4. Each Party agrees to waive its right of subrogation with respect to workers' compensation claims. The limits of a Party's insurance or self-insurance coverage shall not limit the Party's liability, including under the indemnification provisions of this Agreement.

1.5 **Limitation of Damages**. IN NO EVENT SHALL EITHER PARTY OR ITS AFFILIATES BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, TREBLE OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), WHETHER BASED ON CONTRACT, TORT OR ANY OTHER LEGAL THEORY, EXCEPT IN RESPECT OF [***].

ARTICLE 13
Term; Termination

1.1 **Agreement Term**. This Agreement shall commence on the Effective Date and, unless earlier terminated in accordance herewith, shall continue in force and effect through the Exclusivity Period and until the date of expiration of the last payment obligation hereunder for the last Collaboration Product or Recursion Product (such period, the "**Term**"), at which time this Agreement shall expire.

1.2 **Termination by Either Party for Material Breach**. Either Party may terminate this Agreement in its entirety, or with respect to a particular Exclusive Field, Product License, Target License or Recursion Product License that is the subject of such material breach, by written notice to the other Party for any material breach of this Agreement by the other Party if such material breach is not cured within [***] days after the breaching Party receives written notice of such breach from the non-breaching Party; [***]. Notwithstanding anything to the contrary herein, [***]. For the avoidance of doubt, where the uncured material breach is solely related to a particular Exclusive Field, Product License, Target License or Recursion Product License, as applicable, any termination right shall be limited to that Exclusive Field, Product License, Target License or Recursion Product License, as applicable and not to the Agreement in its entirety. In the event of an uncured material breach by Recursion that is solely related to a Stage 3 Small Molecule Program for which Roche has not exercised its Roche Lead Series Option or Roche Development Candidate Option (but for which the last-to-expire option period has not expired), [***].

1.3 **Termination by Either Party for Insolvency or Bankruptcy**. Either Party may terminate this Agreement effective on written notice to the other Party upon the liquidation, dissolution, winding-up, bankruptcy, or filing of any petition therefor, appointment of a receiver, custodian or trustee, or any other similar proceeding, by or of the other Party where such petition, appointment or similar proceeding is not dismissed or vacated within [***] days. All rights and licenses granted pursuant to this Agreement are, for purposes of Section 365(n) of Title 11 of the United States Code or any foreign equivalents thereof (as used in this Section 13.3, "**Title 11**"),

licenses of rights to "intellectual property" as defined in Title 11. Each Party in its capacity as a licensor hereunder agrees that, in the event of the commencement of bankruptcy proceedings by or against such bankrupt Party under Title 11, (a) the other Party, in its capacity as a licensee of rights under this Agreement, shall retain and may fully exercise all of such licensed rights under this Agreement (including as provided in this Section 13.3) and all of its rights and elections under Title 11 and (b) the other Party shall be entitled to a complete duplicate of all embodiments of such intellectual property, and such embodiments, if not already in its possession, shall be promptly delivered to the other Party (i) upon any such commencement of a bankruptcy proceeding, unless the bankrupt Party elects to continue to perform all of its obligations under this Agreement, or (ii) if not delivered under (i), immediately upon the rejection of this Agreement by or on behalf of the bankrupt Party.

1.4 **Elective Termination**.

1.1.1 Roche shall have the right to terminate this Agreement in its entirety or with respect to a particular Exclusive Field(s), Product License or Target License at any time, in each case at its sole discretion by providing written notice to Recursion; such termination to be effective [***] days after such notice.

1.1.2 Recursion shall have the right to terminate this Agreement with respect to a particular Recursion Product License at any time, in each case at its sole discretion by providing written notice to Roche; such termination to be effective [***] days after such notice.

1.5 **Effects of Termination.**

1.1.1 **Accrued Rights and Obligations**. Expiration or termination of this Agreement for any reason shall not release either Party from any liability which, as of the effective date of such expiration or termination, had already accrued to the other Party or which is attributable to a period prior to such expiration or termination, nor preclude either Party from pursuing any rights and remedies it may have hereunder or at law or in equity which accrued or are based upon any event occurring prior to the effective date of such expiration or termination.

1.1.2 **Exclusivity Periods**. Upon any termination of this Agreement in its entirety, [***].

1.1.3 **Additional Consequences if Termination within [***] Years**. Following any termination of this Agreement, in its entirety or with respect to an Exclusive Field, that is effective prior to the [***] anniversary of the Effective Date, [***].

1.1.4 **Effects of Termination for Roche's Uncured Material Breach or Roche's Elective Termination**. In the event of a termination by Recursion pursuant to Section 13.2 or by Roche pursuant to Section 13.4.1, the following shall apply upon the effective date of such termination:

(a) [***].

(b) [***].

(c) [***].

1.1.5 **Effects of Termination for Recursion's Uncured Material Breach or Recursion's Elective Termination.** In the event of a termination by Roche pursuant to Section 13.2 or by Recursion pursuant to Section 13.4.2, the following shall apply upon the effective date of such termination:

(a) [***].

(b) [***].

(c) [***].

1.1.6 **Effects of Termination for Insolvency or Bankruptcy.** In the event of termination by either Party pursuant to Section 13.3, [***].

1.1.7 **[***]**.

(a) In certain cases of termination specifically set forth in this ARTICLE 13, within [***] days following the effective date of such termination, [***].

(b) In certain cases of termination specifically set forth in this ARTICLE 13, within [***] days following the effective date of such termination, [***].

1.1.8 **Collaboration Wind-Down**.

(a) **[***] Wind-Down**. In the event of a termination of this Agreement in its entirety or with respect to an Exclusive Field, [***].

(b) **[***] Wind-Down**. Upon expiration of the Neuroscience Exclusivity Period or any termination of the Agreement in its entirety or with respect to the Neuro Field, [***].

1.1.9 [***].

1.1.10 **Survival**. [***]

ARTICLE 14
Dispute Resolution

1.1 **Disputes**. Recursion and Roche recognize that a dispute, controversy or claim of any nature whatsoever arising out of or relating to this Agreement, or the breach, termination or invalidity thereof (each, a "**Dispute**"), may from time to time arise during the Term between the Parties. Unless otherwise specifically recited in this Agreement [***], such Disputes between Recursion and Roche will be resolved as recited in this ARTICLE 14. A Dispute shall first be referred to the Alliance Managers for both Parties for attempted resolution. If the Alliance Managers are unable to resolve the Dispute within [***] days following the date of such referral (as evidenced in a writing identifying the subject matter of the Dispute and referencing this Section 14.1), either Recursion or Roche may, by written notice to the other, have such Dispute referred to the Head of Global Pharma Partnering and the Chief Corporate Development Officer of Recursion (or their designees who have been duly authorized to resolve such Dispute) for attempted resolution through good faith discussions. In the event the designated officers, or their respective designees, are not able to resolve such dispute within [***] days of such other Party's receipt of such written notice, either Party may initiate the dispute resolution procedures set forth in Section 14.2.

1.2 **Arbitration**.

1.1.1 **Rules**. Except as otherwise expressly provided in this Agreement (including under Section 14.3), the Parties agree that any Dispute subject to the resolution process set forth in Section 14.1 but not resolved internally by the Parties in accordance therewith shall be resolved through binding arbitration conducted by JAMS in accordance with the then prevailing Commercial Arbitration Rules & Procedures of JAMS (for purposes of this ARTICLE 14, the "**Rules**"), except as modified nin this Agreement, applying the substantive law specified in Sections 14.3 and 15.1.

1.1.2 **Arbitrators; Location**. Each Party shall select one (1) arbitrator, and the two (2) arbitrators so selected shall choose a third arbitrator within [***] days of their election. All three (3) arbitrators shall serve as neutrals and have at least [***] years of (a) dispute resolution experience (including judicial experience) or (b) legal or business experience in the biotech or pharmaceutical industry. In any event, at least one (1) arbitrator shall satisfy the foregoing experience requirement under clause (b). If a Party fails to nominate its arbitrator, or if the Parties' arbitrators cannot agree on the third, the necessary appointments shall be made in accordance with the Rules. Once appointed by a Party, such Party shall have no ex parte communication with its appointed arbitrator. The arbitration proceedings shall be conducted in San Francisco, CA.

1.1.3 **Procedures; Awards**. Unless agreed otherwise by the Parties, the Parties shall have [***] days from the appointment of the last to be appointed of the three (3) arbitrators to submit their positions to the arbitrators, and the Parties shall have a hearing before the arbitrators within [***] Business Days of such submission. The arbitrators shall be instructed and required to render a written, binding, non-appealable resolution and award on each issue that clearly states the basis upon which such resolution and award is made. The written resolution and award shall be delivered to the Parties as expeditiously as possible, but in no event more than [***] days after conclusion of the hearing, unless otherwise agreed by the Parties. Judgment upon such award may be entered in any competent court or application may be made to any competent court for judicial acceptance of such an award and order for enforcement. Each Party agrees that, notwithstanding any provision of Applicable Law or of this Agreement, it will not request, and the arbitrators shall have no authority to award, damages against any Party that are prohibited under Section 12.5.

1.1.4 **Costs**. [***].

1.1.5 **Interim Equitable Relief**. Notwithstanding anything to the contrary in Section 14.1 or this Section 14.2, in the event that a Party reasonably requires relief on a more expedited basis than would be possible pursuant to the procedure set forth in this ARTICLE 14, such Party may seek a temporary injunction or other interim equitable relief in a court of competent jurisdiction with respect to the Dispute pending the arbitrators' final resolution of such Dispute under this Section 14.2. Such court shall have no jurisdiction or ability to resolve Disputes beyond the specific issue of temporary injunction or other interim equitable relief.

1.1.6 **Protective Orders; Arbitrability**. The Parties shall maintain the confidentiality of the arbitration proceedings under this Section 14.2.6, including the hearing, except as may be required by law or judicial decision, and all such arbitration proceedings and decisions of the arbitrators shall be deemed Confidential Information of both Parties under ARTICLE 10. At the request of either Party, the arbitrators shall enter an appropriate protective order to maintain the confidentiality of information produced or

exchanged in the course of the arbitration proceedings. The arbitrators shall have the power to decide all questions of arbitrability.

1.3 **Subject Matter Exclusions**. Notwithstanding the provisions of Section 14.2, any Dispute not resolved internally by the Parties pursuant to Section 14.1 that involves the validity or infringement of a Patent or Copyright (a) that is issued in the United States shall be subject to actions before the United States Patent and Trademark Office or Copyright Office or submitted exclusively to the federal court located in the jurisdiction of the district where any of the defendants resides; and (b) that is issued in any other country shall be brought before an appropriate regulatory or administrative body or court in that country, and the Parties hereby consent to the jurisdiction and venue of such courts and bodies.

1.4 **Continued Performance**. Provided that this Agreement has not terminated or expired and subject to Section 14.2.5, the Parties agree to continue performing under this Agreement in accordance with its provisions, pending the final resolution of any Dispute.

ARTICLE 15
Miscellaneous

1.1 **Choice of Law**. This Agreement (including the arbitration provisions of Section 14.2) shall be governed by and interpreted in accordance with the laws of the State of Delaware, without reference to the principles of conflicts of laws. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to the transactions contemplated by this Agreement.

1.2 **Notices**. Except as otherwise expressly provided in the Agreement, any notice required under this Agreement shall be in writing and shall specifically refer to this Agreement. Notices shall be sent via one of the following means and shall be effective (a) on the date of delivery, if delivered in person; (b) [***] days after the date mailed if mailed by first class certified mail return receipt requested, postage prepaid to a destination within the same jurisdiction; (c) [***] days after the date mailed if mailed by registered or certified mail return receipt requested, postage prepaid to a destination outside the jurisdiction of the Party sending the notice; or (d) on the date of receipt, if sent by private express courier. Notices shall be sent to the other Party at the addresses set forth below. Either Party may change its addresses for purposes of this Section 15.2 by sending written notice to the other Party. Notwithstanding the foregoing, notices required to be provided to a Party's Alliance Manager may be provided solely by email to such Alliance Manager's email address.

If to Roche: Genentech, Inc.
[***]
1 DNA Way
South San Francisco, CA 94080

And

F. Hoffmann-La Roche Ltd
Grenzacherstrasse 124
4070 Basel
Switzerland
[***]

with a required copy (which shall not constitute notice) to:

Genentech, Inc.
[***]
1 DNA Way
South San Francisco, CA 94080
Email address: to be provided by Alliance Manager

If to Recursion: Recursion Pharmaceuticals, Inc.
41 S Rio Grande Street
Salt Lake City, UT 84101
Attn: Legal Department
Email: to be provided by Alliance Manager

with a required copy (which shall not constitute notice) to:

Wilson Sonsini Goodrich & Rosati
28 State Street, 37th Floor
Boston, MA 02019
[***]

1.3 **Assignment**. Neither Party may assign or otherwise transfer, in whole or in part, this Agreement without the prior written consent of the non-assigning Party, such approval not to be unreasonably withheld or delayed. Notwithstanding the foregoing, either Party may assign this Agreement to (i) [***] or (ii) [***]. A copy of such written agreement by such assignee shall be provided to the non-assigning Party within [***] days of execution of such assignment. Subject to the foregoing, this Agreement will benefit and bind the Parties' successors and assigns. Any attempted assignment not in accordance with this Section 15.3 shall be null and void.

1.4 **Independent Contractors**. The Parties are independent contractors and nothing contained in this Agreement shall be deemed or construed to create a partnership, joint venture, employment, franchise, agency or fiduciary relationship between the Parties.

1.5 **Actions of Affiliates**. Each Party may exercise its rights or perform its obligations under this Agreement personally or through one or more Affiliates, provided that such Party shall nonetheless be primarily liable for the performance of its Affiliates and for any failure by its Affiliates to comply with the restrictions, limitations and obligations set forth in this Agreement.

1.6 **Force Majeure**. Neither Party shall be deemed to have breached this Agreement for failure to perform its obligations under this Agreement to the extent such failure results from causes beyond the reasonable control of the affected Party, such causes including acts of God, earthquakes, fires, floods, embargoes, wars, acts of terrorism, insurrections, riots, civil commotions, epidemics, [***], omissions or delays in action by any governmental authority, acts of a government or agency thereof and judicial orders or decrees, and any deadline or time period affected by such a force majeure event or a Party's failure to perform resulting therefrom shall be extended automatically by the number of days equal to the number of days that such force majeure or failure persisted. If such a force majeure event occurs, the Party unable to perform shall promptly notify the other Party of the occurrence of such event, and the Parties shall meet (in person or telephonically) promptly thereafter to discuss the circumstances relating thereto. The Party unable to perform shall [***].

1.7 **Integration**. Except to the extent expressly provided herein, this Agreement, including the Exhibits hereto, constitutes the entire agreement between the Parties relating to the subject matter of this Agreement and supersedes all previous oral and written communications between the Parties with respect to the subject matter of this Agreement, including the NDA as set forth in

Section 10.6. In the event of any conflict or inconsistency between the body of this Agreement and an Exhibit, the terms and conditions of the body of this Agreement shall prevail.

1.8 **Amendment; Waiver**. Except as otherwise expressly provided herein, no alteration of or modification to this Agreement shall be effective unless made in writing and executed by an authorized representative of both Parties. No course of dealing or failing of either Party to strictly enforce any term, right or condition of this Agreement in any instance shall be construed as a general waiver or relinquishment of such term, right or condition. The observance of any provision of this Agreement may be waived (either generally or any given instance and either retroactively or prospectively) only with the written consent of the Party granting such waiver.

1.9 **Severability**. The Parties do not intend to violate any public policy or statutory or common law. However, if any sentence, paragraph, clause or combination or part thereof of this Agreement is in violation of any law or is found to be otherwise unenforceable, such sentence, paragraph, clause or combination or part of the same shall be deleted and the remainder of this Agreement shall remain binding, provided that such deletion does not alter the basic purpose and structure of this Agreement.

1.10 **No Third Party Rights**. The Parties do not intend that any term of this Agreement should be enforceable by any person who is not a Party.

1.11 **Construction**. The Parties mutually acknowledge that they and their attorneys have participated in the negotiation and preparation of this Agreement. Ambiguities, if any, in this Agreement shall not be construed against any Party, irrespective of which Party may be deemed to have drafted this Agreement or authorized the ambiguous provision.

1.12 **Interpretation**. The captions and headings to this Agreement are for convenience only and are to be of no force or effect in construing or interpreting any of the provisions of this Agreement. Unless context otherwise clearly requires, whenever used in this Agreement: (a) the words “include” or “including” shall be construed as incorporating “but not limited to” or “without limitation”; (b) the words “hereof,” “herein,” “hereby” and derivative or similar words refer to this Agreement, including the Exhibits; (c) all references herein to Sections or Exhibits shall be construed to refer to Sections or Exhibits of this Agreement; (d) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein); (e) the word “notice” means notice in writing (whether or not specifically stated) and shall include notices, consents, approvals and other written communications contemplated under this Agreement; (f) provisions that require that a Party, the Parties or any committee hereunder “agree”, “consent” or “approve” or the like shall require that such agreement, consent or approval be specific and in writing, whether by written agreement, letter, approved minutes or otherwise (but excluding instant messaging); (g) references to any specific law, rule or regulation, section or other division thereof, shall be deemed to include the then-current amendments thereto or any replacement or successor law, rule or regulation thereof; (h) all references to the word “will” are interchangeable with the word “shall” and shall be understood to be imperative or mandatory in nature; (i) all references to “Sublicensees” shall include all Sublicensees of Sublicensees through multiple tiers of sublicensing; (j) the singular shall include the plural and vice versa; (k) the word “or” has the inclusive meaning represented by the phrase “and/or”, unless the context otherwise requires; (l) all references to days, months, quarters or years are references to calendar days, calendar months, Calendar Quarters, or Calendar Years; and (m) neither Party or its Affiliates shall be deemed to be acting “on behalf of” the other Party.

1.13 **Compliance with Laws**. In fulfilling its obligations under this Agreement each Party agrees to comply with all Applicable Law.

1.14 **Counterparts**. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. For purposes hereof, a facsimile copy, or email with attached .pdf copy, of this Agreement, including the signature pages hereto, will be deemed to be an original. Notwithstanding the foregoing, the Parties shall deliver original execution copies of this Agreement to one another as soon as practicable following execution thereof.

[Signature page follows – the rest of this page intentionally left blank.]

IN WITNESS WHEREOF, Recursion and Roche have executed this Agreement by their respective officers hereunto duly authorized, effective as of the Effective Date.

RECURSION PHARMACEUTICALS, INC.

By: */s/ Christopher Gibson*

Name: Christopher Gibson

Title: Co-Founder and CEO

GENENTECH, INC.

By: */s/ Authorized Signatory*

Name: [***]

Title:

F. HOFFMANN-LA ROCHE LTD

By: */s/ Authorized Signatory*

Name: [***]

Title:

By: */s/ Authorized Signatory*

Name: [***]

Title:

Exhibit A

Authorized Subcontractors

[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]

* [***]

Exhibit B

Initial Criteria

[***]

Exhibit C

Initial Research Plan for Initial Neuroscience Phenomaps and [***] Phenomaps

[***]

Exhibit D

Press Release

[***]

Exhibit E

Existing Third-Party In-License Agreements

[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]

Exhibit 21.1

List of Subsidiaries

The following is a list of subsidiaries of Recursion Pharmaceuticals Inc. as of December 31, 2021.

Name of Subsidiary*	**Jurisdiction of Incorporation**
Recursion Canada Inc.	Canada
CereXis, Inc.	Delaware
Recursion Pharmaceuticals GMBH	Germany

*Inclusion on the list above is not an admission that any of the above entities, individually or in the aggregate, constitutes a significant subsidiary within the meaning of Rule 1-02(w) of Regulation S-X and Item 601(b)(21)(ii) of Regulation S-K

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-255315) pertaining to the 2021 Equity Incentive Plan, 2021 Employee Stock Purchase Plan, and 2016 Equity Incentive Plan of Recursion Pharmaceuticals, Inc. of our report dated March 23, 2022, with respect to the consolidated financial statements of Recursion Pharmaceuticals, Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 2021.

/s/ Ernst & Young LLP

Salt Lake City, UT
March 23, 2022

Exhibit 31.1

Certification of Principal Executive Officer
Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended

I, Christopher Gibson, certify that:

1. I have reviewed this Annual Report on Form 10-K of Recursion Pharmaceuticals, 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 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)) 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) 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

(c) 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 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.

/s/ Christopher Gibson
Christopher Gibson, Chief Executive Officer (principal executive officer)

Date: March 23, 2022

Exhibit 31.2

Certification of Principal Financial Officer
Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended

I, Michael Secora, certify that:

1. I have reviewed this Annual Report on Form 10-K of Recursion Pharmaceuticals, 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 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)) 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) 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

(c) 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 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.

/s/ Michael Secora
Michael Secora, Chief Financial Officer (principal financial officer)

Date: March 23, 2022

Exhibit 32.1

Certifications of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Recursion Pharmaceuticals, Inc. (the "Company") on Form 10-K for the period ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), The undersigned certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Christopher Gibson
Christopher Gibson, Chief Executive Officer (principal executive officer)

/s/ Michael Secora
Michael Secora, Chief Financial Officer (principal financial officer)

Date: March 23, 2022