UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2023

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Non-accelerated filer	☐
Accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 30, 2023, there were 184,643,171 and 7,716,209 of the registrant's Class A and B common stock, par value $0.00001 per share, outstanding, respectively.

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Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q 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, or 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 and potential annual sales;
- 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 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 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.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Recursion Pharmaceuticals, Inc.
Condensed Consolidated Balance Sheets (unaudited)
(in thousands, except share and per share amounts)

	March 31, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	$ 473,145	$ 549,912
Restricted cash	1,311	1,280
Other receivables	2,057	2,753
Other current assets	15,612	15,869
Total current assets	492,125	569,814
Restricted cash, non-current	7,920	7,920
Property and equipment, net	90,004	88,192
Operating lease right-of-use assets	35,116	33,255
Intangible assets, net	1,318	1,306
Goodwill	801	801
Other assets, non-current	82	—
Total assets	$ 627,366	$ 701,288
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$ 4,247	$ 4,586
Accrued expenses and other liabilities	25,041	32,904
Unearned revenue	57,761	56,726
Notes payable	661	97
Operating lease liabilities	4,440	5,952
Total current liabilities	92,150	100,265
Unearned revenue, non-current	57,091	70,261
Notes payable, non-current	1,179	536
Operating lease liabilities, non-current	46,771	44,420
Total liabilities	197,191	215,482
Commitments and contingencies (Note 6)		
Stockholders' equity		
Common stock, $0.00001 par value; 2,000,000,000 shares (Class A 1,989,032,117 and Class B 10,967,883) authorized as of March 31, 2023 and December 31, 2022; 192,230,854 shares (Class A 184,514,645 and Class B 7,716,209) and 191,022,864 shares (Class A 183,209,655 and Class B 7,813,209) issued and outstanding as of March 31, 2023 and December 31, 2022, respectively	2	2
Additional paid-in capital	1,135,056	1,125,360
Accumulated deficit	(704,883)	(639,556)
Total stockholders' equity	430,175	485,806
Total liabilities and stockholders' equity	$ 627,366	$ 701,288

See the accompanying notes to these condensed consolidated financial statements.

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

	Three months ended March 31,	
	2023	**2022**
Revenue		
Operating revenue	$ 12,134	$ 5,299
Grant revenue	—	34
Total revenue	12,134	5,333
Operating costs and expenses		
Cost of revenue	12,448	7,799
Research and development	46,677	32,441
General and administrative	22,874	21,074
Total operating costs and expenses	81,999	61,314
Loss from operations	(69,865)	(55,981)
Other income, net	4,538	2
Net loss	$ (65,327)	$ (55,979)
Per share data		
Net loss per share of Class A and B common stock, basic and diluted	$ (0.34)	$ (0.33)
Weighted-average shares (Class A and B) outstanding, basic and diluted	191,618,238	170,690,392

See the accompanying notes to these condensed consolidated financial statements.

Recursion Pharmaceuticals, Inc.
Condensed Consolidated Statements of Comprehensive Loss (unaudited)
(in thousands)

	Three months ended March 31,	
	2023	**2022**
Net loss	$ (65,327)	$ (55,979)
Unrealized loss on investments	—	(222)
Net realized loss on investments reclassified into net loss	—	39
Other comprehensive loss	—	(183)
Comprehensive loss	$ (65,327)	$ (56,162)

See the accompanying notes to these condensed consolidated financial statements.

Recursion Pharmaceuticals, Inc.
Condensed Consolidated Statements of Stockholders' Equity (Deficit) (unaudited)
(in thousands, except share amounts)

	Common Stock (Class A and B)		Additional Paid-in-Capital	Accumulated Deficit	Accumulated other comprehensive loss	Stockholders' Equity
	Shares	Amount				
Balance as of December 31, 2022	191,022,864	$ 2	$ 1,125,360	$ (639,556)	$ —	$ 485,806
Net loss	—	—	—	(65,327)	—	(65,327)
Stock option exercises and other	1,207,990	—	882	—	—	882
Stock-based compensation	—	—	8,814	—	—	8,814
Balance as of March 31, 2023	192,230,854	$ 2	$ 1,135,056	$ (704,883)	$ —	$ 430,175

	Common Stock (Class A and B)		Additional Paid-in-Capital	Accumulated Deficit	Accumulated other comprehensive loss	Stockholders' Equity
	Shares	Amount				
Balance as of December 31, 2021	170,272,462	$ 2	$ 943,142	$ (400,080)	$ (126)	$ 542,938
Net loss	—	—	—	(55,979)	—	(55,979)
Other comprehensive loss	—	—	—	—	(183)	(183)
Stock option exercises and other	805,626	—	1,158	—	—	1,158
Stock-based compensation	—	—	5,632	—	—	5,632
Balance as of March 31, 2022	171,078,088	$ 2	$ 949,932	$ (456,059)	$ (309)	$ 493,566

See the accompanying notes to these condensed consolidated financial statements.

Recursion Pharmaceuticals, Inc.
Condensed Consolidated Statements of Cash Flows (unaudited)
(in thousands)

	Three months ended March 31,	
	2023	**2022**
Cash flows from operating activities		
Net loss	$ (65,327)	$ (55,979)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortization	3,728	2,767
Stock-based compensation	8,814	5,632
Fixed asset impairment	1,169	—
Lease expense	1,988	1,742
Other, net	716	402
Changes in operating assets and liabilities:		
Other receivables and assets	(317)	(7,551)
Unearned revenue	(12,134)	144,701
Accounts payable	(339)	1,344
Accrued development expense	676	1,413
Accrued expenses and other current liabilities	(9,846)	(15,903)
Operating lease liabilities	(2,444)	(1,265)
Other, net	—	85
Net cash provided by (used in) operating activities	(73,316)	77,388
Cash flows from investing activities		
Purchases of property and equipment	(5,175)	(4,342)
Purchase of an intangible asset	(165)	—
Sales and maturities of investments	—	147,646
Net cash provided by (used in) investing activities	(5,340)	143,304
Cash flows from financing activities		
Proceeds from equity incentive plans	1,946	2,106
Repayment of long-term debt	(24)	(22)
Net cash provided by financing activities	1,922	2,084
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(2)	—
Net change in cash, cash equivalents and restricted cash	(76,736)	222,776
Cash, cash equivalents and restricted cash, beginning of period	559,112	295,349
Cash, cash equivalents and restricted cash, end of period	$ 482,376	$ 518,125
Supplemental schedule of non-cash investing and financing activities		
Accrued property and equipment	$ 244	$ 4,328
Right-of-use asset additions and modifications	3,520	1,548
Financed equipment purchase	1,214	—
Supplemental schedule of cash flow information		
Cash paid for operating leases	$ 2,444	$ 1,265
Cash paid for interest	13	14

See the accompanying notes to these condensed consolidated financial statements.

Recursion Pharmaceuticals, Inc.
Notes to Condensed Consolidated Financial Statements (unaudited)

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, the Company converted to a Delaware corporation and changed its name to Recursion Pharmaceuticals, Inc.

Recursion is a clinical stage TechBio company decoding biology to industrialize drug discovery. The Recursion Operating System (OS), a platform built across diverse technologies, enables the Company to map and navigate trillions of biological and chemical relationships within the Recursion Data Universe, one of the world's largest proprietary biological and chemical datasets. The Company integrates physical and digital components as iterative loops of atoms and bits scaling wet lab biology and chemistry data organized into virtuous cycles with computational tools to rapidly translate *in silico* hypotheses into validated insights and novel chemistry.

As of March 31, 2023, the Company had an accumulated deficit of $704.9 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 primarily through the issuance of convertible preferred stock and the issuance of Class A common stock (see Note 7, "Common Stock" for additional details). Additionally, we have received payments of $180.0 million from our strategic partnerships (see Note 8, "Collaborative Development Contracts" for additional details). Recursion will likely be required to raise additional capital. As of March 31, 2023, 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.

Recursion believes that the Company's existing cash and cash equivalents will be sufficient to fund the Company's operating expenses and capital expenditures for at least the next 12 months.

Note 2. Basis of Presentation

Basis of Presentation

The unaudited interim condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (SEC). Accordingly, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP) have been condensed or omitted. These unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes for the year ended December 31, 2022.

It is management's opinion that these condensed consolidated financial statements include all normal and recurring adjustments necessary for a fair presentation of the Company's financial statements. Revenues and net loss for any interim period are not necessarily indicative of future or annual results.

Recent Accounting Pronouncements

New accounting pronouncements are routinely issued by the Financial Accounting Standards Board (FASB) or other standard setting bodies and adopted by Recursion as of the specified effective date. The Company does not expect

the impact of recently issued standards that are not yet effective will have a material impact on its condensed consolidated financial statements and disclosures.

Note 3. Supplemental Financial Information

Property and Equipment

(in thousands)	March 31, 2023	December 31, 2022
Lab equipment	$ 53,323	$ 47,524
Leasehold improvements	42,958	41,872
Office equipment	21,839	20,164
Construction in progress	5,518	8,747
Property and equipment, gross	123,638	118,307
Less: Accumulated depreciation	(33,634)	(30,115)
Property and equipment, net	$ 90,004	$ 88,192

Depreciation expense on property and equipment was $3.6 million and $2.7 million during the three months ended March 31, 2023 and 2022, respectively. The Company recorded an impairment of $1.2 million during the three months ended March 31, 2023 related to a construction project for leasehold improvements as the Company no longer intended to use them. The impairment was recorded in “General and Administrative” in the Condensed Consolidated Statements of Operations.

For the three months ended March 31, 2023, the Company initiated and completed a project to upgrade the BioHive supercomputer for $1.7 million. The supercomputer was classified as office equipment in the above table. The increase in lab equipment from the prior year was driven by the completion of several labs in the headquarters expansion. The majority of the balance was included in construction in progress in the prior year. The construction in progress balance primarily relates to lab equipment under construction.

Accrued Expenses and Other Liabilities

(in thousands)	March 31, 2023	December 31, 2022
Accrued compensation	$ 10,240	$ 20,433
Accrued development expenses	4,048	3,372
Accrued early discovery expenses	3,227	3,192
Materials received not invoiced	4,036	2,028
Accrued other expenses	3,490	3,879
Accrued expense and other liabilities	$ 25,041	$ 32,904

Notes Payable

In January 2023, the Company entered into a financing agreement for borrowing $1.9 million as part of the supercomputer upgrade project. The debt will be repaid over a three-year period at a 7% interest rate. As of March 31, 2023, the outstanding balance was $1.2 million.

In 2018, the Company borrowed $992 thousand, which was available as part of a lease agreement for use on tenant improvements. Under the terms of the lease, the note will be repaid over a 10-year period at an 8% interest rate. As of March 31, 2023, the outstanding balance was $609 thousand.

Interest Income, Net

(in thousands)	Three months ended March 31, 2023	2022
Interest income	$ 4,660	$ 87
Interest expense	(19)	(14)
Interest income, net	$ 4,641	$ 73

For the three months ended March 31, 2023, interest income primarily related to earnings on cash and cash equivalents in money market funds. Interest income was included in “Other income, net” on the Condensed Consolidated Statements of Operations.

Note 4. Leases

The Company has entered into various long-term real estate leases primarily related to office, research and development and operating activities. The Company’s leases have remaining terms from 1 to 10 years, and some of those leases include options that provide Recursion with the ability to extend the lease term for five years. The options are included in the lease term when it is reasonably certain that the option will be exercised.

For the three months ended March 31, 2023, Recursion entered into a lease modification resulting in an increase to the related right-of-use asset and lease liability of $3.5 million. The modification had no impact to the Condensed Consolidated Statements of Operations.

In May 2022, the Company entered into a lease agreement for laboratory and office space in Toronto, Ontario with approximately 26,320 square feet (the “Toronto Lease”). This lease was separated into multiple lease components based on the intended use of the portions of the space. For some of those components, the right of use began May 2022 when the control of the assets were obtained. The right of use asset for the remaining lease component is expected to begin in the second quarter of 2023. The Toronto Lease terms for each component are ten years with a five-year renewal option. The Toronto Lease includes provisions for escalating rent payments and a tenant improvement allowance of up to $1.5 million. Total fixed payments are expected to be approximately $10.8 million with additional variable expenses, including building expenses.

See Note 6, “Commitments and Contingencies” for information on the Industry lease.

The components of the lease cost are as follows:

(in thousands)	Three months ended March 31, 2023	2022
Operating lease cost	$ 1,998	$ 1,827
Variable lease cost	657	204
Lease cost	$ 2,655	$ 2,031

Lease term and discount rates as of March 31, 2023 were:

(in thousands)	March 31, 2023
Operating leases	
Weighted-average remaining lease term (years)	7.3
Weighted-average discount rate	7.6 %

Maturities of operating lease liabilities as of March 31, 2023 were:

(in thousands)	March 31, 2023
Remainder of 2023	$ 5,906
2024	9,561
2025	9,745
2026	9,996
2027	10,254
Thereafter	24,081
Total lease payments	69,543
Less: imputed interest	(18,332)
Present value of lease liabilities	$ 51,211

Note 5. Goodwill and Intangible Assets

Goodwill

There were no changes to the carrying amount of goodwill during the three months ended March 31, 2023 and 2022. No goodwill impairment was recorded during the three months ended March 31, 2023 and 2022.

Intangible Assets, Net

The following table summarizes intangible assets:

	March 31, 2023			December 31, 2022		
(in thousands)	Gross carrying amount	Accumulated Amortization	Net carrying amount	Gross carrying amount	Accumulated Amortization	Net carrying amount
Definite-lived intangible asset	$ 1,376	$ (962)	$ 414	$ 1,211	$ (809)	$ 402
Indefinite-lived intangible asset	904	—	904	904	—	904
Intangible assets, net	$ 2,280	$ (962)	$ 1,318	$ 2,115	$ (809)	$ 1,306

Amortization expense was $152 thousand and $76 thousand during the three months ended March 31, 2023 and 2022, respectively. Amortization expense was included in research and development in the Condensed Consolidated Statements of Operations.

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 three months ended March 31, 2023 and 2022.

Note 6. Commitments and Contingencies

Contract Obligations

In the normal course of business, the Company enters into contracts with clinical research organizations, drug manufacturers and other vendors for preclinical and clinical research studies, research and development supplies and other services and products for operating purposes. These contracts generally provide for termination on notice and are cancellable contracts.

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 March 31, 2023 and December 31, 2022, as no amounts were probable.

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

In February 2021, the Company entered into a lease agreement for laboratory and office space (the Industry Lease) with Industry Office SLC, LLC (the landlord). For the three months ended March 31, 2023, the Company determined there were several issues related to the agreement including with the assets being constructed and the timing of the project. The Company is in negotiations with the landlord. There are a wide-range of potential outcomes, some of which include: the termination of the lease contract or legal action. Several of the potential outcomes could require the Company to distribute a payment to the landlord. The Company is unable to estimate the possible payment or range of payments. As of March 31, 2023, the Company had no liability recorded for these events as an unfavorable outcome was not probable.

Note 7. 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 March 31, 2023 and December 31, 2022, no dividends had been declared.

Private Placement

In October 2022, Recursion issued 15,336,734 shares of the Company's Class A common stock (the Shares) at a purchase price of $9.80 per share in a private placement (the Private Placement) to qualified institutional buyers and institutional accredited investors (the Purchasers) for net proceeds of $143.7 million, after deducting fees and offering costs of $6.6 million.

Registration Rights Agreement

In October 2022, in connection with the Private Placement, the Company entered into a Registration Rights Agreement (the Agreement) providing for the registration for resale of the Shares. A prospectus supplement to a registration statement (File No. 333-264845) was subsequently filed in October 2022 to register the resale of the Shares by the Purchasers. The Agreement must remain effective until registrable securities covered by the Agreement have been publicly sold by the holders or all shares cease to be registrable securities. In the event the holders cannot sell their shares due to certain circumstances causing the Agreement to be ineffective, the Company must pay each holder of shares outstanding on the date and each month thereafter 1.0% of the aggregate purchase price paid by the holder without limit until the Agreement is cured. As of March 31, 2023, there was no accrued liability related to this agreement, as it was not probable that a payment would be required.

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., the Company's Chief Executive Officer (CEO), or his affiliates. As of March 31, 2023, Dr. Gibson and his affiliates held outstanding shares of Class B common stock representing approximately 29% 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 exchangeable equity awards held by Dr. Gibson had been fully vested, exercised and exchanged for shares of Class B common stock as of March 31, 2023, Dr. Gibson and his affiliates would hold approximately 32% 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 8. Collaborative Development Contracts

Roche and Genentech

Description
In December 2021, Recursion entered into a collaboration and license agreement with Roche and Genentech (collectively referred to as Roche). Recursion is constructing, using the Company's imaging technology and proprietary machine-learning algorithms, unique maps of the inferred relationships amongst perturbation phenotypes in a given cellular context with the goal to discover and develop therapeutic small molecule programs in a gastrointestinal cancer indication and in key areas of neuroscience. 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.

Pricing
In January 2022, Recursion received a $150.0 million non-refundable upfront payment from the Company's collaboration with Roche. Recursion is eligible for additional milestone payments based on performance progress of the collaboration. 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 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 12 eligible Phenomaps, Roche's associated exercise fee payments to Recursion could exceed $250.0 million. 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.

Accounting
This agreement represents a transaction with a customer and therefore is accounted for in accordance with Accounting Standards Codification (ASC) 606. Recursion has determined that it has three performance obligations, one related to gastrointestinal cancer and two in neuroscience. These performance obligations are for performing research and development services for Roche to identify targets and medicines. The performance obligations also include potential licenses related to the intellectual property. The Company concluded that licenses within the contract are not distinct from the research and development services as they are interrelated due to the fact that the research and development services significantly impact the potential licenses. Any additional services are considered customer options and will be considered as separate contracts for accounting purposes.

The Company has determined the transaction price to be $150.0 million, comprised of the upfront payment. Recursion will fully constrain the amounts of variable consideration to be received from potential milestones considering the stage of development and the risks associated with the remaining development required to achieve each milestone. Recursion will re-evaluate the transaction price each reporting period.

The transaction price was allocated to the performance obligations based on the estimated relative stand-alone selling price of each performance obligation as determined using an expected cost plus margin approach. The Company recognizes revenue over time based on costs incurred relative to total expected costs to perform the research and development services. Recursion determined that this method provides a faithful depiction of the transfer of control to the customer. This method of recognizing revenue requires the Company to make estimates of total costs to provide the services required under the performance obligations. Significant inputs used to determine the total costs included the length of time required, service hours performed by Company employees and materials

costs. A significant change in these estimates could have a material effect on the timing and amount of revenue recognized in future periods. Recursion has estimated the completion of the performance obligations by 2025.

Bayer AG

Description
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.

Pricing
In October 2020, the Company received a $30.0 million non-refundable upfront payment. 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.

Accounting
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 $30.0 million, comprised of the upfront payment. The Company 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 the 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. Recursion has estimated the completion of the performance obligation in 2023.

Additional Revenue Disclosures

Recursion recognized $12.1 million of operating revenue during the three months ended March 31, 2023, all of which was included in the unearned revenue balance as of December 31, 2022. Of the revenue recognized during the three months ended March 31, 2022, $2.5 million was included in the unearned revenue balance as of December 31, 2021. Revenue recognized was from upfront payments received at the inception of the related contracts, which decreased the initial unearned revenue recognized. As of March 31, 2023, the Company had $7.2 million of costs incurred to fulfill a contract on its Condensed Consolidated Balance Sheet within “Other current assets.”

Unearned revenue was classified as short-term and long-term on the Condensed Consolidated Balance Sheets based on the Company’s estimate of revenue that will be recognized during the next twelve months.

Note 9. 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, restricted stock units (RSUs), stock appreciation rights, restricted stock awards and other forms of stock-based compensation.

As of March 31, 2023, 20,652,818 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 Condensed Consolidated Statements of Operations:

	Three months ended March 31,	
(in thousands)	2023	2022
Cost of revenue	$ 1,011	$ 348
Research and development	2,683	1,635
General and administrative	4,578	3,361
Total	$ 8,272	$ 5,344

Stock Options

Stock options are primarily granted to executive leaders at the Company, generally vest over four years and expire no later than 10 years from the date of grant. Stock option activity during the three months ended March 31, 2023 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, 2022	16,154,924	$ 5.10	7.5	$ 67,997
Granted	2,757,614	8.55		
Cancelled	(671,116)	7.41		
Exercised	(582,395)	2.03		3,527
Outstanding as of March 31, 2023	17,659,027	$ 5.65	7.6	$ 50,807
Exercisable as of March 31, 2023	9,233,673	$ 4.02	6.6	$ 37,544

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 three months ended March 31, 2023 and 2022 were $5.32 and $7.42, respectively.

The following weighted-average assumptions were used to calculate the grant-date fair value of stock options:

	Three months ended March 31,	
	2023	2022
Expected term (in years)	6.3	6.2
Expected volatility	64 %	63 %
Expected dividend yield	—	—
Risk-free interest rate	3.5 %	1.7 %

As of March 31, 2023, $37.1 million of unrecognized compensation cost related to stock options is expected to be recognized as expense over approximately the next three years.

RSUs

Equity awards granted to employees primarily consist of RSUs and 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 three months ended March 31, 2023:

	Stock units	Weighted-average grant date fair value
Outstanding as of December 31, 2022	6,894,525	$ 8.17
Granted	1,916,806	9.05
Vested	(484,444)	8.58
Forfeited	(303,686)	8.31
Outstanding as of March 31, 2023	8,023,201	$ 8.19

The fair market value of RSUs vested was $5.2 million during the three months ended March 31, 2023. As of March 31, 2023, $59.8 million of unrecognized compensation cost related to RSUs is expected to be recognized as expense over approximately the next three years.

Note 10. Income Taxes

The Company did not record any income tax expense during the three months ended March 31, 2023 and 2022. The Company has historically incurred operating losses and maintains a full valuation allowance against its net deferred tax assets. Foreign taxes were insignificant during the three months ended March 31, 2023.

Net operating losses (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 ownership has occurred or whether there have been multiple ownership changes since inception due to the significant complexity and cost associated with such a study. If the Company has experienced a change of ownership, 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.

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 2019 tax return.

Note 11. Net Loss Per Share

For the three months ended March 31, 2023 and 2022, 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. For the three months ended March 31, 2023 and 2022, the Company reported a net loss and therefore basic and diluted loss per share were the same.

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 three months ended March 31, 2023 and 2022.

The following tables set forth the computation of basic and diluted net loss per share of Class A and Class B common stock:

	Three months ended March 31, 2023		Three months ended March 31, 2022	
(in thousands, except share amount)	Class A	Class B	Class A	Class B
Numerator:				
Allocation of undistributed earnings	$ (62,679)	$ (2,648)	$ (53,022)	$ (2,957)
Denominator:				
Weighted average common shares outstanding	183,851,596	7,766,642	161,674,169	9,016,223
Net loss per share, basic and diluted	$ (0.34)	$ (0.34)	$ (0.33)	$ (0.33)

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:

	Three months ended	
	March 31, 2023	March 31, 2022
Stock based compensation	8,534,876	12,089,621

Note 12. 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 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.

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)	March 31, 2023	Level 1	Level 2	Level 3
Assets				
Cash equivalents:				
Money market funds	$ 408,711	$ 408,711	$ —	$ —
Restricted cash	9,231	9,231	—	—
Total assets	$ 417,942	$ 417,942	$ —	$ —

(in thousands)	December 31, 2022	Basis of fair value measurement Level 1	Level 2	Level 3
Assets				
Cash equivalents:				
Money market funds	$ 404,613	$ 404,613	$ —	$ —
Restricted cash	9,200	9,200	—	—
Total assets	$ 413,813	$ 413,813	$ —	$ —

In addition to the financial instruments that are recognized at fair value on the Condensed 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.

The following tables summarize the Company's financial instruments that are not measured at fair value:

(in thousands)	Book values March 31, 2023	December 31, 2022	Fair values March 31, 2023	December 31, 2022
Liabilities				
Current portion of notes payable	$ 661	$ 97	$ 661	$ 97
Notes payable, net of current portion	1,179	536	1,179	536
Total liabilities	$ 1,840	$ 633	$ 1,840	$ 633

Note 13. Subsequent Events

Cyclica Inc.

On May 8, 2023, Recursion and its indirect wholly owned subsidiary (the "Cyclica Purchaser") entered into a definitive agreement pursuant to which, subject to applicable closing conditions, the Cyclica Purchaser will, among other things acquire all of the outstanding equity securities of Cyclica Inc. ("Cyclica") to be paid in the form of shares of Recursion Class A common stock (the "Class A Shares"), cash and the assumption by Recursion of outstanding options to purchase shares of Cyclica. Following the completion of the Cyclica Acquisition, Recursion would issue up to approximately 6.9 million Class A Shares in the Cyclica Acquisition (including Class A Shares issuable upon the exercise of options to purchase shares of Cyclica assumed by Recursion in the Cyclica Acquisition) based on a reference price of Class A Shares of $5.78 (the "Reference Price"), which is the volume weighted average price of Class A Shares over the 30 days ended May 5, 2023. The purchase price for the Cyclica Acquisition is subject to customary closing and post-closing purchase price adjustments, which may result in the issuance of additional or fewer Class A Shares. In addition, under the terms of the Cyclica Purchase Agreement, in certain circumstances Recursion may pay cash consideration to Cyclica shareholders in lieu of Class A Shares at a value based on the Reference Price, which may result in the issuance of fewer Class A Shares. Recursion expects to close the transaction in the second quarter of 2023.

Cyclica has built a digital chemistry software suite which enables mechanism of action deconvolution and generative chemistry suggestions based on desired targets. Cyclica's platform is expected to enhance the optimization of Recursion's compounds for efficacy while minimizing liabilities through generative machine learning approaches. Cyclica is located in Toronto Canada and the teams at Cyclica will be fully integrated into Recursion.

Valence Discovery Inc.

On May 8, 2023, Recursion and its indirect wholly owned subsidiary (the "Valence Purchaser") entered into a definitive agreement (the "Valence Purchase Agreement") pursuant to which, subject to applicable closing conditions, the Valence Purchaser will, among other things, acquire all of the outstanding equity securities of Valence Discovery Inc. ("Valence") to be paid in the form of (i) Class A Shares and shares of the Valence Purchaser

(the “Exchangeable Shares”), (ii) cash and (iii) the assumption by Recursion of outstanding options to purchase shares of Valence. Each Exchangeable Share will be exchangeable into one Class A Share at the option of the holder, subject to certain adjustments. Following the completion of the Valence Acquisition, Recursion will issue up to approximately 8.2 million Class A Shares in the Valence Acquisition (including Class A Shares issuable upon the exchange of Exchangeable Shares and upon the exercise of options to purchase shares of Valence assumed by Recursion in the Valence Acquisition) based on the Reference Price. The purchase price for the Valence Acquisition is subject to customary closing and post-closing purchase price adjustments, which may result in the issuance of additional or fewer Class A Shares (including Class A Shares issuable upon the exchange of Exchangeable Shares). In addition, under the terms of the Valence Purchase Agreement, in certain circumstances Recursion may pay cash consideration to Valence shareholders in lieu of Exchangeable Shares or Class A Shares at a value based on the Reference Price, which may result in the issuance of fewer Class A Shares (including Class A Shares issuable upon the exchange of Exchangeable Shares). Recursion expects to close the transaction in the second quarter of 2023.

Valence is a machine learning (ML) / artificial intelligence digital chemistry company that creates chemical compound and interaction representations using graph neural networks. Valence designs novel chemical matter using artificial intelligence and proprietary computation tools. Valence is located in Montréal Canada and will work on applied ML research across chemistry and biology.

Item 2. 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 unaudited Condensed Consolidated Financial Statements and accompanying notes appearing in Item 1, "Financial Statements" and the Company's audited consolidated financial statements and accompanying notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Annual Report on Form 10-K for the year ended December 31, 2022. 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 Quarterly Report on Form 10-Q. You should review the disclosure under the heading "Risk Factors" in the 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. We assume no obligation to revise or publicly release any revision to any forward-looking statements contained in this Quarterly Report on Form 10-Q, unless required by law.

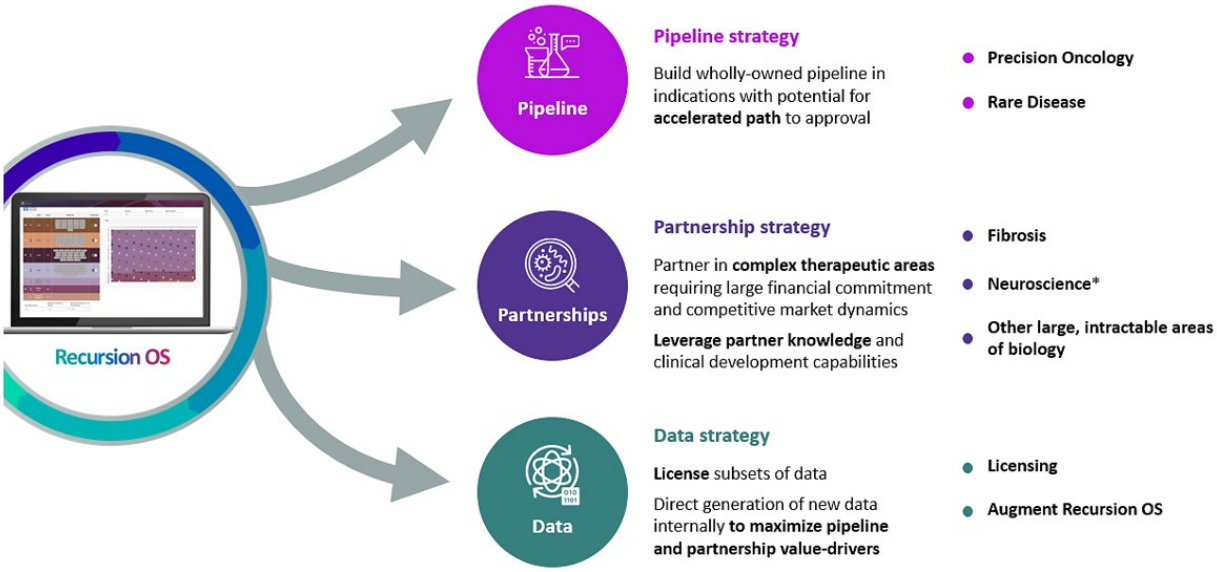
Investors and others should note that we announce material financial and other information to our investors using our investor relations website (https://ir.recursion.com/), SEC filings, press releases, public conference calls and webcasts. We use these channels as well as social media and blogs to communicate with our stakeholders and the public about our company, our services and other issues. It is possible that the information we post on social media and blogs could be deemed to be material information. Therefore, we encourage investors, the media and others interested in our company to review the information we post on the social media channels and blogs listed on our investor relations website. Information contained in, or that can be accessed through, our website is not a part of, and is not incorporated into, this report.

Overview

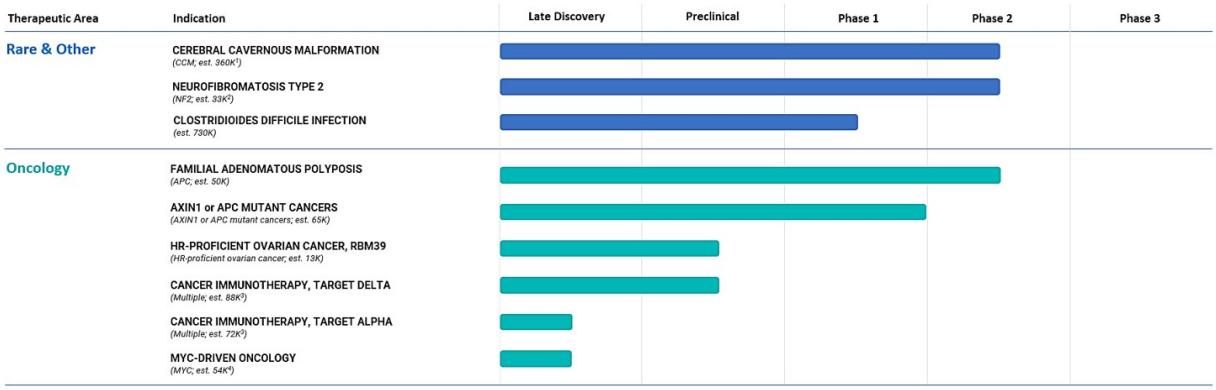
Recursion is a clinical stage TechBio company leading this burgeoning space by decoding biology and chemistry to industrialize drug discovery. Central to our mission is the Recursion Operating System (OS), a platform built across diverse technologies that enables us to map and navigate trillions of biological and chemical relationships within the Recursion Data Universe, one of the world's largest proprietary biological and chemical datasets. We frame this integration of the physical and digital components as iterative loops of atoms and bits. Scaled 'wet-lab' biology and chemistry data built in-house (atoms) are organized into virtuous cycles with 'dry-lab' computational tools (bits) to rapidly translate *in silico* hypotheses into validated insights and novel chemistry. Our focus on mapping and navigating the complexities of biology and chemistry beyond the published literature and in a target-agnostic way differentiates us from other companies in our space and leads us to confront a fundamental cause of failure for the majority of clinical-stage programs - the wrong target is chosen due to an incomplete and reductionist view of biology. 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.

We leverage our Recursion OS to enable three key value drivers:

1. An expansive **pipeline** of internally-developed clinical and preclinical programs focused on genetically-driven rare diseases and oncology with significant unmet need and market opportunities in some cases potentially in excess of $1 billion in annual sales
2. Transformational **partnerships** with leading biopharma companies to map and navigate intractable areas of biology, identify novel targets and develop potential new medicines that are further developed in resource-heavy clinical trials overseen by our partners
3. Development of one of the largest fit-for-purpose proprietary biological and chemical **datasets** in the world at a time when advances in AI paired with the right training data are creating disruptive value.



Recursion finished the first quarter of 2023 with a portfolio of clinical-stage, preclinical and discovery programs and continued scaling the total number of experiments to over 192 million, size of its proprietary data to over 23 petabytes and number of biological and chemical relationships to over 3 trillion. Data have been generated by the Recursion OS across 48 human cell types, an in-house chemical library of approximately 1.7 million compounds and an *in silico* library of over 1 trillion small molecules, by a team of approximately 500 Recursionauts that is balanced between life scientists and computational and technical experts (total number of employees cited here does not account for employees associated with Cyclica and Valence acquisitions).



Summary of Business Highlights

Digital Chemistry and Generative AI Acquisitions

- **Cyclica:** Cyclica has built an industry-leading digital chemistry software suite which enables mechanism of action deconvolution, generative chemistry and molecular optimization tools. Recursion completed a prospective, blinded evaluation of their software against challenging internal programs, where we gained deep confidence in the power of their tools and reinforced our belief that this team could accelerate Recursion's work across its pipeline and partnerships by rapidly advancing the discovery of new chemical entities. We believe that Cyclica's tools will enhance the optimization of our compounds for efficacy while minimizing liabilities through generative machine learning approaches. The company is located in Toronto,

where Recursion maintains its biggest hub outside of its headquarters, and the teams at Cyclica will be fully integrated into Recursion.

- **Valence:** Valence is a ML/AI-native digital chemistry company which has pioneered the development of novel hybrid graph neural networks and transformers for state-of-the-art chemical property prediction. The small team at Valence has led a massive open-science movement with a network of academic collaborators at the pinnacle of machine learning, chemistry and other fields. Based in Montréal, where Recursion also maintains a ML research team, Valence will work on cutting-edge applied ML research across chemistry and biology. We believe that the technology they have built and will build will enable acceleration of our work at Recursion across many fields, beginning with generative design of new molecules, DMPK predictions and more. Combined with Recursion's wet-lab data generation capabilities and one of the largest relatable datasets in the industry, the team will also accelerate ongoing internal work to build foundation models, large-language models and other approaches leveraging active learning.
- **Financial Impact of Acquisitions:** See Note 13, "Subsequent Events" to the Condensed Consolidated Financial Statements.

Internal Pipeline

- **Cerebral Cavernous Malformation (CCM) (REC-994):** Our Phase 2 SYCAMORE clinical trial is a double-blind, placebo-controlled safety, tolerability and exploratory efficacy study of this drug candidate in 60 participants with CCM. We have enrolled the majority of participants associated with this study, and most participants who have finished their first year of treatment have now enrolled in the long-term extension study. We expect to share top-line data in H2 2024.
- **Neurofibromatosis Type 2 (NF2) (REC-2282):** Our Phase 2/3 POPLAR clinical trial is a parallel group, two stage, randomized, multicenter study of this drug candidate in approximately 90 participants with progressive *NF2*-mutated meningiomas. Enrollment is ongoing and we expect to share a Phase 2 interim safety analysis in 2024.
- **Familial Adenomatous Polyposis (FAP) (REC-4881):** Our Phase 2 TUPELO clinical trial is a multicenter, randomized, double-blind, placebo-controlled two-part clinical trial to evaluate efficacy, safety and pharmacokinetics of this drug candidate in patients with FAP. We continue to advance this study.
- ***AXIN1* or *APC* Mutant Cancers (REC-4881):** REC-4881 is being studied for the potential treatment of *AXIN1* or *APC* mutant cancers with an initial focus on solid tumors harboring these mutations. We are developing a Phase 2 open-label study for REC-4881 in participants with unresectable, locally advanced or metastatic cancer with *AXIN1* or *APC* mutations. We expect to initiate a Phase 2 biomarker enriched study across select *AXIN1* or *APC* mutant solid tumors in early 2024.
- ***Clostridioides difficile* Colitis (REC-3964):** Our Phase 1 clinical trial is a first-in-human protocol evaluating single and multiple doses of REC-3964 in healthy volunteers and will assess the safety, tolerability and pharmacokinetic profile of REC-3964. We have enrolled the majority of participants associated with this study, and REC-3964 has been well tolerated to date. We expect to share safety and PK data in H2 2023.
- **RBM39 HR-Proficient Ovarian Cancer:** In January 2023, we disclosed that RBM39 (previously identified as Target Gamma) is the novel CDK12-adjacent target identified by the Recursion OS. We believe that we can modulate this target to produce a potentially therapeutic effect in HR-proficient ovarian cancer. We have advanced this program to the preclinical stage and have initiated IND-enabling studies.

Transformational Collaborations

We continue to advance efforts to discover potential new therapeutics with our strategic partners in the areas of neuroscience and a single indication in gastrointestinal oncology (Roche-Genentech) as well as fibrotic disease (Bayer). In the near-term, there is the potential for option exercises associated with partnership programs, option exercises associated with map building initiatives or data sharing and additional partnerships in large, intractable areas of biology or technological innovation.

Recursion OS

- **Industrialized Program Generation:** This end-to-end process validates map-based insights without human intervention. Following the proposal of disease model starting points, Industrialized Program Generation

carries out the programmatic selection of compound hits, compound ordering coordination and validation through phenomic and transcriptomic profiling. Given the large number of proto-programs that are expected from this process, we look forward to leveraging the digital chemistry technology and expertise of the Cyclica and Valence teams to design and optimize chemical structures for novel biological targets.

Additional Corporate Updates

- **ESG Reporting:** In March 2023, Recursion released its second annual ESG report. Materials from this report can be found at www.Recursion.com/esg.
- **Annual Shareholder Meeting:** The Recursion Annual Shareholder Meeting will be held on June 16, 2023 at 12:00 pm Mountain Time. In preparation for this meeting, Recursion released its annual Proxy Statement in April 2023.

Financing and Operations

We were incorporated in November 2013. In October 2022, we issued 15,336,734 shares of our Class A common stock at a purchase price of $9.80 per share in a private placement (the Private Placement) to qualified institutional buyers and institutional accredited investors (the Purchasers) for net proceeds of $143.7 million, after deducting fees and offering costs of $6.6 million. 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 net proceeds of $462.4 million. 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 January 2022, we received an upfront payment of $150.0 million from our collaboration with Roche. See Note 8, “Collaborative Development Contracts” to the Condensed Consolidated Financial Statements for additional information on the collaborations.

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 unrestricted cash and cash equivalents of $473.1 million as of March 31, 2023. Based on our current operating plan, we believe that our cash and cash equivalents 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 $65.3 million and $56.0 million during the three months ended March 31, 2023 and 2022, respectively. As of March 31, 2023, our accumulated deficit was $704.9 million.

We anticipate that we will need to raise additional financing in the future to fund our operations, including the potential 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

Revenue

Operating revenue is 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.

Cost of Revenue

Cost of revenue consists of the Company’s costs to provide services for drug discovery required under performance obligations with partnership customers. These primarily include materials costs, service hours performed by our

employees and depreciation of property and equipment.

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 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

We expense general and administrative costs as incurred. General and administrative expenses consist primarily of salaries including employee benefits and stock-based compensation. General and administrative expenses also include facilities, depreciation, information technology, professional fees for auditing and tax, legal fees for corporate and patent matters and insurance costs.

Other Income (Loss), Net

Other income (loss), net consists primarily of interest earned on cash and cash equivalents.

Results of Operations

The following table summarizes our results of operations:

(in thousands, except percentages)	Three months ended March 31, 2023	2022	Change $	Change %
Revenue				
Operating revenue	$ 12,134	$ 5,299	$ 6,836	>100%
Grant revenue	—	34	(34)	(100.0)%
Total revenue	12,134	5,333	6,802	>100%
Operating costs and expenses				
Cost of revenue	12,448	7,799	4,649	59.6 %
Research and development	46,677	32,441	14,237	43.9 %
General and administrative	22,874	21,074	1,800	8.5 %
Total operating costs and expenses	81,999	61,314	20,686	33.7 %
Loss from operations	(69,865)	(55,981)	(13,884)	(24.8)%
Other income, net	4,538	2	4,536	>100%
Net loss	$ (65,327)	$ (55,979)	$ (9,348)	16.7 %

Summary

Our financial performance during the three months ended March 31, 2023 compared to 2022 included; (i) an increase in research and development costs due to increased platform costs as we have expanded and upgraded our capabilities, additionally for the three months ended March 31, 2022 platform costs decreased due to a reallocation of spending to cost of revenue for our strategic partnerships and (ii) an increase in revenue and cost of revenue recognized due to progression on our strategic partnership with Roche.

Revenue

The following table summarizes our components of revenue:

(in thousands, except percentages)	Three months ended March 31, 2023	2022	Change $	Change %
Revenue				
Operating revenue	$ 12,134	$ 5,299	$ 6,836	>100%
Grant revenue	—	34	(34)	(100.0)%
Total revenue	$ 12,134	$ 5,333	$ 6,802	>100%

For the three months ended March 31, 2023, the increase in revenue compared to prior period was due to revenue recognized from our strategic partnership with Roche, which has progressed from primarily cell type evaluation work to inference based Phenomap building and additional cell type evaluation work.

Cost of Revenue

The following table summarizes our cost of revenue:

(in thousands, except percentages)	Three months ended March 31, 2023	2022	Change $	Change %
Total cost of revenue	$ 12,448	$ 7,799	$ 4,649	59.6 %

For the three months ended March 31, 2023, the increase in cost of revenue compared to prior period was due to our strategic partnership with Roche, which has progressed from primarily cell type evaluation work to inference based Phenomap building and additional cell type evaluation work.

Research and Development

The following table summarizes our components of research and development expense:

	Three months ended March 31,		Change	
(in thousands, except percentages)	**2023**	**2022**	**$**	**%**
Research and development expenses				
Platform	$ 18,492	$ 5,314	$ 13,178	>100%
Discovery	13,505	12,361	1,144	9.3 %
Clinical	11,522	11,112	410	3.7 %
Stock based compensation	2,833	1,764	1,069	60.5 %
Other	325	1,890	(1,565)	(82.8)%
Total research and development expenses	$ 46,677	$ 32,441	$ 14,236	43.9 %

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 three months ended March 31, 2023, the increase in research and development expenses compared to the prior period was due to increased platform costs as we have expanded and upgraded our capabilities in platform including our chemical technology, machine learning and transcriptomics platform. Additionally, for the three months ended March 31, 2022 platform costs decreased due to a reallocation of spending to cost of revenue for our strategic partnerships.

General and Administrative Expense

The following table summarizes our general and administrative expense:

	Three months ended March 31,		Change	
(in thousands, except percentages)	**2023**	**2022**	**$**	**%**
Total general and administrative expenses	$ 22,874	$ 21,074	$ 1,800	8.5 %

For the three months ended March 31, 2023, the increase in general and administrative expenses compared to prior period was primarily driven by an increase in salaries and wages of $1.2 million and increases in other administrative costs associated with growth in the size of the Company's operations.

Other Income, Net

The following table summarizes our components of other income, net:

	Three months ended March 31,		Change	
(in thousands, except percentages)	**2023**	**2022**	**$**	**%**
Interest income	$ 4,660	$ 87	$ 4,573	>100%
Interest expense	(19)	(14)	(5)	31.6 %
Other	(103)	(71)	(32)	45.5 %
Other income, net	$ 4,538	$ 2	$ 4,536	>100%

For the three months ended March 31, 2023, the increase in interest income primarily related to earnings on cash and cash equivalents in money market funds.

Liquidity and Capital Resources

Sources of Liquidity

We have not yet commercialized any products and do not expect to generate revenue from the sales of any product candidates for at least several years. Unrestricted cash and cash equivalents totaled $473.1 million and $549.9 million as of March 31, 2023 and December 31, 2022, respectively.

We have 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. Our net loss was $65.3 million and $56.0 million during the three months ended March 31, 2023 and 2022, respectively. As of March 31, 2023 and December 31, 2022, we had an accumulated deficit of $704.9 million and $639.6 million, respectively.

We have financed our operations through the private placements of preferred stock and Class A common stock issuances. As of March 31, 2023, we have received net proceeds of $448.9 million from the sale of preferred stock and $606.1 million from Class A common stock issuances. See Note 7, “Common Stock” to the Condensed Consolidated Financial Statements for additional details on the Class A common stock issuances. Additionally, as of March 31, 2023, we have received proceeds of $180.0 million from our strategic partnerships. See Note 8, “Collaborative Development Contracts” to the Condensed Consolidated Financial Statements for additional details on the collaborations.

Cash Flows

The following table is a summary of the Condensed Consolidated Statements of Cash Flows for each of the periods presented below:

	Three months ended March 31,	
(in thousands)	**2023**	**2022**
Cash provided by (used in) operating activities	$ (73,316)	$ 77,388
Cash provided by (used in) investing activities	(5,340)	143,304
Cash provided by financing activities	1,922	2,084

Operating Activities
Cash used by operating activities increased during the three months ended March 31, 2023 as a result of an upfront payment of $150.0 million from our strategic partnership with Roche received during the three months ended March 31, 2022.

Cash provided by operating activities during the three months ended March 31, 2022 included an upfront payment of payment of $150.0 million from our strategic partnership with Roche.

Investing Activities
Cash used by investing activities during the three months ended March 31, 2023 consisted primarily of property and equipment purchases of $5.2 million, which included $1.7 million for a project to upgrade the BioHive supercomputer and $2.3 million for lab equipment purchases. Cash provided by investing activities during the three months ended March 31, 2022 was driven by sales and maturities of investments $147.6 million.

Financing Activities
Cash provided by financing activities during the three months ended March 31, 2023 and 2022 primarily included proceeds from equity incentive plans of $1.9 million and $2.1 million, respectively.

Critical Accounting Estimates and Policies

A summary of the Company’s significant accounting estimates and policies is included in Note 2, “Summary of Significant Accounting Policies” in our 2022 Annual Report. There were no significant changes in the Company’s application of its critical accounting policies during the three months ended March 31, 2023.

Recently Issued and Adopted Accounting Pronouncements

See Note 2, “Basis of Presentation” in Item 1 of this Quarterly Report on Form 10-Q for information regarding recently issued and adopted accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Risk

We are exposed to market risk related to changes in interest rates of our cash and cash equivalents. As of March 31, 2023, our cash and cash equivalents primarily consisted of money market funds. Our primary exposure to market risk is interest income sensitivity, which is affected by changes in U.S. interest rates. A hypothetical 100 basis point decrease in interest rates as of March 31, 2023, would have an insignificant effect on net loss in the ensuring year.

Foreign Currency Exchange Risk

Our employees and our operations are primarily located in the United States and Canada and our expenses are generally denominated in U.S. and Canadian dollars. We also have entered into a limited number of contracts with vendors for research and development services that have underlying payment obligations denominated in foreign currencies. We are subject to foreign currency transaction gains or losses on our contracts denominated in foreign currencies. To date, foreign currency transaction gains and losses have not been material to our financial statements, and we do not have a formal hedging program with respect to foreign currency. A 10% increase or decrease in current exchange rates would not have had a material effect on our financial results during the three months ended March 31, 2023 and 2022.

Inflation Risk and Market Volatility

In recent months, inflation has continued to increase significantly in the U.S. and overseas resulting in rising costs for transportation, wages, construction and other goods and services. Inflation and supply chain disruptions have increased our overall operating expenses. In addition, the capital and credit markets have been experiencing volatility and disruption, which has exerted downward pressure on stock prices and credit capacity. There is no assurance that such markets will be a source of future financing for Recursion, nor that other funding sources would be available or sufficient, particularly if current levels of market disruption and volatility continue or worsen. Although we do not believe that the above conditions have materially changed our overall financial position, if our costs continue to increase, we may not be able to fully offset those increased costs through reduced spending or additional financing efforts and failure to do so could harm our business, financial condition and results of operations.

Item 4. 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 March 31, 2023, 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 March 31, 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. 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.

Item 1A. Risk Factors.

We do not believe that there have been any material changes to the risk factors previously disclosed in Part I, Item 1A. "Risk Factors" of our 2022 Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(a) Sales of Unregistered Securities

Stock Option Exercises
For the three months ended March 31, 2023, we issued 8,000 shares of our Class A common stock to our employees, directors, advisors and consultants upon the exercise of stock options under our Key Personnel Incentive Stock Plan for aggregate consideration of less than one thousand dollars. The shares of Class A common stock 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 of 1933, as amended, or pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, 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.

Item 6. Exhibits.

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	
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 Quarterly Report on Form 10-Q 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.

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.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized on May 8, 2023.

RECURSION PHARMACEUTICALS, INC.

By: /s/ Christopher Gibson
Christopher Gibson
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Michael Secora
Michael Secora
Chief Financial Officer
(Principal Financial and Accounting Officer)

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 Quarterly Report on Form 10-Q 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer 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: May 8, 2023

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 Quarterly Report on Form 10-Q 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer 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: May 8, 2023

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 Quarterly Report of Recursion Pharmaceuticals, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2023 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: May 8, 2023