As confidentially submitted to the Securities and Exchange Commission on March 3, 2021
This draft registration statement has not been filed publicly with the Securities and Exchange Commission, and all information herein remains strictly confidential.
Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
Under
The Securities Act of 1933

RECURSION PHARMACEUTICALS, INC.
(Exact name of Registrant as specified in its charter)

Delaware	**2836**	**46-4099738**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

41 S Rio Grande Street
Salt Lake City, UT 84101
(385) 269-0203

Christopher Gibson
Chief Executive Officer
Recursion Pharmaceuticals, Inc.
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Salt Lake City, UT 84101
(385) 269-0203

Copies to:

Patrick J. Schultheis **Philip H. Oettinger** **Jeana S. Kim** **Wilson Sonsini Goodrich & Rosati** **Professional Corporation** **701 Fifth Avenue, Suite 5100** **Seattle, WA 98104** **(206) 883-2500**	**Louisa Daniels,** **Chief Legal Officer** **Nathan Hatfield,** **Associate General Counsel** **Recursion Pharmaceuticals, Inc.** **41 S Rio Grande Street** **Salt Lake City, UT 84101** **(385) 269-0203**	**Alan F. Denenberg** **Stephen Salmon** **Davis Polk & Wardwell LLP** **1600 El Camino Real** **Menlo Park, CA 94025**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	☐	Accelerated filer	☐
Non-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 7(a)(2)(B) of the Securities Act. ☐

CALCULATION OF REGISTRATION FEE

Class A Common Stock $0.00001 par value	$	$

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED , 2021

Preliminary prospectus

Shares

Class A Common Stock

This is the initial public offering of shares of Class A common stock of Recursion Pharmaceuticals, Inc. We are offering shares of our Class A common stock. The initial public offering price is expected to be between $ and $ per share.

We have two classes of authorized common stock, Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion. Each share of Class A common stock is entitled to one vote per share. Each share of Class B common stock is entitled to ten votes per share and is convertible at any time into one share of Class A common stock.

Upon the completion of this offering, shares of Class B common stock will be held by . Upon completion of this offering, will hold approximately % of the voting power of our outstanding capital stock, which voting power may increase over time. As a result will be able to determine or significantly influence any action requiring the approval of our stockholders, including the election of our board of directors, the adoption of amendments to our certificate of incorporation and bylaws, and the approval of any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction. Also as a result, we believe we are eligible for, but do not intend to take advantage of, the "controlled company" exemption to the corporate governance rules for Nasdaq-listed companies.

Prior to this offering, there has been no public market for our Class A common stock. We intend to apply to list our Class A common stock on the Nasdaq Global Select Market under the symbol "RXRX."

We are an "emerging growth company" as defined under the federal securities laws and, as such, have elected to comply with certain reduced reporting requirements.

	Per share	Total
Initial public offering price	$	$
Underwriting discounts and commissions(1)	$	$
Proceeds to Recursion Pharmaceuticals, Inc., before expenses	$	$

(1) See "Underwriting" for a description of the compensation payable to the underwriters.

We have granted the underwriters an option for a period of 30 days to purchase up to additional shares of Class A common stock.

Investing in our Class A common stock involves a high degree of risk. See "Risk Factors" beginning on page 23.

Neither the Securities and Exchange Commission nor any other state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares against payment in New York, New York to purchasers on or about , 2021, through the book-entry facilities of the Depositary Trust Company.

Goldman Sachs & Co. LLC **J.P. Morgan**

BofA Securities **SVB Leerink** **Allen & Company LLC**

KeyBanc Capital Markets

Prospectus dated , 2021

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We are a Biotechnology Company Scaling More Like a Technology Company

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A Letter from our Co-Founder and CEO

A LETTER FROM OUR CO-FOUNDER AND CEO

Dear Investor,

Our mission is to ***Decode Biology to Radically Improve Lives***. It is purposefully audacious, expansive and impactful. We are capitalizing on the once-in-a-lifetime near simultaneous convergence of exponential improvements in diverse areas of science and technology that will make this the century of biology.

The purpose of this letter is to share key ideas and principles with you that can be difficult to express, but that I believe are critical to the delivery of our mission. You should know what kind of company we are today and aim to become in the future as you consider joining our mission as a shareholder.

Biology Is Complex

Biology is enormously complex and highly networked. As a species, we so far only understand a tiny fraction of all there is to learn on the subject, despite millions of incredible scientists having dedicated their lives to uncover its truths. Further, much of biology may be too complex for any human to ever understand. Unraveling the complexity of biology is a path to better medicines.

In spite of the challenges, the accomplishments of the modern biopharmaceutical industry over the last 30 years are tremendous: antiviral compounds have transformed HIV/AIDS from a death sentence to a chronic condition and have cured more than one million patients with Hepatitis C; increasingly targeted chemotherapeutics and a new exciting generation of immune therapies have helped millions of cancer patients reach remission, see a child's wedding or enjoy a few more holiday meals with their family; antibody therapies like those targeting TNFa have meaningfully improved the quality of life for millions of patients; and today the world witnesses the roll-out of COVID-19 vaccines developed in record time. These examples are but a few of the hundreds of incredible new medicines made possible thanks to both basic and applied research, to the researchers who dedicate themselves passionately to science, and to the patients who continue to inspire us.

Despite these advances and the incredible work of scientists all over the world, an inconvenient truth remains: more than 90% of drugs that have advanced into clinical trials failed before they made it to the market. Even today, thousands of diseases affecting hundreds of millions of people have no effective treatment. Meaningfully accelerating the pace, broadening the scale and decreasing the cost of bringing effective, new medicines to the patients who need them is one of the greatest challenges and largest opportunities for humanity.

Leveraging Technology for Scale and Complexity Is How We Find the Unexpected

Biological systems may be complex, but they are not fundamentally unsolvable. Over just the last five years we have witnessed exponential advancements in the toolsets used in diverse technical fields including i) increasing control over biology with tools such as CRISPR genome editing and synthetic biology; ii) rapidly advancing robotics enabling reliable automation of complex tasks at unprecedented scale, including biological experimentation; iii) new computational techniques leveraging new neural network architectures enabling iterative analysis of, and inference from, very large, complex and incomplete datasets; and iv) the increasing elasticity of high performance computation thanks to cloud solutions. The simultaneous convergence of rapid advancements and improvements in these fundamental areas has created the milieu for a revolution in the discovery and development of new medicines.

The core principle of our approach to improving the scale and efficiency of drug discovery is to automate and integrate the wet lab to create massive empirical datasets of biology and the dry lab where we leverage machine learning, or ML, to unravel the complex patterns within our datasets. No static dataset could likely contribute meaningfully to solving disease biology; the secret is the iterative approach where the learnings of prior data inform the generation of new data, and the secret to that approach is to generate our own data in-house. Our dataset, fit for the purpose of machine learning, grows by approximately 80 terabytes each week, and thus algorithms can be improved exponentially faster than if applied to a static dataset.

Further, our approach allows us to eschew human bias, which is often a major threat to the drug discovery process. As humans, we are limited in the size and scale of data we can interpret and we are prone to seeing the data that suits us and justifies our hypothesis. While today our ML processes lack all the intuition of a savvy drug-hunter, the algorithm cares not for the hypothesis.

Our People & Culture Are Our Foundation

What I underestimated most in the early days of Recursion was not biology or fundraising, but the challenges of hiring great people and turning them loose on difficult problems across so many varied technical fields. Thanks to incredible mentorship, brilliant co-founders, and some fantastic early hires, the importance of creating an *environment* of diversity, inclusion, curiosity, learning, integrity and boldness was emblazoned in us early. We have invested heavily in our people since the early days, for no amount of infrastructure or code will enable us to achieve our mission without them. More than seven years in, we now have a thriving community where data scientists, software engineers and automation engineers mingle with their colleagues in biology, chemistry and clinical development and where together we work on incredibly hard problems, united by our mission.

What We Can Learn from Other Industries

Over the past two decades, we have all watched the proliferation of technology across industry after industry. Established and entrenched companies with long and distinguished histories have been all but forgotten thanks to a new breed of approach.

By combining a reliable source of data at scale with systems, processes, and algorithmic approaches, an electronic bookseller took on traditional retail, a video-by-mail service became one of the most powerful forces in entertainment and a small electric car maker leapt a decade ahead of the rest of the auto industry. In each case, the company cornered a small niche of a market and then leveraged data and technical savvy to grow more quickly than most thought possible. Further, as they integrated new datasets at scale, network effects took hold and the power of their approach accelerated exponentially. By the time their competitors realized and reacted to what was happening, they were at a distinct disadvantage.

Similarly, we started small by focusing on quietly building one of the largest and fastest-growing biological image datasets on Earth, along with the systems, processes and algorithms to explore it in the context of a niche set of rare diseases. This initial approach has led to a pipeline of drug candidates far broader than that of traditional biopharmaceutical companies of a similar age and size.

In just the last year, we have started to take all that we have learned to begin to scale the creation of additional datasets, and to begin to focus on building the systems, processes and algorithms of integration and relation among and between them. As network effects take hold, the power of our approach will accelerate exponentially. And we won’t stop with discovery; we will leverage new technology and our ethos of creating virtuous cycles of learning around datasets to build a next generation, integrated, and verticalized biopharmaceutical company and more.

Many believe that the disruptive changes seen in other industries over the past two decades will not happen in biopharmaceuticals; the space is too complex and highly regulated. It is certainly not surprising that this is among the last industries to experience these changes, but it is not immune. In fact, the industry has endured such cycles of technological disruption before; in the 1980s new data and technology allowed us to dissect molecular pathways, and again in the late 1990s and 2000s as biologics began to flourish. This cycle has happened previously, and the stakes are high: there are few other industries where more than a dozen companies have market capitalization of over $100 billion, fewer industries still where their products fail 90% of the time during development and none with the same potential for impact. The cycle will happen again.

The Recursion Map of Human Cellular Biology Predicts Billions of Relationships

We have built a Map of human cellular biology that enables us to predict relationships and interactions among and between various elements of biology and chemistry at scale and speed. Further, we have focused on controlling our own vertical; our predictions can be validated experimentally in our own labs, translated through animal models in our own vivarium, and developed through the clinic by our own team.

Over the coming decades we will continue to build at the intersection of the physical world and the digital world, creating virtuous cycles of data generation, analysis, and iteration across not only drug discovery, but clinical development and manufacturing, as well as across therapeutic modalities and indications. This approach has given rise to the creed of Recursion:

Build the Map
Follow the Map
Serve Patients

Those eight words serve as both the compass by which we navigate, and also for you, an investor, a pithy distillation of our strategy.

Our Pioneering Spirit and Underdog Mentality Remain

From our earliest days, our story was unlikely. We are a company started by two graduate students and a professor, headquartered in Salt Lake City, Utah. Like many early tech companies, we were first funded by cash advances on a credit card, savings and friends and family that believed in us. We bought used equipment from a defunct laboratory in San Diego, loaded it in a moving van, and drove through the night back to our ~~closet~~ lab to get started.

Our humble and unlikely beginnings are foundational to what we've built today. We were underdogs and felt that way. Now, we are among the leaders in artificial intelligence focused drug discovery, but we will stay hungry and focused. We will operate as underdogs each and every day, surprising those who underestimate us.

We Lead with Data and Demonstrables

Today, the principles of our approach remain largely unchanged from what we began with in 2013. In just over seven years we have built or demonstrated what we believe is:

- One of the largest proprietary biological datasets.
- One of the largest, broadest and deepest pipelines of any technology-enabled drug discovery company.

- A transformational partnership with Bayer where we seek to discover approximately 10 new treatments for fibrosis in the next five years.
- An incredible team of over 200 Recursionauts, with world class talent, expertise and leadership, and with an incredible culture of caring, learning, delivery and acting boldly with integrity as *One Recursion.*

We are a biotechnology company scaling more like a technology company, and we are just getting started.

An Invitation to Join Us and Our Commitment to You

You can invest in many companies, and thankfully, many great technologists are turning their attention to advancing missions that matter for humanity. The future is bright.

In the pages that follow, you will read a great deal about the company our team has built. We have included a wide range of facts and figures because at Recursion we lead with data and demonstrables, always. You will read about how the Map we have built is demonstrating meaningful leading indicators of industrializing drug discovery and development. We hope that whether you are a technology investor, a healthcare investor or a generalist investor, you find elements of our story that speak to you and you are excited by our ambitious mission and progress over the past seven years.

But we also hope that you consider the kind of company we are trying to build and how we will swing for the fences to make a meaningful impact on millions of people; we will never become complacent with the pipeline we have built, the Map we have built, or with moderate successes. We will dare greatly.

There will undoubtedly be many bumps in the road and there will be failures; biology and chemistry are ***hard***. In the war to industrialize a process as complex and costly as the discovery and development of new drugs, inevitably we will lose battles, but we will always keep sight of the mission. Should you join us, expect to experience both our setbacks and our successes and know that we learn from both, and perhaps most from our failures.

Finally, know that our ambition is not limited just to the discovery of medicines, for we have proven to ourselves our ability to make a Map of human cellular biology, and as such, we would be foolish not to map other elements of biology. Ultimately there is not *one* Map, but many, and we are the company that can build them and consolidate them, extending our creed one day well beyond biopharmaceuticals:

Build The Atlas
Follow The Atlas
Serve Humanity

Our commitment to you is that our dedicated team will work boldly and with urgency to achieve our mission. We hope that through the words in these pages the spirit of Recursion comes through and that when you invest in us, you are investing as much in the impact this team and our mission can achieve as for the financial opportunity before us. Together, we can decode biology to *radically improve lives*.

Thank you,

Chris Gibson, Ph.D.

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Through and including , 2021 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

Neither we nor the underwriters have authorized anyone to provide you any information or make any representations other than those contained in this prospectus or in any free writing prospectus prepared by or on our behalf, or to which we have referred you. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the underwriters are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

For investors outside of the United States: we have not, and the underwriters have not, done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than the United States. Persons outside of the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of Class A common stock and the distribution of this prospectus outside of the United States.

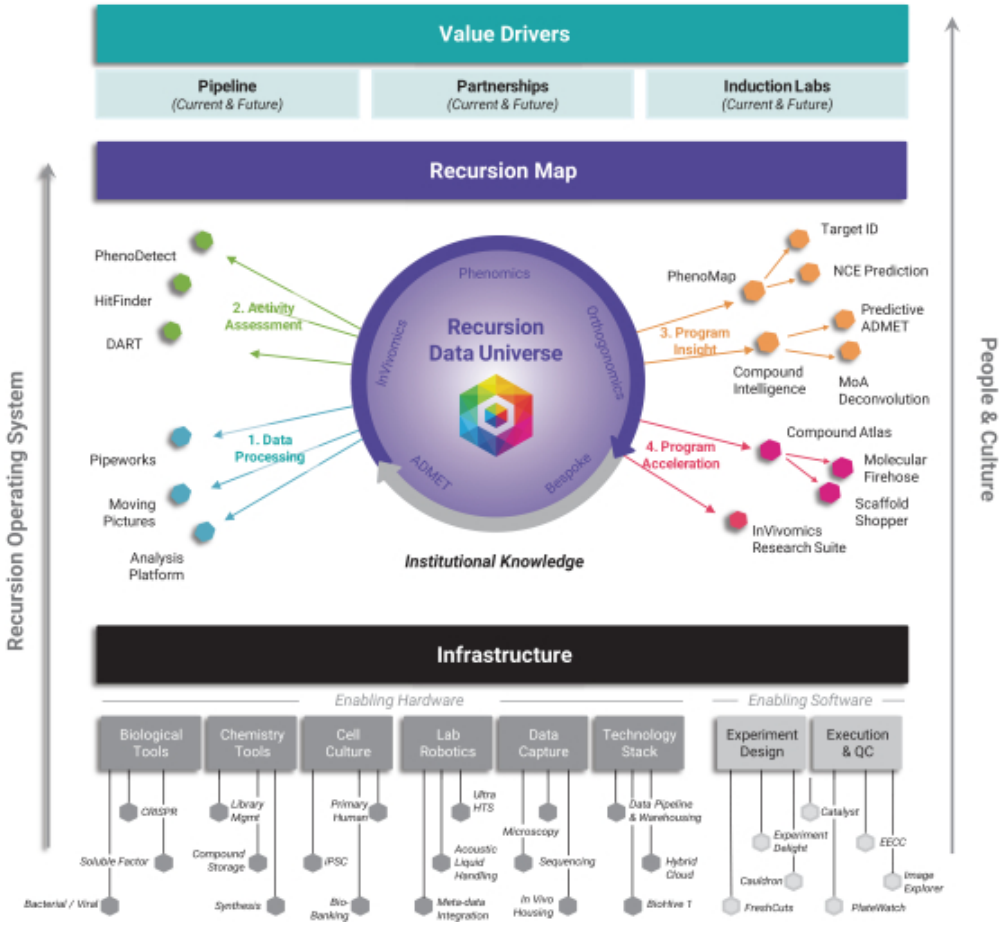
Prospectus Summary

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus and is qualified in its entirety by the more detailed information and consolidated financial statements included elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our Class A common stock. You should carefully read this entire prospectus, including the information under the sections titled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus, before making an investment decision. Unless the context requires otherwise, references in this prospectus to "Recursion Pharmaceuticals," "Recursion," the "Company," "we," "us" and "our" refer to Recursion Pharmaceuticals, Inc. Unless otherwise indicated, references to our "common stock" include our Class A common stock and Class B common stock.

Overview

We are a clinical-stage biotechnology company decoding biology by integrating technological innovations across biology, chemistry, automation, data science, and engineering to radically improve the lives of patients and industrialize drug discovery. Central to our mission is the Recursion Operating System, or Recursion OS, that combines an advanced infrastructure layer to generate what we believe is one of the world's largest and fastest-growing proprietary biological and chemical datasets and the Recursion Map, a suite of custom software, algorithmic, and machine learning tools that we use to explore foundational biology unconstrained by human bias, navigate to new biological insights, and accelerate programs. The combination of wet-lab biology and *in silico* tools in our closed-loop system accelerates our drug discovery process and differentiates us from others within the industry. Similarly, 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 every decision. Thus far, we have leveraged our Recursion OS to create three value drivers: i) advancement of 37 internally-developed programs focused on areas of significant unmet need, several of which have market opportunities in excess of $1 billion in annual sales, ii) strategic partnerships with leading biopharmaceutical companies, and iii) Induction Labs, a growth engine created to explore new extensions of the Recursion OS both within and beyond therapeutics. The number of programs we are advancing has doubled in size since 2019 and we expect to continue accelerating the pace of program additions in the future. As such, we are a biotechnology company scaling more like a technology company.

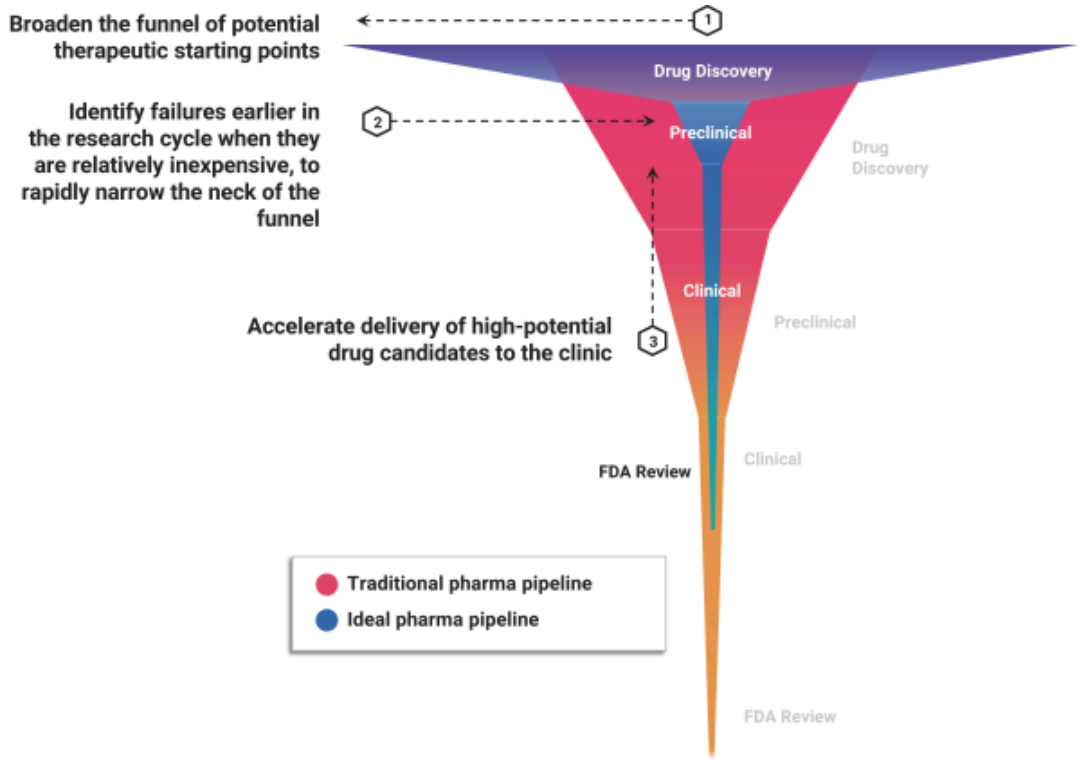


We believe we have demonstrated that our approach industrializes drug discovery, broadening the funnel of potential therapeutic starting points, identifying failures earlier in the research cycle when they are relatively inexpensive, and accelerating the delivery of high-potential drug candidates to the clinic while reducing cost. In mid-2020 we began transitioning from 'brute-force search' approaches, where we *physically test* every combination of disease model and drug candidate in our library using our automated wet-lab infrastructure, to a more efficient and even more powerful 'inferential search' approach. Under this new paradigm, we independently profile thousands of disease models and hundreds of thousands of drug candidates and then infer tens of billions of biological and chemical relationships *in silico*, prioritizing the most promising candidates for further validation. Ambitious explorations that would have taken us approximately 1,000 years to execute using our current throughput with brute-force search can now be *inferred* in a matter of months. This transition marks early progress towards realizing our founding vision – converging massive biological and chemical datasets and modern machine learning, or ML, algorithms to drive the unbiased discovery of novel therapeutics at a pace and scale beyond what could be studied or explored in the physical world.

Year	2017	2018	2019	2020
Total Phenomic Experiments (Millions)	2.2	7.6	23.9	55.6
Data (PB)	0.5	1.8	4.3	6.8
Cell Types	7	12	25	36
Unique Perturbations[1] (Millions)	0.02	0.1	0.5	1.3
Total Chemical Library (Thousands)	3	24	106	706
In Silico Chemistry Library (Billions)	0	0	0.015	3
Inferential Relationships[2] (Billions)	NA	NA	NA	13
Clinical Assets	0	1	2	4
Cost Per Experiment[3] ($)	0.63	0.45	0.36	0.33

(1) 'Unique Perturbations' refers to the number of gene, soluble factor, cell, and/or compound combinations physically explored.
(2) 'Inferential Relationships' refers to the number of Unique Perturbations that have been predicted using our Recursion Map.
(3) 'Cost Per Experiment' refers to the average adjusted direct cost to perform one phenomic experiment (defined as one well per perturbation) and is inclusive of consumable, compound, and labor costs.

In its ideal state, a drug discovery funnel would be shaped like the letter 'T' where a broad universe of possible therapeutics could be narrowed immediately to the best candidate, which would advance through subsequent steps of the process quickly and with no attrition. Our goal is to leverage technology to reshape the typical drug discovery funnel towards its ideal state by broadening the funnel of potential therapeutic starting points, rapidly narrowing the funnel by identifying failures earlier in the research cycle when they are relatively inexpensive, and accelerating the preclinical development of high-potential drug candidates. Late-stage clinical failures are the primary driver of costs in today's pharmaceutical R&D model, due in part to inherent uncertainty in the clinical development and regulatory process. Reducing the rate of costly, late-stage failures and accelerating the timeline from hit to clinical candidate would create a more sustainable R&D model.



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

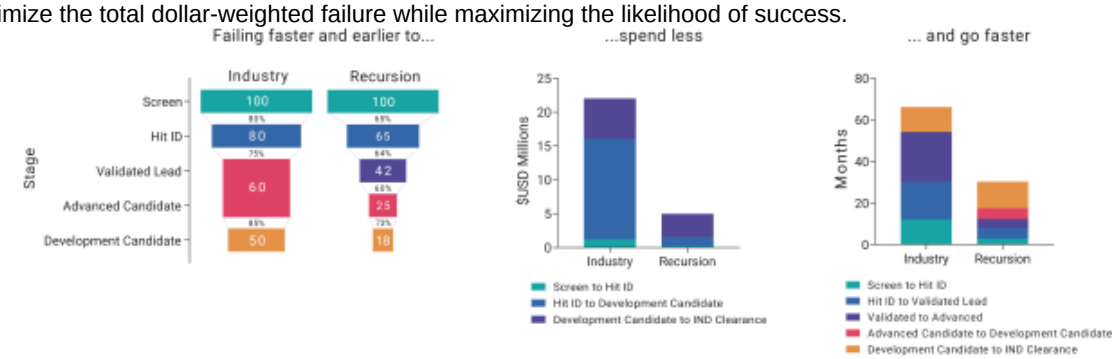
1. *Broaden the funnel of therapeutic starting points*. Our flexible and scalable infrastructure and our ability to use our *inference-based* Recursion Map to predict tens of billions of relationships between disease models and therapeutic candidates, including relationships predictive of candidate mechanism of action, 'widens the neck' of the discovery funnel beyond hypothesized and human-biased targets.

2. *Identify failures earlier in the research cycle when they are relatively inexpensive, to rapidly narrow the neck of the funnel.* The Recursion Map combines massive biological and chemical datasets and computational tools that enable us to both i) select more highly translatable therapeutic starting points, and ii) predict select absorption, distribution, metabolism, excretion and toxicology, or ADMET, liabilities for drug candidates, prioritizing those programs with a higher likelihood of downstream success. Notably, this strategy not only results in an increase in early-stage attrition, but we expect will also result in an overall lower cost of drug development.

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

We have leveraged our evolving Recursion OS to explore many disease programs to a depth sufficient to quantify improvements in the time, cost, and anticipated likelihoods of program success by

discovery stage, compared to the traditional drug discovery paradigm. These metrics are leading indicators that, using our approach, we can industrialize drug discovery. We believe that future iterations of the Recursion OS will enable even greater improvements. Ultimately, we look to minimize the total dollar-weighted failure while maximizing the likelihood of success.



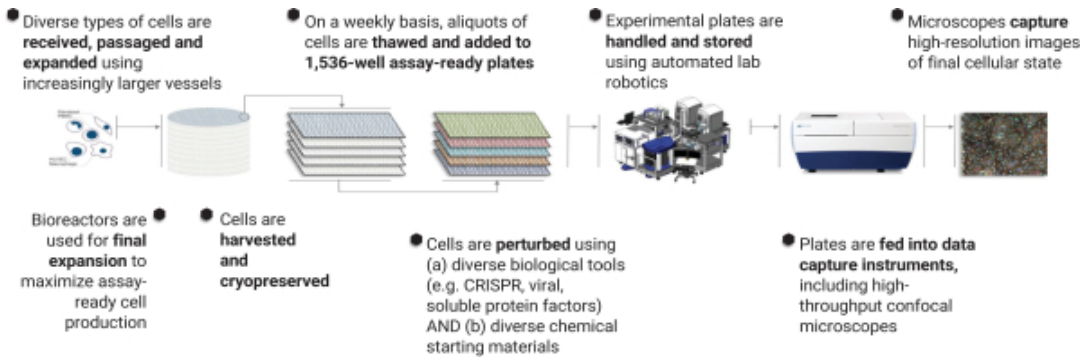
The Recursion OS

The Recursion OS is an integrated, multi-layer system for generating, analyzing, and deriving insights from biological and chemical datasets. It consists of three parts:

- *Infrastructure Layer:* A synchronized network of highly scalable enabling hardware and software used to design and execute diverse biological experiments and subsequently store our ever-growing datasets. One of the cornerstones of this layer is our state-of-the-art ML supercomputer, BioHive-1, which we believe is one of the most powerful computers wholly owned by any single biopharmaceutical company for drug discovery applications and the 66th most advanced supercomputer overall.
- *The Recursion Data Universe:* As of February 19, 2021, our Recursion Data Universe contained over seven petabytes of highly relatable biological and chemical data spanning multiple different data modalities. The size of the Recursion Data Universe has grown more than threefold since 2018 and has continued to grow at an accelerating rate. For context, our dataset already requires more storage capacity than all of the feature-length films in human history in high-definition, combined.
- *The Recursion Map:* A suite of in-house software tools, algorithms, and machine learning approaches designed to process and translate data from the Recursion Data Universe into actionable insights for our research and development teams.

The combination of wet-lab biology used to generate our proprietary dataset and *in silico* tools in our closed-loop system sets us apart in the field of tech-enabled drug discovery. Many companies in this space: i) leverage disparate, noisy and often irreproducible third-party datasets, which are poorly suited for ML, or ii) build tools “as a service” for others, which may limit their upside and impact over time. More importantly, our repetition of wet-lab validation and *in silico* predictions creates a flywheel effect, where data generation and learning accelerate side-by-side and further strengthen our drug discovery platform. While emerging competitors and large well-resourced incumbents may pursue a similar strategy, we have two advantages as a first mover: i) no amount of resources can compress the time it takes to observe naturally occurring biological processes, and ii) the ever-growing Recursion Data Universe creates compounding network effects that may make it difficult to close the competitive gap.

While the Recursion Data Universe is composed of a variety of proprietary datasets, the core dataset is based on billions of labeled images of human cells generated across millions of unique perturbations using diverse biological tools generated in our own wet laboratories. Our expertise in developing this dataset serves as a foundation upon which we are building additional complementary scaled biological and chemical datasets.



Our People and Culture

We operate at the intersection and cutting edge of science and technology. Unlike traditional biotechnology companies, our rapidly growing team of more than 200 ‘Recursionauts’ is balanced between life scientists (approximately 40% of employees) and computational and technical experts (approximately 35% of employees), creating an environment where empirical data, statistical rigor, and creative thinking are brought to bear on the problems we address. While we are united in a common mission, *Decoding Biology to Radically Improve Lives*, our greatest strength lies in our differences: expertise, gender, race, disciplines, experience, and perspectives. Deliberately building and cultivating this culture is critical to achieving our audacious goals.

Our Value Drivers

We have used the Recursion OS to build three value drivers thus far: i) 37 internally-developed programs focused on areas of significant unmet need, several of which have market opportunities in excess of $1 billion in annual sales, ii) strategic partnerships with leading biopharmaceutical companies, and iii) Induction Labs, a growth engine created to explore new extensions of the Recursion OS both within and beyond therapeutics.

Our Programs

Every program at Recursion is a product of our Recursion OS. While we are advancing 37 programs, we highlight ten 'Notable Programs' that are key, near-term value drivers given their individual market opportunities and the validation they provide for each generation of the Recursion OS.

(1) EU5 is defined as France, Germany, Italy, Spain and the United Kingdom. All numbers are prevalence unless otherwise noted.
(2) Annual US-EU5 incidence for all NF2-driven meningiomas.
(3) Hereditary and sporadic symptomatic population.
(4) 730,000 annual incidence in US-EU5. Initial clinical studies will focus on subsets of the total population with high rates of recurrent infection.
(5) Our program has the potential to address a number of indications within neuroinflammation, including multiple neurodegenerative diseases totaling at least 13 million patients in the US and EU5. We intend to pursue a select subset of these indications in the future.
(6) Annual US-EU5 incidence.
(7) Our program has the potential to address a number of indications driven by *MYC* alterations, totaling 130,000 patients in the US and EU5 annually. We have not finalized a target product profile for a specific indication.

Brute-Force Search Programs

Eight of our Notable Programs were identified using our brute-force search approach. Four of these programs are new uses of existing known chemical entities, or KCEs, that we have advanced to clinical development and for which we have obtained key enabling licenses. Another four of these programs are new chemical entities, or NCEs, that have been discovered and advanced in-house.

- **REC-4881 for the Treatment of FAP.** REC-4881 is an orally bioavailable, non-ATP-competitive allosteric small molecule inhibitor of MEK1 and MEK2 being developed to

reduce tumor size in familial adenomatous polyposis, or FAP, patients and patients with somatic *APC*-mutant tumors. REC-4881 appears to be well tolerated, consistent with the intended use and a gut-localized PK profile in humans that is highly advantageous for FAP and potentially other tumors of the gastrointestinal tract. We expect to enroll the first patient in a Phase 2, double-blind, randomized, placebo-controlled trial within the next four to five quarters.

- **REC-3599 for the Treatment of GM2 Gangliosidosis**. REC-3599 is an orally bioavailable, selective, potent small molecule inhibitor of protein kinase C, or PKC, and glycogen synthase kinase 3 beta, or GSK3ß, being developed for the treatment of GM2 Gangliosidosis. This molecule has demonstrated strong reduction of pathogenic biomarkers GM2 and lipofuscin levels in cells derived from patients with multiple different mutations in either *HEXA* or *HEXB,* referred to as Tay-Sachs or Sandhoff Disease, respectively. We are currently generating additional pharmacodynamic data in a HEXB-mutant animal model of GM2 at the request of the FDA in anticipation of enrolling the first patient in an open-label Phase 2 trial within the next four to five quarters.
- **REC-2282 for the Treatment of NF2**. REC-2282 is a CNS-penetrant, orally bioavailable, small molecule histone deacetylase, or HDAC, inhibitor being developed for the treatment of *NF2*-driven meningioma and neurofibromatosis type 2. This molecule appears to be well tolerated, including in patients dosed for multiple years, and potentially has reduced cardiac toxicity that would differentiate it from other HDAC inhibitors. Its oral bioavailability and CNS penetrance distinguish it from currently approved HDAC inhibitors. We expect to enroll the first patient in a Phase 2, double-blind, randomized, placebo-controlled study within the next four to five quarters.
- **REC-994 for the Treatment of CCM**. REC-994 is an orally bioavailable superoxide scavenger small molecule being developed for the treatment of cerebral cavernous malformations, or CCM. In Phase 1 single-ascending dose, or SAD, and multiple-ascending dose, or MAD, trials in healthy volunteers that we conducted, REC-994 demonstrated tolerability and suitability for chronic dosing. CCM is among the largest areas of unmet need in rare disease, affecting approximately 360,000 symptomatic patients in the United States and EU5, and no approved therapies. We expect to enroll the first patient in a Phase 2, double-blind, placebo-controlled, safety, tolerability and exploratory efficacy study within the next four to five quarters.
- **Lead Molecules for the Treatment of C. difficile Colitis**. We have identified three lead NCEs (REC-163964, REC-164014, and REC-164067) with the potential to be orally active, gut-biased, small molecule *C. difficile* toxin inhibitors, which we have shown to be inhibitors of glucosyl transferase. These molecules have the potential to prevent recurrent disease and be used as secondary prophylaxis therapy in high risk patients with *C. difficile* infections, the leading cause of antibiotic-associated diarrhea and a major cause of morbidity and mortality. We are currently completing exploratory non-clinical safety studies to enable potential selection of a development candidate.
- **Lead Molecules for the Treatment of Neuroinflammation**. We have identified three lead NCEs (REC-648455, REC-648597, and REC-648677) with the potential to be orally bioavailable, safe, CNS-penetrant, small molecule modulators of microglial activation. Microglial activation and neuroinflammation are hallmarks of neurodegenerative diseases such as Alzheimer’s disease and Parkinson’s disease, and CNS inflammatory diseases such as multiple sclerosis. Small molecule modulators of microglial activation have the potential to reduce neuronal death associated with proinflammatory processes in neurodegenerative diseases and inflammatory diseases of the CNS. The project is in lead optimization.

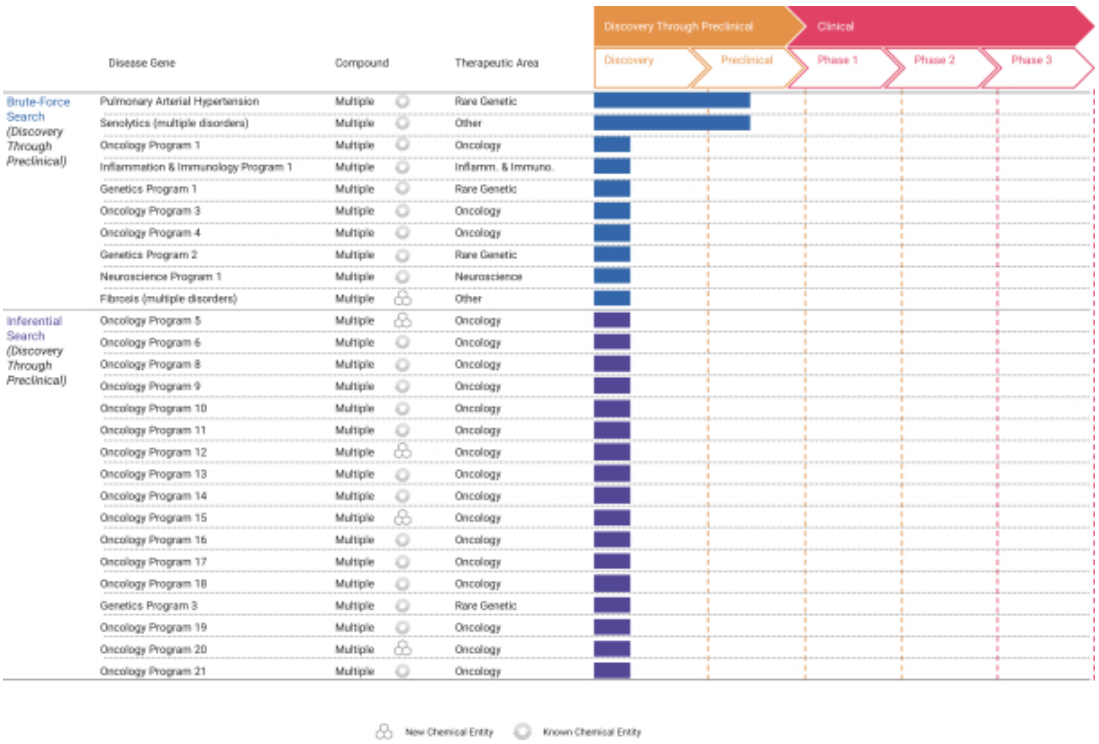
- **Lead Molecules for the Treatment of Batten Disease**. We have identified three lead NCEs (REC-648190, REC-259618, and REC-648647) with the potential to be orally bioavailable, CNS-penetrant, disease modifying therapeutics for multiple subtypes of Batten disease. Batten disease is an autosomal recessive, neurodegenerative disease resulting from mutations in one of fourteen *CLN* genes. While rare, these disorders collectively represent the most prevalent pediatric neurodegenerative disease and demonstrate significant unmet need. This project is currently in lead optimization.
- **Lead Molecules for the Treatment of CMT2A**. We have identified four lead molecules (REC-64810, REC-648458, REC-1262, and REC-150357) with the potential to be orally bioavailable, disease modifying molecules to slow or reverse the progression of the mitochondrial disease Charcot-Marie-Tooth type 2A, or CMT2A. CMT2A is a rare, autosomal dominant, peripheral nerve degenerative disease caused by mutations in the *MFN2* gene which leads to progressive muscle atrophy in the lower legs and hands. There are no approved disease modifying therapies for CMT2A. This project is currently in lead optimization.

Inferential Search Programs

Two of our Notable Programs were identified since mid-2020 using our new inferential search approach. One of these programs is a new use of an existing KCE while the other is an NCE discovered and advanced in-house. The aggregate number of programs we have been able to identify and initiate demonstrates the power of the Recursion OS to generate high-quality hits to move through the lead optimization process.

- **REC-64151 for the Treatment of Immune Checkpoint Resistance in *STK11*-mutant NSCLC.** We have identified a novel potential use for a clinical-stage, orally bioavailable small molecule to restore and improve sensitivity to immune checkpoint inhibitors in tumors harboring mutations in the tumor suppressor gene *STK11*. There are approximately 30,000 cases of *STK11*-mutant metastatic non-small cell lung cancer, or NSCLC, a year in the US and EU5, and these mutations have been shown to predict poor prognosis and resistance to immune checkpoint inhibitors, or ICI, specifically anti-PD-(L)1 therapies. There are currently no approved therapies developed to specifically modulate tumor response in *STK11*-mutant cancers. This program is currently in the dose-optimization phase.
- **MYC-Inhibitory Molecules for the Treatment of Solid and Hematological Malignancies.** We have identified multiple hit series using our inferential-search approach that have subsequently shown concentration-dependent activity in suppressing transcriptional activity downstream of MYC. Increased expression of MYC transcriptional target genes presents across oncology and up to 50% of cancers harbor alterations in MYC. Novel small molecules with the potential to suppress MYC-dependent activity could improve treatment of diverse tumors, especially those harboring mutations in genes directly implicated in MYC activation. There are currently no approved molecules that target MYC specifically. This program is currently in the hit-to-lead phase.

In addition to the Notable Programs highlighted above, we are actively exploring 27 additional programs which may prove to be drivers of our future growth. Using our inferential search approach, we have discovered and validated 16 of these programs since July 2020. Moving forward, we expect the vast majority of new programs will be discovered using our inferential search approach. We believe that the number of potential programs we can generate with our Recursion OS is key to the future of our company as a greater volume of validated programs has a higher likelihood of creating value.



Our Partnerships

We are not alone in our mission to industrialize drug discovery and improve patient lives. Using our Recursion OS, we will continue to collaborate with leading biopharmaceutical companies who have the resources and experience to help us broadly explore diverse disease domains (e.g., fibrosis, neuroscience, oncology, immunology, and inflammation) and rapidly identify novel therapeutic candidates.

In August 2020, we announced a multi-year, strategic partnership with Bayer in the area of fibrosis. Under the partnership, the parties agreed to initiate approximately 10 discovery projects over a five-year period to identify novel therapeutics for devastating and complex fibrotic diseases across multiple organ systems including lung, liver, and heart. Bayer contributed approximately 500,000 compounds from its proprietary library and will provide deep scientific expertise throughout the partnership.

While our partnerships to date have focused on small molecule research, future partnerships may extend into large molecule research and novel therapeutic modalities including gene therapies and cell therapies.

Our Strategy for Value Creation

We are a biotechnology company scaling more like a technology company. The near to medium-term elements of our business strategy align with our three key value drivers. We intend to:

- *Develop the Current Pipeline of Assets While Delivering Super-Linear Pipeline Growth.*
- *Execute on Strategic Partnerships to Maximize the Potential Value of Our Platform*.
- *Explore New Extensions and Business Opportunities Arising from the Recursion Map Through Induction Labs*.

If we are successful in our pursuit to industrialize drug discovery, we may have the opportunity to pioneer how and where value is allocated within the biopharmaceutical industry by: i) commanding more value while partnering programs much earlier in the discovery and development process, ii) addressing disease areas of high unmet need that are otherwise considered too small or unprofitable for traditional drug development, and iii) competing on innovation *and* speed-to-market in major therapeutic areas, securing a leadership position. We believe that success in these endeavors may lead to a lasting, positive, and transformative impact on patients' lives and the biopharmaceutical industry as a whole.

Risks Associated with Our Business

Our business is subject to numerous risks and uncertainties that you should consider before investing in our company. These risks are described more fully in the section titled "Risk Factors" in this prospectus. These risks include, but are not limited to, the following:

- We are a clinical-stage biotechnology company with a limited operating history.
- We have incurred significant operating losses since our inception and anticipate that we will incur continued losses for the foreseeable future.
- Even if we consummate this offering, our mission is broad and expensive to achieve and we will need to raise substantial additional funding.
- We have no products approved for commercial sale and have not generated any revenue from product sales.
- We or our current and future collaborators may never successfully develop and commercialize drug products, which would negatively affect our results of operation and our ability to continue our business operations.
- Our quarterly and annual operating results may fluctuate significantly in the future due to a variety of factors, many of which are outside of our control and may be difficult to predict.
- Our approach to drug discovery is unique and may not lead to successful drug products, for reasons including but not limited to challenges identifying mechanisms of action for our candidates.
- Our drug candidates are in preclinical or clinical development, which are lengthy and expensive processes with uncertain outcomes and the potential for substantial delays.
- Although we intend to explore other therapeutic opportunities, in addition to the drug candidates that we are currently developing, we may fail to identify viable new drug candidates for clinical development for a number of reasons. If we fail to identify additional viable potential drug candidates, our business could be materially harmed.

- Our business and operations would suffer in the event of computer system failures, cyber-attacks, or deficiencies in our cybersecurity or the cybersecurity of third parties, suppliers, or service providers.
- If we are not able to develop new solutions and enhancements to our platform that keep pace with technological developments, our business and results of operations would be harmed.
- Defects or disruptions in our platform could result in diminishing our value and prospects.
- A pandemic, epidemic, or outbreak of an infectious disease, such as COVID-19, or other force majeure events, may materially and adversely affect our business and our financial results and could cause a disruption to the development of our drug candidates.
- If we fail to sufficiently manage and improve our technical hardware infrastructure we may experience errors, delays and other performance problems.
- We are subject to regulatory and operational risks associated with the physical and digital infrastructure at both our internal facilities and those of our external service providers and suppliers.
- We may seek to establish additional collaborations for clinical development or commercialization of our drug candidates, and, if we are not able to establish them on commercially reasonable terms, or at all, we may have to alter our development and commercialization plans.
- If we are unable to adequately protect and enforce our intellectual property and proprietary technology or obtain and maintain patent protection for our technology and products, or if the scope of the patent protection obtained is not sufficiently broad, our competitors could develop and commercialize technology and products similar or identical to ours, and our ability to successfully commercialize our technology and products may be impaired.
- If we are unable to protect the confidentiality of our trade secrets and know-how, our business and competitive position may be harmed.
- If we fail to comply with our obligations in the agreements under which we collaborate with or license intellectual property rights from third parties, or otherwise experience disruptions to our business relationships with our collaborators or licensors, we could lose rights that are important to our business.

Corporate Information

We were formed in Delaware as a limited liability company in November 2013 under the name Recursion Pharmaceuticals, LLC. In September 2016, we converted to a Delaware corporation and subsequently changed our name to Recursion Pharmaceuticals, Inc. Our principal executive offices are located at 41 S Rio Grande Street, Salt Lake City, UT 84101. Our telephone number is (385) 269-0203. Our website address is www.recursion.com. Information contained on the website is not incorporated by reference into this prospectus and should not be considered part of this prospectus.

We use the Recursion logo and other marks as trademarks in the United States and other countries. This prospectus contains references to our trademarks and service marks and to those belonging to other entities. Solely for convenience, trademarks and trade names referred to in this prospectus, including logos, artwork, and other visual displays, may appear without the TM symbol, but such references are not intended to indicate in any way that we will not assert, to the fullest extent possible under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other entities' trade names, trademarks, or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other entity.

Implications of Being an Emerging Growth Company

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, as amended, or JOBS Act. We will remain an emerging growth company until the earliest to occur of: i) the last day of the fiscal year in which we have more than $1.07 billion in annual revenue; ii) the date we qualify as a "large accelerated filer," with at least $700 million of equity securities held by non-affiliates; iii) the date on which we have issued more than $1 billion in non-convertible debt securities during the prior three-year period; and iv) the last day of the fiscal year ending after the fifth anniversary of our initial public offering.

An emerging growth company may take advantage of relief from certain reporting requirements and other burdens that are otherwise applicable generally to public companies. These provisions include:

- presenting only two years of audited financial statements and only two years of selected financial data;
- an exemption from compliance with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act;
- reduced disclosure about our executive compensation arrangements in our periodic reports, proxy statements, and registration statements; and
- exemptions from the requirements of holding non-binding advisory votes on executive compensation or golden parachute arrangements.

As a result of this status, we have taken advantage of reduced reporting requirements in this prospectus and may elect to take advantage of other reduced reporting requirements in our future filings with the U.S. Securities and Exchange Commission. In particular, in this prospectus, we have provided only two years of audited financial statements and have not included all of the executive compensation-related information that would be required if we were not an emerging growth company.

In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards, delaying the adoption of these accounting standards until they would apply to private companies. We have elected to avail ourselves of this exemption from new or revised accounting standards, and, therefore, we will not be subject to the same new or revised accounting standards at the same time as other public companies that are not emerging growth companies or those that have opted out of using such extended transition period, which may make comparison of our financial statements with such other public companies more difficult. We may take advantage of these reporting exemptions until we no longer qualify as an emerging growth company, or, with respect to adoption of certain new or revised accounting standards, until we irrevocably elect to opt out of using the extended transition period. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting standards as of public company effective dates.

THE OFFERING

Class A common stock offered by us	shares
Option to purchase additional shares	We have granted the underwriters an option for a period of 30 days to purchase up to an additional shares of our Class A common stock.
Class A common stock to be outstanding immediately after this offering	shares (or shares if the underwriters exercise their option to purchase additional shares in full).
Class B common stock to be outstanding immediately after this offering	shares
Use of proceeds	We estimate that the net proceeds from this offering will be approximately $ million, or $ million if the underwriters exercise in full their option to purchase additional shares of Class A common stock, assuming an initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. We currently intend to use the net proceeds from this offering, together with our existing cash and cash equivalents, as follows: to fund research and development activities including but not limited to the operation of our platform, drug discovery and research programs, and continued development of the programs in our pipeline, including designing and conducting preclinical studies and clinical trials, as well as funding infrastructure to support our pipeline; to fund the paydown of debt; and the remaining amounts to fund working capital, other general corporate purposes and strategic investments, including through Induction Labs. However, we do not have agreements or commitments for any investments at this time. See the section titled “Use of Proceeds” for more information.
Voting Rights	Shares of our Class A common stock are entitled to one vote per share.

Shares of our Class B common stock are entitled to votes per share.

Holders of our Class A common stock and Class B common stock will generally vote together as a single class, unless otherwise required by law or our amended and restated certificate of incorporation. Upon completion of this offering, , will hold approximately % of the voting power of our outstanding capital stock in the aggregate, which voting power may increase over time. See the sections titled “Principal Stockholders” and “Description of Capital Stock” for additional information.

Risk factors	See the section titled “Risk Factors” for a discussion of factors you should carefully consider before deciding to invest in shares of our Class A common stock.
Proposed Nasdaq trading symbol	“RXRX”

The number of shares of our Class A common stock and Class B common stock to be outstanding after this offering is based on shares of our Class A common stock (after giving effect to the conversion of all of our shares of convertible preferred stock) and shares of our Class B common stock outstanding as of December 31, 2020, and excludes:

- 13,873,278 shares of Class A common stock issuable upon the exercise of options outstanding as of December 31, 2020 with a weighted-average exercise price of $2.79 per share;
- 1,197,875 shares of Class A common stock issuable upon the exercise of options granted after December 31, 2020 with a weighted-average exercise price of $6.65 per share;
- shares of Class B common stock, which reflects shares of our common stock outstanding as of December 31, 2020 that will be exchanged for an equivalent number of shares of our Class B common stock immediately prior to the completion of this offering pursuant to the terms of certain exchange agreements, or the Class B Stock Exchange.
- 234,700 shares of Class A common stock issuable upon the exercise of warrants to purchase shares as of December 31, 2020;
- 1,067,711 shares of Class A common stock reserved for future issuance under our 2016 Equity Incentive Plan, as amended, as of December 31, 2020, which shares will be added to the shares to be reserved for future issuance under our 2021 Equity Incentive Plan, or 2021 Plan;
- shares of Class A common stock reserved for future issuance under our 2021 Plan, which will become effective in connection with this offering, as well as any automatic increases in the number of shares of Class A common stock reserved for future issuance under this plan; and
- shares of Class A common stock reserved for future issuance under our 2021 Employee Stock Purchase Plan, or 2021 ESPP, which will become effective in connection with this offering, as well as any automatic increases in the number of shares of Class A common stock reserved for future issuance under this plan.

Unless otherwise indicated, this prospectus assumes or gives effect to the following:

- no exercise of outstanding options;
- no exercise by the underwriters of their option to purchase additional shares of Class A common stock from us in this offering;
- the automatic conversion of all outstanding shares of our convertible preferred stock as of December 31, 2020, into an aggregate of 77,065,357 shares of our Class A common stock and Class B common stock immediately prior to the completion of this offering; and
- the filing and effectiveness of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws, each of which will occur immediately prior to the completion of this offering.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables set forth our summary consolidated financial data for the periods indicated. We have derived the consolidated statements of operations data for the years ended December 31, 2020 and 2019, and the consolidated balance sheet data as of December 31, 2020, from our audited consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that should be expected for any future period. You should read the following summary consolidated financial data together with the more detailed information contained in "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our consolidated financial statements and the related notes included elsewhere in this prospectus.

	Year Ended December 31,	
	2020	2019
	(in thousands, except share and per share data)	
Consolidated Statement of Operations Data:		
Revenue:		
Grant revenue	$ 549	$ 608
Operating revenue	3,413	1,711
Total revenue	3,962	2,319
Operating expenses:		
Research and development expenses	63,319	45,809
General and administrative	25,258	18,951
Total operating expenses	88,577	64,760
Loss from operations	(84,615)	(62,441)
Other income (loss), net	(2,391)	562
Net loss and comprehensive loss	$ (87,006)	$ (61,879)
Net loss per share, basic and diluted(1)	$ (5.99)	$ (4.30)
Weighted average shares of common stock, basic and diluted	14,520,924	14,380,177
Pro forma net loss per share, basic and diluted (unaudited)(2)	$ (1.16)	$ (0.96)
Weighted-average shares outstanding used in computing pro forma net loss per share, basic and diluted (unaudited)	74,977,375	64,746,144

(1) See Note 11 to our consolidated financial statements appearing at the end of this prospectus for details on the calculation of basic and diluted net loss per share.

(2) Unaudited pro forma basic and diluted net loss per share were computed to give effect to the automatic conversion of all outstanding shares of convertible preferred stock into shares of common stock in connection with a qualified initial public offering, using the as-converted method as though the conversion had occurred as of the beginning of the period presented or the date of issuance, if later.

	As of December 31, 2020		
	Actual	Pro Forma[1]	Pro Forma As Adjusted[2][3]
		(unaudited) (in thousands)	
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 262,126	$ 262,126	$
Working capital[4]	246,379	244,774	
Total assets	298,585	298,585	
Total liabilities	56,562	56,562	
Convertible preferred stock	448,312	—	
Total stockholders' (deficit) equity	(206,289)	242,023	

(1) The pro forma balance sheet data gives effect to the automatic conversion of all outstanding shares of our convertible preferred stock into an aggregate of shares of our Class A common stock and Class B common stock which will occur immediately prior to the completion of this offering, resulting in an aggregate of outstanding shares of our Class A common stock and outstanding shares of our Class B common stock.

(2) The pro forma as adjusted column in the balance sheet data table above gives effect to i) the pro forma adjustments described in footnote (1) above, ii) the issuance and sale of shares of Class A common stock in this offering at the initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, and (iii) the use of proceeds from this offering to repay certain indebtedness as described in the section titled "Use of Proceeds".

(3) Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, the pro forma as adjusted amount of each of our cash and cash equivalents, working capital, total assets and stockholders' deficit by $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase or decrease of 1.0 million shares in the number of shares offered by us at the assumed initial public offering price would increase or decrease, as applicable, each of our cash and cash equivalents, working capital, total assets, and stockholders' deficit by $ million. The pro forma as adjusted information set forth above is illustrative only and will depend on the actual initial public offering price and other terms of this offering determined at pricing.

(4) Working capital is defined as current assets less current liabilities. See our financial statements appearing elsewhere in this prospectus for further details regarding our current assets and current liabilities.

GLOSSARY

A Summary of Key Terms Used in this Prospectus

Biological Tools. Methods and physical reagents by which scientists can perturb biological states, especially to model disease. Examples in the Recursion Data Universe include: CRISPR-mediated gene editing, soluble factors (e.g., proteins, metabolites, and toxins), live viruses, and more.

Brute-Force Search. A process by which potential therapeutic agents are discovered through direct experimentation to evaluate large numbers of reagent/perturbation combinations (e.g., high-throughput screening of a million small molecules against ten cellular disease models, requiring 10,000,000 experiments). See the definition of Inferential Search for contrast.

Chemical Entity, Known and New (KCE, NCE). Classes of drug discovery programs evaluating candidate therapeutic agents that have either been previously investigated (Known Chemical Entity) in human preclinical and/or clinical trials, or not been previously investigated (New Chemical Entity) in human clinical trials. Known Chemical Entity programs evaluate candidate therapeutic agents for a different application than their original study and may provide a faster route to treatments. New Chemical Entities often represent a more robust opportunity for intellectual property protections such as composition of matter patents.

Chemistry Tools. The set of chemical therapeutic agents, including existing known chemical entities and *chemical starting points* for new chemical entity programs, to be applied in brute-force or inferential search; the infrastructure to store, synthesize, and analyze such small molecules and their derivatives; and the know-how and software, including digital chemistry and predictive ADMET, to progress such small molecules towards clinical candidacy.

Digital Chemistry. The use of computational methods to solve chemical problems in drug discovery. It includes using methods such as large-scale structural searches, protein target simulations, small molecule property calculations, and machine learning-based predictions to make decisions.

Drug Discovery Funnel. The process by which the large universe of potential therapeutic agents is sequentially filtered down to a small number of candidates with increasing likelihood to be clinically beneficial and have an acceptable safety and tolerability profile for patients. It includes various sequential stages of therapeutic advancement, including early and late discovery, preclinical research, and clinical development.

Discovery, Early and Late. Stages in the drug discovery funnel that are initiated once a potential therapeutic agent has demonstrated early experimental success or prediction in the case of inference (Early Discovery), or subsequent orthogonal experimental validation (Late Discovery).

Functional Readout. Refers to a type of experimental readout, in this case a complex physiological endpoint (e.g. cell viability, neuronal outgrowth, mitochondrial respiration, etc.). We utilize functional readouts, measured in our -omics and bespoke assays, to validate potential therapeutic agents.

High-Dimensional. A dataset or data source is considered high-dimensional if many independent numerical measurements are taken simultaneously that provide a largely holistic view of the underlying activity and state of a biological system. High-dimensional contrasts with low-dimensional, in which small numbers of numerical measurements are taken, providing a highly limited view of biological or chemical activity and state.

High-Throughput Screening. An approach to running drug discovery experiments at the scale of millions of chemical and biological perturbations. It is enabled by deploying tools such as robotics, automated monitoring systems, liquid handling devices, and integrated analysis pipelines.

Highly Relatable. A dataset is highly relatable if data is reproducible and comparable (through the application of proprietary control and reference strategies) across independent experiments, extended durations of time (months and years), and diverse biological or chemical tools (e.g. CRISPR to soluble factors to small molecules).

Industrialization. In the context of drug discovery, refers to super-linear growth through standardization of biological and chemical experimentation systems and technological analyses to create a pipeline with higher likelihoods of clinical success, lower cost, and faster timelines.

Inferential Search. A process by which potential therapeutic perturbations are discovered through ML-enabled predictions of future results based on prior experiments, for example relationships between therapeutic and disease perturbations. The number of experiments to be conducted is proportional to the sum of the sizes of the therapeutic and disease perturbation libraries (e.g., 1,000,010 for a million small molecules against ten cellular disease models). See the definition of Brute-Force Search for contrast.

Laboratory, Wet and Dry. A research environment set up to run scientific experiments. In a wet lab, physical tests are run using chemistry tools, biology tools and other experimental reagents. In a dry lab, inferences are drawn *in silico,* through computational programs, models or simulations (e.g., predictive ADMET).

Large Molecule. Refers to natural polymers comprising large numbers of small building blocks (e.g., RNA, protein, and antibody therapeutics and certain natural products).

Mechanism of Action. The specific biological interaction through which a therapeutic agent, such as a small molecule, exerts its beneficial effect. A target hypothesis attempts to select a mechanism at the beginning of discovery, whereas unbiased approaches may be able to discover novel, unexpected mechanisms.

Meta-Data. Data regarding the technical execution of an experiment rather than the result of the experiment itself, for example, physical conditions and reagent lots. Tracking meta-data is critical for generating highly relatable data and for the proper interpretation of high-throughput screening.

Omics. Various data capture and analysis methods whereby one can analyze biological signals with universal or very broad coverage (e.g., whole genome). Omics includes: phenomics (cell morphology), transcriptomics (levels of RNA), proteomics (protein expression patterns), and InVivomics (digitization of complex animal behavior). Given the central role of phenomics at Recursion, “orthogonomics” refers to -omics data that is orthogonal, or independent of phenomics.

Perturbation. The application of biological or chemistry tools to change the state of a biological system such as a cell type in culture, for example to model and generate biological states.

Petabyte. A quantity of data: 10^{15} bytes, 1,000 terabytes, or 1,000,000 gigabytes. Equivalent to approximately 500 billion pages of standard typed text or 125 million microscopy images.

Preclinical. A stage in the drug discovery funnel prior to clinical development. For KCE programs, those programs with human PK/PD and safety profiles supporting in-licensing and for which we are seeking a license. For NCE programs, programs executing toxicology and efficacy studies in pursuit of an IND in the desired indication.

Predictive ADMET. ADMET, or Absorption, Distribution, Metabolism, Excretion, and Toxicity, is an abbreviation for a set of assessments aimed at understanding drug liabilities, particularly focusing on implications for whole systems, organs, and organisms. Predictive ADMET are computational dry lab approaches for detecting and avoiding risk related to such liabilities.

Recursion Data Universe. Our collection of highly-relatable, proprietary, and high-dimensional datasets of biology and chemistry upon which the Recursion Map operates.

Recursion Infrastructure. Our synchronized network of highly scalable enabling hardware and enabling software to design, execute, aggregate, and store our massive biological and chemical datasets.

Recursion Map. Our software tools and algorithms that use our data to obtain insights more efficiently than testing everything in the lab, in order to drive actionable insights for our research and development teams.

Recursion Operating System, or Recursion OS. Our integrated, multi-faceted system for generating, analyzing, and deriving insight from massive biological and chemical datasets. It consists of the Infrastructure Layer, the Recursion Data Universe, and the Recursion Map, which collectively enable our industrialization of drug discovery.

Small Molecule. In contrast to large molecules, therapeutic agents not comprising polymers of repeated building blocks: typically under 900 Daltons in molecular mass. Most approved drugs fall into this category.

Super-Linear Growth. Growth with a rate that increases over time (e.g., doubling count every year, exponential growth). In drug discovery, it is a goal of industrialization. Contrast this with linear growth, which has a constant growth rate (e.g., increasing total number of programs by 2-fold per year).

Unbiased. Collections of data and analyses that reduce the amount of expected prior understanding of biology relevant to a given disease indication or biological question, such as the pursuit of new therapeutics. Unbiased contrasts with biased, in which human interpretation and expectations drive the data collected and analyses performed.

Validation. A process by which discoveries are confirmed to have efficacious potential in secondary and additional, independent, experimental approaches that are highly relevant to the specific disease indication of interest (see omics and in particular, orthogonomics).

Risk Factors

RISK FACTORS

Investing in our Class A common stock involves a high degree of risk. You should carefully consider the risks described below, as well as the other information in this prospectus, including our consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," before deciding whether to invest in our Class A common stock. The occurrence of any of the events or developments described below could harm our business, financial condition, results of operations and growth prospects. In such an event, the market price of our Class A common stock could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.

Risks Related to Our Financial Position and Need for Additional Capital

We are a clinical-stage biotechnology company with a limited operating history.

We are a clinical-stage biotechnology company with a limited operating history. Biopharmaceutical product development is a highly speculative undertaking and involves a substantial degree of risk. Since our inception in November 2013, we have focused substantially all of our efforts and financial resources on building our drug discovery platform and developing our initial drug candidates. We have no products approved for commercial sale and therefore have never generated any revenue from drug product sales, and we do not expect to generate any revenue from drug product sales in the foreseeable future. We have not obtained regulatory approvals to market any of our drug candidates and there is no assurance that we will obtain regulatory approvals to market and sell drug products in the future.

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

We have incurred net losses in each year since our inception. Our net losses were $61.9 million and $87.0 million for the years ended December 31, 2019 and 2020, respectively. We had an accumulated deficit of $213.6 million as of December 31, 2020. Substantially all of our operating losses have resulted from costs incurred in connection with research and development efforts, including clinical studies, and from general and administrative costs associated with our operations. We expect our operating expenses to significantly increase as we continue to invest in research and development efforts and the commencement and continuation of clinical trials of our existing and future drug candidates. In addition, if we obtain marketing approval for any drug candidates, we will incur significant sales, marketing, and outsourced-manufacturing expenses. Once we are a public company, we will incur additional costs associated with operating as a public company. As a result, we expect to continue to incur significant and increasing operating losses for the foreseeable future. Our prior losses, combined with expected future losses, have had and will continue to have an adverse effect on our stockholders' deficit and working capital. Because of the numerous risks and uncertainties associated with developing pharmaceutical products and new technologies, we are unable to predict the extent of any future losses or when we will become profitable, if at all. Even if we do become profitable, we may not be able to sustain or increase our profitability on a quarterly or annual basis.

Even if we consummate this offering, our mission is broad and expensive to achieve and we will need to raise substantial additional funding. If we are unable to raise capital when needed, we would be forced to delay, reduce, or eliminate at least some of our product development programs, business development plans, strategic investments, or potential commercialization efforts.

We have ambitious plans to decode biology and deliver new drugs to the patients that need them. Our mission is broad, expensive to achieve and will require additional capital in the future. In addition,

the development of pharmaceutical products is capital-intensive. We have four clinical stage programs and 33 additional programs in various stages of preclinical development. We expect our expenses to increase in connection with our ongoing activities, particularly as we continue the research and development of, initiate clinical trials of, and potentially seek marketing approval for, our drug candidates, and add to our pipeline what we believe will be an accelerating number of additional programs. In addition, depending on the status of potential regulatory approval, or if we obtain marketing approval for any current or future drug candidates, we could expect to incur significant expenses related to product sales, marketing, manufacturing and distribution. We may also need to raise additional funds sooner if we choose to pursue additional indications and/or geographies for our drug candidates or otherwise expand more rapidly than we presently anticipate. Furthermore, upon the closing of this offering, we expect to incur additional costs associated with operating as a public company. Accordingly, we will need to obtain substantial additional funding in connection with our continuing operations. If we are unable to raise capital when needed or on attractive terms, we would be forced to delay, reduce, or eliminate certain of our research and development programs or potential future commercialization efforts.

We expect that the net proceeds from this offering, together with our existing cash and cash equivalents, borrowings available to us and short-term investments as of the date of this prospectus, will be sufficient to fund our operating expenses and capital expenditures for at least the next months. Our future capital requirements will depend on and could increase significantly as a result of many factors, including:

- the impact of any business interruptions to our operations, including the timing and enrollment of participants in our planned clinical trials, or to operations of our manufacturers, suppliers, or other vendors resulting from the COVID-19 pandemic or a similar public health crisis or other force majeure event;
- the scope, progress, results and costs of our current and future clinical trials and additional preclinical research for our programs;
- the number of future drug candidates that we pursue and their development requirements;
- the costs, timing, and outcome of regulatory review of our drug candidates;
- our ability to establish and maintain collaborations on favorable terms, if at all;
- the success of any collaborations that we may enter into with third parties;
- the extent to which we acquire or invest in businesses, products, and technologies, including entering into licensing or collaboration arrangements for drug candidates;
- the costs of preparing, filing, and prosecuting patent applications, maintaining, protecting, and enforcing our intellectual property rights and defending intellectual property-related claims;
- our headcount growth and associated costs as we expand our business operations and our research and development activities; and
- the costs of operating as a public company.

Identifying potential drug candidates and conducting preclinical development testing and clinical trials is a time-consuming, expensive, and uncertain process that takes years to complete, and we may never generate the necessary data or results required to obtain marketing approval and achieve product sales. In addition, our drug candidates, if approved, may not achieve commercial success. We anticipate that our commercial revenues, if any, will be derived from sales of products that we do not expect to be commercially available for many years, if at all. Accordingly, we will need to continue to rely on additional financing to achieve our business objectives.

Any additional fundraising efforts may divert our management from day-to-day activities, which may adversely affect our ability to develop and commercialize our drug candidates and technologies, and we can provide no assurance that such funding will be available on terms that are acceptable to us, or at all.

Until such time, if ever, as we can generate substantial revenues, we expect to finance our cash needs through a combination of private and public equity offerings, debt financings, strategic collaborations, strategic alliances, and licensing arrangements. We do not have any committed external source of funds. Disruptions in the financial markets in general and more recently due to the COVID-19 pandemic may make equity and debt financing more difficult to obtain and may have a material adverse effect on our ability to meet our fundraising needs. We cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable to us, if at all. Moreover, the terms of any financing may adversely affect the holdings or the rights of our stockholders and the issuance of additional securities, whether equity or debt, by us, or the possibility of such issuance, may cause the market price of our shares to decline. To the extent that we raise additional capital through the sale of Class A common stock or securities convertible or exchangeable into Class A common stock, your ownership interest will be diluted, and the terms of those securities may include liquidation or other preferences that materially adversely affect your rights as a common stockholder. The incurrence of indebtedness would result in increased fixed payment obligations and we may be required to agree to certain restrictive covenants, such as limitations on our ability to incur additional debt, limitations on our ability to acquire, sell or license intellectual property rights and other operating restrictions that could adversely impact our ability to make capital expenditures, declare dividends, or otherwise conduct our business. We could also be required to seek funds through arrangements with collaborators or otherwise at an earlier stage than otherwise would be desirable and we may be required to relinquish rights to some of our technologies or drug candidates, future revenue streams, or research programs or otherwise agree to terms unfavorable to us. If we are unable to obtain funding on a timely basis, we may be required to significantly curtail, delay or discontinue one or more of our research or development programs or the commercialization of any drug candidate or be unable to expand our operations or otherwise capitalize on our business opportunities, as desired, which could materially affect our business, financial condition, and results of operations.

We have no products approved for commercial sale and have not generated any revenue from product sales.

Our ability to become profitable depends upon our ability to generate substantial revenue in an amount necessary to offset our expenses. To date, we have not generated any revenue from our drug candidates or technologies, other than limited grant revenues, milestone payments from Takeda Pharmaceutical Company Limited and a technology access fee from Bayer, and we do not expect to generate any revenue from the sale of products in the near future. We do not expect to generate significant revenue unless and until we progress our drug candidates through clinical trials and obtain marketing approval of, and begin to sell one or more of our drug candidates, or otherwise receive substantial licensing or other payments. Our ability to generate revenue depends on a number of factors, including, but not limited to, our ability to:

- successfully complete preclinical studies;
- have Investigational New Drug, or IND, applications approved by the U.S. Food Drug Administration, or FDA, allowing us to commence clinical trials;
- successfully enroll subjects in, and complete, clinical trials;
- receive regulatory approvals from applicable regulatory authorities;
- initiate and successfully complete all safety and other studies required to obtain U.S. and foreign marketing approval for our drug candidates;

- establish commercial manufacturing capabilities or make arrangements with third-party manufacturers for clinical supply and commercial manufacturing;
- obtain and maintain patent and trade secret protection or regulatory exclusivity for our drug candidates;
- launch commercial sales of our drug candidates, if and when approved, whether alone or in collaboration with others;
- obtain and maintain acceptance of the drug candidates, if and when approved, by patients, the medical community, and third-party payors;
- effectively compete with other therapies;
- obtain and maintain healthcare coverage and adequate reimbursement;
- protect and enforce our intellectual property rights and defend against intellectual property claims;
- take temporary precautionary measures to help minimize the impact of the COVID-19 pandemic or other force majeure event on our business; and
- maintain a continued acceptable safety profile of the drug candidates following approval.

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

We or our current and future collaborators may never successfully develop and commercialize drug products, which would negatively affect our results of operation and our ability to continue our business operations.

We may not succeed in producing drug candidates that can be commercialized. To achieve success with our drug candidates, we or our current or future collaborators must develop, and eventually commercialize, a drug product or drug products that generate significant revenue. We currently generate revenues primarily from our collaboration relationships and expect to continue to derive most of our revenue from these relationships until such time as our or our collaborators' drug development and commercialization efforts are successful, if ever.

Achieving success in drug development will require us or our current or future collaborators to be effective in a range of challenging activities, including completing preclinical testing and clinical trials of drug candidates, obtaining regulatory approval for these drug candidates, and manufacturing, marketing, and selling any products for which we or they may obtain regulatory approval. We and our current drug discovery collaborators are only in the preliminary stages of most of these activities. We and they may never succeed in these activities and, even if we do, we may never generate revenues that are significant enough to achieve profitability, or even if our collaborators do, we may not receive option fees, milestone payments, or royalties from them that are significant enough for us to achieve profitability. Because of the intense competition in the market for our data solutions and the numerous risks and uncertainties associated with biopharmaceutical product development, we are unable to accurately predict when, or if, we will be able to achieve or sustain profitability.

Even if we achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would eventually depress the value of our company and could impair our ability to raise capital, expand our business, maintain our research and development efforts, develop a pipeline of drug candidates, enter into collaborations, or even continue our operations. A decline in the value of our company could also cause you to lose all or part of your investment.

Our quarterly and annual operating results may fluctuate significantly in the future due to a variety of factors, many of which are outside of our control and may be difficult to predict.

The amount of our future losses is uncertain and our quarterly and annual operating results may fluctuate significantly or may fall below the expectations of investors or securities analysts, each of which may cause our stock price to fluctuate or decline. The reasons our quarterly and annual operating results may fluctuate include the following:

- the cost to continue to maintain, develop, and integrate technological advancements;
- the timing, quality, regulatory compliance, and success or failure of clinical trials for our drug candidates or competing drug candidates, or any other change in the competitive landscape of our industry, including consolidation among our competitors or partners;
- our ability to successfully recruit and retain subjects, sites, and staff for clinical trials, and any delays caused by difficulties in such efforts;
- our ability to obtain marketing approval for our drug candidates, and the timing and scope of any such approvals we may receive;
- the timing and cost of, and level of investment in, research and development activities relating to our drug candidates, which may change from time to time;
- the timing, complexity, and cost of manufacturing our drug candidates, which may vary depending on the quantity of production and the terms of our agreements with manufacturers;
- our ability to attract, hire, and retain qualified personnel, including highly specialized scientists, clinicians, and engineers;
- expenditures that we will or may incur to develop additional drug candidates;
- the level of demand for our drug candidates should they receive approval, which may vary significantly;
- the risk/benefit profile, cost, and reimbursement policies with respect to our drug candidates, if approved, and existing and potential future therapeutics that compete with our drug candidates;
- the changing and volatile U.S. and global economic environments, including as a result of the COVID-19 pandemic and terrorism; and
- future accounting pronouncements or changes in our accounting policies.

The cumulative effects of these and other factors could result in large fluctuations and unpredictability in our quarterly and annual operating results. As a result, comparing our operating results on a period-to-period basis may not be meaningful. This variability and unpredictability could also result in our failing to meet the expectations of industry or financial analysts or investors for any period. If our revenue or operating results fall below the expectations of analysts or investors or below any forecasts we may provide to the market, or if the forecasts we provide to the market are below the expectations of analysts or investors, the price of our Class A common stock could decline substantially. Such a stock price decline could occur even when we have met any previously publicly stated guidance we may provide.

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

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

- increased operating expenses and cash requirements;

- the assumption of indebtedness or contingent liabilities;
- the issuance of our equity securities which would result in dilution to our stockholders' equity;
- assimilation of operations, intellectual property, products, and drug candidates of an acquired company, including difficulties associated with integrating new personnel;
- the diversion of our management's attention from our existing product programs and initiatives in pursuing such an acquisition or strategic partnership;
- retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing products or drug candidates and regulatory approvals; and
- our inability to generate revenue from acquired intellectual property, technology, and/or products sufficient to meet our objectives or even to offset the associated transaction and maintenance costs.

In addition, if we undertake such a transaction, we may issue dilutive securities, assume, or incur debt obligations, incur large one-time expenses, and acquire intangible assets that could result in significant future amortization expense.

Risks Related to the Discovery and Development of Drug Candidates

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

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

Our drug candidates are in preclinical or clinical development, which are lengthy and expensive processes with uncertain outcomes and the potential for substantial delays. We cannot give any assurance that any of our drug candidates will be successful in clinical trials or receive regulatory approval, which approval is necessary before they can be commercialized.

Our drug candidates are in preclinical or clinical development, which are lengthy and expensive processes with uncertain outcomes and the potential for substantial delays. We have not yet demonstrated our ability to complete clinical development, obtain regulatory approvals, manufacture a commercial scale product, or arrange for a third party to do so on our behalf, or conduct sales and marketing activities necessary for successful commercialization. We currently have four clinical-stage drug candidates focused on rare, monogenic diseases with no known established regulatory precedent. We anticipate filing IND applications with the FDA for Phase 2 studies and beginning such studies for all four drug candidates within the next four to five quarters. We may not be able to file such

INDs or INDs for any other drug candidates on the timelines we expect, if at all, and any such delays could impact any additional product development timelines. For example, we may experience manufacturing delays with preclinical and clinical studies. Moreover, we cannot be sure that submission of an IND will result in the FDA allowing further clinical trials to begin, or that, once begun, issues will not arise that require us to suspend or terminate clinical trials. Commencing each of these clinical trials is subject to finalizing the trial design based on discussions with the FDA and other regulatory authorities. Any guidance we receive from the FDA or other regulatory authorities is subject to change. These regulatory authorities could change their positions at any time, including their positions on the acceptability of our trial designs or the clinical endpoints or populations selected, which may require us to complete additional clinical trials or impose stricter approval conditions than we currently expect. Successful completion of our clinical trials is a prerequisite to submitting a New Drug Application, or NDA, to the FDA and a Marketing Authorization Application, or MAA, to the European Medicines Agency, or EMA, or Medicines and Healthcare Products Regulatory Agency, or MHRA, for each drug candidate and, consequently, the ultimate approval and commercial marketing of each drug candidate. We do not know whether any of our future clinical trials will begin on time or ever be completed on schedule, if at all.

If we are required to conduct additional clinical trials or other testing of our drug candidates beyond those that we currently contemplate, if we are unable to successfully complete clinical trials of our drug candidates or other testing, if the results of these trials or tests are not positive or are only modestly positive or if there are safety concerns, we may:

- be delayed in obtaining marketing approvals for our drug candidates;
- not obtain marketing approvals at all;
- obtain approvals for indications or patient populations that are not as broad as intended or desired or that impose label restrictions or warnings or risk mitigation requirements;
- be subject to post-marketing testing requirements; or
- have products removed from the market after obtaining marketing approval.

Clinical development is a lengthy and expensive process, with an uncertain outcome.

It is impossible to predict when or if any of our drug candidates will prove effective and safe in humans or will receive regulatory approval. To obtain marketing approval from regulatory authorities for the sale of any drug candidate, we must complete preclinical studies and then conduct extensive clinical trials to demonstrate the safety and efficacy of our drug candidates in humans. We may accelerate from cell models in our drug discovery platform directly to patients without validating results through animal studies, or validate them in animal studies at the same time as we conduct Phase 1 clinical trials. This approach could pose additional risks to our success because the effect of certain of our drug candidates on diseases has not been tested in animals prior to testing in humans. Clinical testing is expensive, difficult to design and implement, can take many years to complete, and is uncertain as to outcome. A failure of one or more clinical trials can occur at any stage of testing. The outcome of preclinical development testing and early clinical trials may not be predictive of the success of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that have believed their drug candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain marketing approval of their drug candidates or adequate payor reimbursement for approved products. Our preclinical studies and future clinical trials may not be successful.

From time to time, we may publish interim top-line or preliminary data from our clinical trials. Interim data from clinical trials are subject to the risk that one or more of the clinical outcomes may

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

We may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our drug candidates.

We may experience delays in completing our preclinical studies and initiating or completing clinical trials, and we may experience numerous unforeseen events during, or as a result of, any future clinical trials that we could conduct that could delay or prevent our ability to receive marketing approval or commercialize our drug candidates, including:

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

We could encounter delays if a clinical trial is suspended or terminated by us, by the IRBs or ethics committees of the institutions at which such trials are being conducted, by the Data Safety Monitoring Board for such a trial, or by the FDA or other regulatory authorities. Regulatory authorities

may impose a suspension or termination or clinical hold due to a number of factors, such as failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by the FDA or other regulatory authorities, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a product, changes in governmental regulations or administrative actions, or lack of adequate funding to continue the clinical trial. Many of the factors that could cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our drug candidates. Further, the FDA may disagree with our clinical trial design and our interpretation of data from clinical trials or may change the requirements for approval even after it has reviewed and commented on the design for our clinical trials.

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

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

We may not be able to initiate or continue clinical trials for current or future drug candidates if we are unable to locate and enroll a sufficient number of eligible participants in these trials as required by the FDA or similar regulatory authorities outside the United States. Our ability to enroll eligible participants may be limited or may result in slower enrollment than we anticipate. In addition, competitors may initiate or have ongoing clinical trials for drug candidates that treat the same indications as our current or future drug candidates, and participants who would otherwise be eligible for our clinical trials may instead enroll in our competitors' clinical trials. Furthermore, our ability to enroll participants may be delayed by the evolving COVID-19 pandemic and we do not know the extent and scope of such delays at this point.

In addition to the competitive trial environment, the eligibility criteria of our planned clinical trials will further limit the pool of available study participants as we will require that participants have specific characteristics, such as rare diseases connected to our drug candidates, which also may make enrollment challenging. Additionally, the process of finding potential participants may prove costly. We also may not be able to identify, recruit, and enroll a sufficient number of participants to complete our clinical studies because of the perceived risks and benefits of the drug candidates under study, the availability and efficacy of competing therapies and clinical trials, the proximity and availability of clinical trial sites for prospective participants, and the referral practices of physicians. If people are unwilling to participate in our studies for any reason, the timeline for recruiting participants, conducting studies, and obtaining regulatory approval of potential products may be delayed.

Clinical trial enrollment may be affected by other factors including:

- the severity of the disease under investigation;
- the eligibility criteria for the clinical trial in question;
- the availability of an appropriate genomic screening test;
- the perceived risks and benefits of the drug candidate under study;

- the efforts to facilitate timely enrollment in clinical trials;
- the referral practices of physicians;
- the ability to monitor participants adequately during and after the trial;
- the proximity and availability of clinical trial sites for prospective participants;
- factors we may not be able to control, such as current or potential pandemics that may limit the availability of participants, principal investigators, study staff, or clinical sites, such as the outbreak of COVID-19;
- referral practices of physicians;
- ability to monitor participants adequately during and after the trial;
- ability to recruit clinical trial investigators with the appropriate competencies and experience;
- our ability to maintain participant informed consent and privacy; and
- the risk that enrolled participants will not complete a clinical trial.

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

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

We may develop future drug candidates, in combination with one or more disease therapies. The uncertainty resulting from the use of our drug candidates in combination with other disease therapies may make it difficult to accurately predict side effects in future clinical trials.

As is the case with many treatments for rare diseases and other conditions, there have been, and it is likely that there may be, side effects associated with the use of our drug candidates. If significant adverse events or other side effects are observed in any of our current or future drug candidates, we may have difficulty recruiting participants in our clinical trials, they may drop out of our trials, or we may be required to abandon the trials or our development efforts of one or more drug candidates altogether. We, the FDA or other applicable regulatory authorities, or an IRB may suspend or terminate clinical trials of a drug candidate at any time for various reasons, including a belief that subjects in such trials are being exposed to unacceptable health risks or adverse side effects. Some potential therapeutics developed in the biotechnology industry that initially showed therapeutic promise in early-stage trials

have later been found to cause side effects that prevented their further development. Even if the side effects do not preclude the product from obtaining or maintaining marketing approval, undesirable side effects may inhibit market acceptance of the approved product due to its tolerability versus other therapies. Any of these developments could materially harm our business, financial condition, and prospects.

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

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

Following the United Kingdom's departure from the EU on January 31, 2020, and the end of the a "transition period" on December 31, 2020, the EU and the United Kingdom have entered into a trade and cooperation agreement which governs certain aspects of their future relationship, including by ensuring tariff-free trade for certain goods and services. Since the regulatory framework for pharmaceutical products in the United Kingdom relating to quality, safety and efficacy of pharmaceutical products, clinical trials, marketing authorization, commercial sales and distribution of pharmaceutical products is derived from EU directives and regulations, Brexit will materially impact the future regulatory regime which applies to products and the approval of drug candidates in the United Kingdom. Longer term, the United Kingdom is likely to develop its own legislation that diverges from that in the EU.

The incidence and prevalence for target patient populations of our drug candidates have not been established with precision. If the market opportunities for our drug candidates are smaller than we estimate or if any approval that we obtain is based on a narrower definition of the patient population, our revenue and ability to achieve profitability will be adversely affected, possibly materially.

Even if approved for commercial sale, the total addressable market for our drug candidates will ultimately depend upon, among other things, the diagnosis criteria included in the final label, if our drug candidates are approved for these indications, acceptance by the medical community and patient access, product pricing and reimbursement. The number of patients targeted by our drug candidates may turn out to be lower than expected, patients may not be otherwise amenable to treatment with our products, or new patients may become increasingly difficult to identify or gain access to, all of which would adversely affect our results of operations and our business. We may not be successful in our

efforts to identify additional drug candidates. Due to our limited resources and access to capital, we must prioritize development of certain drug candidates, which may prove to be the wrong choice and may adversely affect our business.

Although we intend to explore other therapeutic opportunities, in addition to the drug candidates that we are currently developing, we may fail to identify viable new drug candidates for clinical development for a number of reasons. If we fail to identify additional potential drug candidates, our business could be materially harmed.

Research programs to pursue the development of our existing and planned drug candidates for additional indications and to identify new drug candidates and disease targets require substantial technical, financial, and human resources whether or not they are ultimately successful. For example, pursuant to our Research Collaboration and Option Agreement with Bayer AG, or the Bayer Agreement, we collaborate with Bayer AG, or Bayer, to develop various projects related to fibrosis. There can be no assurance that we will find potential targets using this approach, that any such targets will be tractable, or that such clinical validations will be successful. Our research programs may initially show promise in identifying potential indications and/or drug candidates, yet fail to yield results for clinical development for a number of reasons, including:

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

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

Accordingly, there can be no assurance that we will ever be able to identify additional therapeutic opportunities for our drug candidates or to develop suitable potential drug candidates through internal research programs, which could materially adversely affect our future growth and prospects. We may focus our efforts and resources on potential drug candidates or other potential programs that ultimately prove to be unsuccessful.

If we are not able to obtain, or if there are delays in obtaining, required regulatory approvals for our drug candidates, we will not be able to commercialize, or will be delayed in commercializing, our drug candidates, and our ability to generate revenue will be materially impaired.

Our drug candidates and the activities associated with their development and commercialization, including their design, testing, manufacture, safety, efficacy, recordkeeping, labeling, storage, approval, advertising, promotion, sale, distribution, import and export are subject to comprehensive

regulation by the FDA and other regulatory agencies in the United States and by comparable authorities in other countries. Before we can commercialize any of our drug candidates, we must obtain marketing approval. Currently, all of our drug candidates are in development, and we have not received approval to market any of our drug candidates from regulatory authorities in any jurisdiction. It is possible that our drug candidates, including any drug candidates we may seek to develop in the future, will never obtain regulatory approval. We have only limited experience in filing and supporting applications to regulatory authorities and expect to rely on CROs and/or regulatory consultants to assist us in this process. Securing regulatory approval requires the submission of extensive preclinical and clinical data and supporting information to the various regulatory authorities for each therapeutic indication to establish the drug candidate's safety and efficacy. Securing regulatory approval also requires the submission of information about the product manufacturing process to, and inspection of manufacturing facilities by, the relevant regulatory authority. Our drug candidates may not be effective, may be only moderately effective or may prove to have undesirable or unintended side effects, toxicities or other characteristics that may preclude our obtaining marketing approval or prevent or limit commercial use. In addition, regulatory authorities may find fault with our manufacturing process or facilities or that of third-party contract manufacturers. We may also face greater than expected difficulty in manufacturing our drug candidates.

The process of obtaining regulatory approvals, both in the United States and abroad, is expensive and often takes many years. If the FDA or a comparable foreign regulatory authority requires that we perform additional preclinical or clinical trials, approval, if obtained at all, may be delayed. The length of such a delay varies substantially based upon a variety of factors, including the type, complexity and novelty of the drug candidates involved. Changes in marketing approval policies during the development period, changes in or the enactment of additional statutes or regulations, or changes in regulatory review for each submitted NDA, 510(k), Premarket Approval Application, or PMA, or equivalent application types, may cause delays in the approval or rejection of an application. The FDA and comparable authorities in other countries have substantial discretion in the approval process and may refuse to accept any application or may decide that our data are insufficient for approval and require additional preclinical, clinical, or other studies. Our drug candidates could be delayed in receiving, or fail to receive, regulatory approval for many reasons, including the following:

- the FDA or comparable foreign regulatory authorities may disagree with the design or implementation of our clinical trials;
- we may not be able to enroll a sufficient number of patients in our clinical studies;
- we may be unable to demonstrate to the satisfaction of the FDA or comparable foreign regulatory authorities that a drug candidate is safe and effective for its proposed indication or a related companion diagnostic is suitable to identify appropriate patient populations;
- the results of clinical trials may not meet the level of statistical significance required by the FDA or comparable foreign regulatory authorities for approval;
- we may be unable to demonstrate that a drug candidate's clinical and other benefits outweigh its safety risks;
- the FDA or comparable foreign regulatory authorities may disagree with our interpretation of data from preclinical studies or clinical trials;
- the data collected from clinical trials of our drug candidates may not be sufficient or of sufficient quality to support the submission of an NDA or other submission or to obtain regulatory approval in the United States or elsewhere;
- the FDA or comparable foreign regulatory authorities may find deficiencies with or fail to approve the manufacturing processes or facilities of third-party manufacturers with which we contract for clinical and commercial supplies; and

- the approval policies or regulations of the FDA or comparable foreign regulatory authorities may significantly change such that our clinical or manufacturing data are insufficient for approval.

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

If we experience delays in obtaining approval or if we fail to obtain approval of our drug candidates, the commercial prospects for our drug candidates may be harmed and our ability to generate revenues will be materially impaired.

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

We conduct drug discovery activities for or with collaborators who are engaged in drug discovery and development. These collaborators include pre-commercial biotechnology companies and large pharmaceutical companies. When we engage in drug discovery with these collaborators, we typically provide the benefit of our platform and platform experts who identify molecules that have activity against one or more specified targets. In consideration, we have received equity investments, upfront fees, and/or the right to receive option fees, cash milestone payments upon the achievement of specified development, regulatory, commercial sales milestones for the drug discovery targets, and potential royalties.

We may never realize a longer-term return on our investment of resources and cash in our drug discovery collaborations. Clinical drug development involves a lengthy and expensive process, with an uncertain outcome. Our drug discovery collaborators may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of any drug candidates. In addition, our ability to realize returns from our drug discovery collaborations is subject to the following risks:

- drug discovery collaborators have significant discretion in determining the amount and timing of efforts and resources that they will apply to our collaborations and may not perform their obligations as expected;
- drug discovery collaborators may not pursue development or commercialization of any drug candidates for which we are entitled to option fees, milestone payments, or royalties or may elect not to continue or renew development or commercialization programs based on results of clinical trials or other studies, changes in the collaborator's strategic focus or available funding, or external factors, such as an acquisition, that divert resources or create competing priorities;
- drug discovery collaborators may delay clinical trials for which we are entitled to milestone payments;
- we may not have access to, or may be restricted from disclosing, certain information regarding our collaborators' drug candidates being developed or commercialized and, consequently, may have limited ability to inform our stockholders about the status of, and likelihood of achieving, milestone payments or royalties under such collaborations;
- drug discovery collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with any drug candidates and products for which we

are entitled to milestone payments or royalties and the collaborator may believe that the competitive products are more likely to be successfully developed or can be commercialized under terms that are more economically attractive;

- drug candidates discovered in drug discovery collaborations with us may be viewed by our collaborators as competitive with their own drug candidates or products, which may cause our collaborators to cease to devote resources to the commercialization of any such drug candidates;
- existing drug discovery collaborators and potential future drug discovery collaborators may begin to perceive us to be a competitor more generally, particularly as we advance our internal drug discovery programs, and therefore may be unwilling to continue existing collaborations with us or to enter into new collaborations with us;
- a drug discovery collaborator may fail to comply with applicable regulatory requirements regarding the development, manufacture, distribution, or marketing of a drug candidate or product, which may impact our ability to receive milestone payments;
- disagreements with drug discovery collaborators, including disagreements over intellectual property or proprietary rights, contract interpretation, or the preferred course of development, might cause delays or terminations of the research, development, or commercialization of drug candidates for which we are eligible to receive milestone payments, or might result in litigation or arbitration;
- drug discovery collaborators may not properly obtain, maintain, enforce, defend or protect our intellectual property or proprietary rights or may use our proprietary information in such a way as to potentially lead to disputes or legal proceedings that could jeopardize or invalidate our or their intellectual property or proprietary rights or expose us and them to potential litigation;
- drug discovery collaborators may infringe, misappropriate, or otherwise violate the intellectual property or proprietary rights of third parties, which may expose us to litigation and potential liability; and
- drug discovery collaborations may be terminated prior to our receipt of any significant value from the collaboration.

Our drug discovery collaborations may not lead to development or commercialization of drug candidates that results in our receipt of option fees, milestone payments, or royalties or other payments in a timely manner, or at all. For example, we may be over-reliant on our partners to provide information for molecules that we in-license. The molecules that we in-license may not be well protected because the composition of matter patents that once protected them have expired. Moreover, we may have difficulty obtaining the quality and quantity of active pharmaceutical ingredient, or API, or be able to ensure the stability of the molecule, all of which is needed to conduct clinical trials or bring a drug candidate to market. For those molecules that we are attempting to repurpose for other indications, our partners may have not have sufficient data, poor quality data or be able to help us interpret data, any of which could cause our collaboration to fail.

If any drug discovery collaborations that we enter into do not result in the successful development and commercialization of drug products that result in option fees, milestone payments, or royalties or other payments to us, we may not receive return on the resources we have invested in such drug discovery collaborations. Moreover, even if a drug discovery collaboration initially leads to the achievement of milestones that result in payments to us, it may not continue to do so.

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

The development and commercialization of new products in the biopharmaceutical and related industries is highly competitive. There are other companies focusing on technology-enabled drug discovery to identify and develop NCEs and KCEs. Some of these competitive companies are based on scientific approaches that are the same as or similar to our approach, and others are based on entirely different approaches. These companies include divisions of large pharmaceutical companies and biotechnology companies of various sizes. We face competition with respect to our current drug candidates and will face competition with respect to any drug candidates that we may seek to develop or commercialize in the future, from major pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies worldwide. Potential competitors also include academic institutions, government agencies, and other public and private research organizations that conduct research, seek patent protection, and establish collaborative arrangements for research, development, manufacturing, and commercialization.

Any drug candidates that we successfully develop and commercialize will compete with currently approved therapies and new therapies that may become available in the future from segments of the pharmaceutical, biotechnology and other related industries that pursue new therapeutics. Key product features that would affect our ability to effectively compete with other therapeutics include the efficacy, safety, and convenience of our products. We believe principal competitive factors to our business include, among other things, the accuracy of our computations and predictions, ability to integrate experimental and computational capabilities, ability to successfully transition research programs into clinical development, ability to raise capital, and the scalability of the platform, pipeline, and business.

Many of the companies that we compete against or against which we may compete in the future have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved products than we do. Mergers and acquisitions in the pharmaceutical, biotechnology and diagnostic industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These competitors also compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient recruitment for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs. In addition, we cannot predict whether our current competitive advantages and our software tools, will remain in place and evolve appropriately as barriers to entry in the future. If not, other companies may be able to more directly or effectively compete with us.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than any products that we or our collaborators may develop. Our competitors also may obtain FDA or other regulatory approval for their products more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we or our collaborators are able to enter the market. The key competitive factors affecting the success of all of our drug candidates, if approved, are likely to be their efficacy, safety, convenience, price, the level of generic competition and the availability of reimbursement from government and other third-party payors.

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

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

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

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

Risks Related to our Platform and Data

Our business and operations would suffer in the event of computer system failures, cyber-attacks, or deficiencies in our or third parties' cybersecurity.

We are increasingly dependent upon information technology systems, infrastructure, and data to operate our business. In the ordinary course of business, we collect, store, and transmit confidential information (including but not limited to intellectual property, proprietary business information, personal information, and other confidential information). It is critical that we do so in a secure manner to maintain the confidentiality and integrity of this information. We also have outsourced elements of our operations to third parties, and as a result we manage a number of third-party vendors and other contractors and consultants who have access to our confidential information.

Given our limited operating history, we are still in the process of implementing our internal security and business continuity measures and developing our information technology infrastructure. Our internal computer systems and those of current and future third parties on which we rely may fail and are vulnerable to damage from computer viruses and unauthorized access. Our information technology and other internal infrastructure systems, including corporate firewalls, servers, data center facilities that we colocate in, lab equipment, leased lines, and connection to the Internet, face the risk

of breakdown or other damage or interruption from service interruptions, system malfunction, natural disasters, terrorism, war and telecommunication and electrical failures, as well as security breaches from inadvertent or intentional actions by our employees, contractors, consultants, business partners, and/or other third parties, or from cyber-attacks by malicious third parties (including the deployment of harmful malware, ransomware, denial-of-service attacks, social engineering and other means to affect service reliability and threaten the confidentiality, integrity and availability of information), each of which could compromise our system infrastructure or lead to the loss, destruction, alteration, disclosure, or dissemination of, or damage or unauthorized access to, our data or data that is processed or maintained on our behalf, or other assets.

If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our development programs and our business operations, and could result in financial, legal, business, and reputational harm to us. For example, one of our primary differentiators is our proprietary technical information and biological and chemical data. The loss, corruption, unavailability of, or damage to our data would interfere with and undermine the insights we draw from our platform, which could result in the waste of resources on insights based on flawed premises. In addition, the loss or corruption of, or other damage to, clinical trial data from completed or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. Likewise, we rely on third parties for the manufacture of our drug candidates or any future drug candidates and to conduct clinical trials, and similar events relating to their systems and operations could also have a material adverse effect on our business and lead to regulatory agency actions. The risk of a security breach or disruption, particularly through cyber-attacks or cyber intrusion, including by computer hackers, foreign governments, and cyber terrorists, has generally increased as the number, intensity, and sophistication of attempted attacks and intrusions from around the world have increased. Sophisticated cyber attackers (including foreign adversaries engaged in industrial espionage) are skilled at adapting to existing security technology and developing new methods of gaining access to organizations' sensitive business data, which could result in the loss of proprietary information, including trade secrets. We may not be able to anticipate all types of security threats, and we may not be able to implement preventive measures effective against all such security threats. For example, third parties have in the past and may in the future illegally pirate our software and make that software publicly available on peer-to-peer file sharing networks or otherwise. The techniques used by cyber criminals change frequently, may not be recognized until launched, and can originate from a wide variety of sources, including outside groups such as external service providers, organized crime affiliates, terrorist organizations, or hostile foreign governments or agencies. In addition, in response to the ongoing COVID-19 pandemic, the majority of our workforce is currently working remotely. This could increase our cybersecurity risk, create data accessibility concerns, and make us more susceptible to communication disruptions.

Any security breach or other event that leads to loss, damage, or unauthorized access to, or use, alteration, or disclosure or dissemination of, personal information, including personal information regarding clinical trial subjects, contractors, directors, or employees, our intellectual property, proprietary business information, or other confidential or proprietary information, could harm our reputation directly, enable competitors to compete with us more effectively, compel us to comply with federal and/or state breach notification laws and foreign law equivalents, subject us to mandatory corrective action and otherwise subject us to liability under laws and regulations that protect the privacy and security of personal information, which could result in significant legal and financial exposure and reputational damage that could potentially have an adverse effect on our business. Notifications and follow-up actions related to a security incident could impact our reputation, and we could incur substantial costs, including legal and remediation costs, in connection with these measures and otherwise in connection with any actual or suspected security breach. We expect to incur significant costs in an effort to detect and prevent security incidents and otherwise implement our internal security and business continuity measures, and actual, potential, or anticipated attacks may cause us to incur

increasing costs, including costs to deploy additional personnel and protection technologies, train employees, and engage third-party experts and consultants. We may face increased costs and find it necessary or appropriate to expend substantial resources in the event of an actual or perceived security breach.

The costs related to significant security breaches or disruptions could be material and our insurance policies may not be adequate to compensate us for the potential losses arising from any such disruption in, or failure or security breach of, our systems or third-party systems where information important to our business operations or commercial development is stored or processed. In addition, such insurance may not be available to us in the future on economically reasonable terms, or at all. Further, our insurance may not cover all claims made against us and could have high deductibles in any event, and defending a suit, regardless of its merit, could be costly and divert management attention. Furthermore, if the information technology systems of our third-party vendors and other contractors and consultants become subject to disruptions or security breaches, we may have insufficient recourse against such third parties and we may have to expend significant resources to mitigate the impact of such an event, and to develop and implement protections to prevent future events of this nature from occurring.

If we are not able to develop new solutions and enhancements to our platform that keep pace with technological developments, our business and results of operations would be harmed.

Our ability to increase revenue depends in large part on our ability to enhance and improve our platform. The success of any enhancement to our platform depends on several factors, including the generation of additional biological and chemical data, innovation in hardware solutions, increased computational storage and processing capacity and development of more advanced algorithms. Any new enhancement that we develop may not be introduced in a timely or cost-effective manner, may contain errors, vulnerabilities or bugs, or may not achieve the functionality necessary to generate significant revenue. If we are unable to successfully develop new innovations, enhance our existing platform, or otherwise gain market acceptance, our reputation, business, results of operations, and financial condition would be harmed. Our success also depends on our ability to identify important and emerging use cases and quickly develop new and effective innovations to address those use cases.

We have invested and expect to continue to invest in research and development efforts that further enhance our platform. Such investments may affect our operating results, and, if the return on these investments is lower or develops more slowly than we expect, our revenue and operating results may suffer.

We have invested and expect to continue to invest in research and development efforts that further enhance our platform. These investments may involve significant time, risks, and uncertainties, including the risk that the expenses associated with these investments may affect our margins and operating results and that such investments may not generate sufficient revenues to offset liabilities assumed and expenses associated with these new investments. The software industry changes rapidly as a result of technological and product developments, which may render our solutions less effective. We believe that we must continue to invest a significant amount of time and resources in our platform to maintain and improve our competitive position. If we do not achieve the benefits anticipated from these investments, if the achievement of these benefits is delayed, our business, operating results and prospects may be materially adversely affected.

Defects or disruptions in our platform could result in diminishing our value and prospects.

Our platform depends upon the continuous, effective, and reliable operation of our software, hardware, databases, and related tools and functions and the integrity of our data. Our proprietary

software tools, hardware, and data sets are inherently complex and may contain defects or errors. Errors may result from the interface of our proprietary software and hardware tools with our data or third-party systems and data, which we did not develop. The risk of errors is particularly significant when new software or hardware is first introduced or when new versions or enhancements of existing software or hardware are implemented. We have from time to time found defects in our software and hardware, and new errors in our existing software and hardware may be detected in the future. Any errors, defects, disruptions, or other performance problems with our software, hardware, or data sets could hurt our ability to gather valuable insights that drive our drug discoveries. Furthermore, our platform may produce an incomplete data set lacking in coverage which could result in a material adverse effect on our ability to discover new drug candidates. Such discovery is dependent on the integrity and completeness of our data. The occurrence of any of these events could result in diminishing value of our platform and data and have a material adverse effect on our business, operating results and prospects.

We rely upon third-party providers of cloud-based infrastructure to host our platforms. Any disruption in the operations of these third-party providers, limitations on capacity, or interference with our use could adversely affect our business, financial condition, and results of operations.

We outsource substantially all of the technological infrastructure relating to our hosted platform to third-party hosting services, such as Google Cloud and Amazon Web Services, or AWS. We have no control over any of these third parties, and while we attempt to reduce risk by minimizing reliance on any single third party or its operations, we cannot guarantee that such third-party providers will not experience system interruptions, outages or delays, or deterioration in their performance. We need to be able to access our computational platform at any time, without interruption or degradation of performance. Our hosted platform depends on protecting the virtual cloud infrastructure hosted by third-party hosting services by maintaining its configuration, architecture, features, and interconnection specifications, as well as protecting the information stored in these virtual data centers, which is transmitted by third-party Internet service providers. We have experienced, and expect that in the future we may again experience interruptions, delays and outages in service and availability from time to time due to a variety of factors, including infrastructure changes, human or software errors, website hosting disruptions and capacity constraints. Any limitation on the capacity of our third-party hosting services could adversely affect our business, financial condition, and results of operations. In addition, any incident affecting our third-party hosting services' infrastructure that may be caused by cyber-attacks, natural disasters, fire, flood, severe storm, earthquake, power loss, telecommunications failures, terrorist or other attacks, and other disruptive events beyond our control could negatively affect our cloud-based solutions. A prolonged service disruption affecting our cloud-based solutions could damage our reputation or otherwise harm our business. We may also incur significant costs for using alternative equipment or taking other actions in preparation for, or in reaction to, events that damage the third-party hosting services we use.

In the event that our service agreements with our third-party hosting services are terminated, or there is a lapse of service, elimination of services or features that we utilize, interruption of Internet service provider connectivity, or damage to such facilities, we could experience interruptions in access to the our platform as well as significant delays and additional expense in arranging or creating new facilities and services and/or re-architecting our hosted software solutions for deployment on a different cloud infrastructure service provider, which could adversely affect our business, financial condition, and results of operations.

If our security measures are breached or unauthorized access to our other data is otherwise obtained, our data may be perceived as not being secure and we may incur significant liabilities.

We use a set of proprietary tools to generate, analyze, and derive novel insights from our data. As a result, unauthorized access to or security breaches of our data, as a result of third-party action, employee or contractor error, malfeasance, or otherwise could result in the loss or corruption of, or other damage to information, claims and litigation, indemnity obligations, damage to our reputation, and other liability. Our collaborators and other third parties we work with may also suffer similar security breaches of data that we rely on. Because the techniques used to obtain unauthorized access or sabotage systems change frequently and generally are not identified until they are launched against a target, we and those we collaborate with may be unable to anticipate these techniques or implement adequate preventative measures. In addition, if our employees or contractors fail to adhere to practices we have established to maintain a firewall between our internal drug discovery team and our teams that work with external individuals, including our collaborators, or if the technical solutions we have adopted to maintain the firewall malfunction, our collaborators may lose confidence in our ability to maintain the confidentiality of their intellectual property, we may have trouble attracting new collaborators, we may be subject to breach of contract claims by our collaborators, and we may suffer reputational and other harm as a result. Any or all of these issues could result in reputational damage or subject us to third-party lawsuits or other action or liability, which could adversely affect our operating results. Our insurance may not be adequate to cover losses associated with such events, and in any case, such insurance may not cover all of the types of costs, expenses, and losses we could incur to respond to and remediate a security breach. For more information see “Risk Factors—Our business and operations would suffer in the event of computer system failures, cyber-attacks or deficiencies in our or third parties’ cyber security.”

Our solutions utilize third-party open source software, and any failure to comply with the terms of one or more of these open source software licenses could adversely affect our business, subject us to litigation, or create potential liability.

Our solutions include software licensed by third parties under any one or more open source licenses, including the Apache 2.0 License, MIT, BSD variants, and others, and we expect to continue to incorporate open source software in our solutions in the future. Moreover, we cannot ensure that we have effectively monitored our use of open source software, or validated the quality or source of such software, or that we are in compliance with the terms of the applicable open source licenses or our current policies and procedures. There have been claims against companies that use open source software in their products and services asserting that the use of such open source software infringes the claimants’ intellectual property rights. As a result, we could be subject to suits by third parties claiming that what we believe to be licensed open source software infringes such third parties’ intellectual property rights. Additionally, if an author or other third party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages and required to comply with onerous conditions or restrictions on these solutions, which could disrupt the distribution and sale of these solutions. Litigation could be costly for us to defend, have a negative effect on our business, financial condition, and results of operations, or require us to devote additional research and development resources to change our solutions. Furthermore, these third-party open source providers could experience service outages, data loss, privacy breaches, cyber-attacks, and other events relating to the applications and services they provide that could diminish the utility of these services and which could harm our business as a result.

Use of open source software may entail greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding

infringement claims or the quality of the code, including with respect to security vulnerabilities where open source software may be more susceptible. In addition, certain open source licenses require that source code for software programs that interact with such open source software be made available to the public at no cost and that any modifications or derivative works to such open source software continue to be licensed under the same terms as the open source software license. The terms of various open source licenses to which we are subject have not been interpreted by courts in the relevant jurisdictions, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to market or provide our software and data. By the terms of certain open source licenses, we could be required to release the source code of our proprietary software, and to make our proprietary software available under open source licenses, if we combine our proprietary software with open source software in a certain manner. In the event that portions of our proprietary software are determined to be subject to an open source license, we could be required to publicly release the affected portions of our source code, re-engineer all or a portion of our solutions, or otherwise be limited in the licensing of our solutions, each of which could reduce or eliminate the value of our solutions. Disclosing our proprietary source code could allow our competitors to create similar products with lower development effort and time and ultimately could result in a loss of sales. Furthermore, any such re-engineering or other remedial efforts could require significant additional research and development resources, and we may not be able to successfully complete any such re-engineering or other remedial efforts. Any of these events could create liability for us and damage our reputation, which could have a material adverse effect on our revenue, business, results of operations, and financial condition and the market price of our shares.

Risks Related to Our Operations/Commercialization

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

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

A pandemic, epidemic, or outbreak of an infectious disease, such as COVID-19, may materially and adversely affect our business and our financial results and could cause a disruption to the development of our drug candidates.

Public health crises such as pandemics or similar outbreaks could adversely impact our business. In early 2020, a novel strain of a virus named SARS-CoV-2 (severe acute respiratory syndrome coronavirus 2), or coronavirus, which causes COVID-19 has spread to most countries across the world

and all 50 states within the U.S. including Utah and specifically Salt Lake City, where our primary office and laboratory space is located. The coronavirus pandemic is evolving, and to date has led to the implementation of various responses, including government-imposed quarantines, travel restrictions and other public health safety measures. The extent to which the coronavirus impacts our operations or those of our third-party partners, including our preclinical studies or clinical trial operations, will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that will emerge concerning the severity of coronavirus infection and the actions to contain the coronavirus or treat its impact, among others. The continued spread of COVID-19 globally, or the evolution of a new variant of COVID-19 that is more contagious, has more severe effects or is resistant to treatments or vaccinations, could adversely impact our preclinical or clinical trial operations in the U.S., including our ability to recruit and retain trial participants as well as principal investigators and site staff who, as healthcare providers, may have heightened exposure to COVID-19 if an outbreak occurs in their geography. For example, similar to other biopharmaceutical companies, we may experience delays in initiating preclinical and clinical studies, protocol deviations, enrolling our clinical trials, or dosing of patients in our clinical trials as well as in activating new trial sites. COVID-19 or any variants may also affect employees of third-party CROs located in affected geographies that we rely upon to carry out our clinical trials. In addition, as a result of medical complications associated with the diseases of the patients we seek to enroll and treat in our trials, the patient populations that our lead and other drug candidates target may be particularly susceptible to COVID-19 or any variants, which may make it more difficult for us to identify individuals able to enroll in our current and future clinical trials and may impact the ability of those enrolled to complete any such trials. Any negative impact COVID-19 or any variants has on enrollment or the execution of our drug trials could cause costly delays, which could adversely affect our ability to obtain regulatory approval for and to commercialize our drug candidates, increase our operating expenses, and have a material adverse effect on our financial results.

Additionally, timely enrollment in planned clinical trials is dependent upon clinical trial sites which could be adversely affected by global health issues, such as pandemics. We plan to conduct clinical trials for our drug candidates in geographies which are currently being affected by the coronavirus. Some factors from the coronavirus outbreak that will delay or otherwise adversely affect enrollment in the clinical trials of our drug candidates, as well as our business generally, include:

- the potential diversion of healthcare resources away from the conduct of clinical trials to focus on pandemic concerns, including the attention of physicians serving as our clinical trial investigators, hospitals serving as our clinical trial sites and hospital staff supporting the conduct of our prospective clinical trials;
- limitations on travel that could interrupt key trial and business activities, such as clinical trial site initiations and monitoring, domestic and international travel by employees, contractors or patients to clinical trial sites, including any government-imposed travel restrictions or quarantines that will impact the ability or willingness of patients, employees or contractors to travel to our clinical trial sites or secure visas or entry permissions, a loss of face-to-face meetings and other interactions with potential partners, any of which could delay or adversely impact the conduct or progress of our prospective clinical trials;
- the potential negative effect on the operations of our third-party manufacturers;
- interruptions in global shipping affecting the transport of clinical trial materials, such as tissue samples, investigational drug product and comparator drugs and other supplies used in our studies; and
- business disruptions caused by potential workplace, laboratory and office closures and an increased reliance on employees working from home, disruptions to or delays in ongoing laboratory experiments and operations, staffing shortages, travel limitations or mass transit

disruptions, any of which could adversely impact our business operations or delay necessary interactions with local regulators, ethics committees and other important agencies and contractors.

We have taken temporary precautionary measures intended to help minimize the risk of the coronavirus to our employees, including temporarily permitting certain employees to work remotely, suspending all non-essential travel worldwide for our employees and discouraging employee attendance at industry events and in-person work-related meetings, which could negatively affect our business. We cannot presently predict the scope and severity of the planned and potential shutdowns or disruptions of businesses and government agencies, such as the Securities and Exchange Commission, or the SEC, or FDA.

These and other factors arising from the coronavirus could worsen in countries that are already afflicted with the coronavirus or could continue to spread to additional countries. Any of these factors, and other factors related to any such disruptions that are unforeseen, could have a material adverse effect on our business and our results of operation and financial condition. Further, uncertainty around these and related issues could lead to adverse effects on the economy of the United States and other economies, which could impact our ability to raise the necessary capital needed to develop and commercialize our drug candidates.

If we fail to sufficiently manage and improve our technical hardware infrastructure we may experience errors, delays and other performance problems.

We have experienced significant growth in the complexity of our data and the software tools that our hardware infrastructure supports. In addition, we need to properly manage and improve our technological hardware infrastructure in order to support changes in hardware and software parameters and the evolution of our tools. We have experienced, and may in the future experience, disruptions, outages, failures and other performance problems with our software tools or hardware infrastructure. These types of problems may be caused by a variety of factors, including infrastructure changes, human, mechanical, or software errors, viruses, security attacks, and fraud. In some instances, we may not be able to identify the cause or causes of these problems within an acceptable period of time or at all. If we do not accurately predict and identify our infrastructure requirements and failures, including acquisition of newer infrastructure, our team may experience performance problems that may cause delays in our research and development programs, which could adversely affect our business, financial condition, results of operations, and prospects.

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

The commercial success of our drug candidates will depend upon their degree of market acceptance by physicians, patients, third-party payors, and others in the medical community. Even if any drug candidates we may develop receive marketing approval, they may nonetheless fail to gain sufficient market acceptance by physicians, patients, healthcare payors, and others in the medical community. The degree of market acceptance of any drug candidates we may develop, if approved for commercial sale, will depend on a number of factors, including:

- the efficacy and safety of such drug candidates as demonstrated in pivotal clinical trials and published in peer-reviewed journals;
- the potential and perceived advantages compared to alternative treatments, including any similar generic treatments;
- the ability to offer these products for sale at competitive prices;

- the ability to offer appropriate patient access programs, such as co-pay assistance;
- convenience and ease of dosing and administration compared to alternative treatments;
- the clinical indications for which the drug candidate is approved by FDA or comparable regulatory agencies;
- product labeling or product insert requirements of the FDA or other comparable foreign regulatory authorities, including any limitations, contraindications or warnings contained in a product's approved labeling;
- restrictions on how the product is distributed;
- the timing of market introduction of competitive products;
- publicity concerning these products or competing products and treatments;
- the strength of marketing and distribution support;
- favorable third-party coverage and sufficient reimbursement; and
- the prevalence and severity of any side effects or adverse events.

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

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

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

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

Factors that may inhibit our efforts to commercialize any approved product on our own include:

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

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

As our drug development pipeline increases and matures, the increased demand for clinical and commercial supplies from our facilities and third parties may impact our ability to operate. We will require increased capacity across our entire supply chain. Furthermore, we rely on many service providers, including those that provide manufacturing or testing services, all of whom have inherent risks in their operations that may adversely impact our operations.

We currently utilize, and expect to continue to utilize, third parties to, among other things, manufacture raw materials, components, parts, and consumables, and to perform quality testing, including such materials for our automated robotics platform. If the field of technology-enabled drug discovery continues to expand, we may encounter increasing competition for these materials and services. Demand for third-party manufacturing or testing facilities may grow at a faster rate than their existing capacity, which could disrupt our ability to find and retain third-party suppliers and manufacturers capable of producing sufficient quantities of such raw materials, components, parts, and consumables required for our drug candidates and to maintain our automated robotics platform. The use of service providers and suppliers could expose us to risks, including, but not limited to:

- termination or non-renewal of supply and service agreements with third parties in a manner or at a time that is costly or damaging to us;
- disruptions to the operations of these suppliers and service providers caused by conditions unrelated to our business or operations, including the bankruptcy of the supplier or service provider or force majeure events, such as the COVID-19 pandemic; and

- inspections of third-party facilities by regulatory authorities that could have a negative outcome and result in delays to or termination of their ability to supply our requirements.

Additional risks to our automated robotics platform include reliance on third-party equipment and instrument suppliers and consumable and reagent suppliers. The failure of third-party suppliers to fulfill our needs could adversely affect our ability to continue to operate our drug discovery platform and generate new insights that lead to successful drug candidates.

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

Our facilities in Salt Lake City, Utah have not been reviewed or pre-approved by any regulatory agency, nor has the facility been inspected by any Federal regulatory agency such as the FDA. An inspection by the FDA could disrupt our ability to generate data and develop drug candidates. Our laboratory facilities are designed to incorporate a significant level of automation of equipment with integration of several digital systems to improve efficiency of research operations. We have attempted to achieve a high level of digitization for a research operation relative to industry standards. While this is meant to improve operational efficiency, this may pose additional risk of equipment malfunction and even overall system failure or shutdown due to internal or external factors including, but not limited to, design issues, system compatibility, or potential cybersecurity breaches. This may lead to delay in potential drug candidate identification or shutdown of our facility. Any disruption in our data generation capabilities could cause delays in advancing new drug candidates into our pipeline, advancing existing programs, or enhancing the capabilities of our platform, including expanding our data, the occurrence of which could have a material adverse effect on our business, financial condition, results of operations, and prospects.

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

If, in the future, we decide to produce drug substances or products, we will have no prior experience producing it at our facilities for preclinical and clinical use. We could incur delays in implementing the full operational state of the facility, causing delays to preclinical or clinical supply or need to rely on third-party service providers, resulting in unplanned expenses.

As we expand our development and commercial capacity, we may establish manufacturing capabilities inside the Salt Lake City footprint or expand to other locations or geographies, which may lead to regulatory delays or prove costly. If we fail to select the correct location, complete the construction in an efficient manner, recruit the appropriate personnel, and generally manage our growth effectively, the development and production of our investigational medicines could be delayed or curtailed. Additional investments may be needed if changes in our manufacturing process lead to required changes in the facility's infrastructure.

Our current operations are located in Utah and California; and we or the third parties upon whom we depend may be adversely affected by natural disasters and our business continuity and disaster recovery plans may not adequately protect us from a serious disaster.

Our current operations are located in Salt Lake City, Utah and Milpitas, California. Any unplanned event, such as flood, fire, explosion, earthquake, extreme weather condition, medical epidemics, including any potential effects from the current global spread of COVID-19, power shortage, telecommunication failure or other natural or man-made accidents or incidents that result in us being unable to fully utilize our facilities, or the manufacturing facilities of our third-party contract manufacturers, may have a material and adverse effect on our ability to operate our business and have

significant negative consequences on our financial and operating conditions. Loss of access to these facilities may result in increased costs, delays in the development of our drug candidates or interruption of our business operations. Natural disasters or pandemics such as the COVID-19 outbreak could further disrupt our operations, and have a material and adverse effect on our business, financial condition, results of operations and prospects. For example, we have instituted a temporary work from home policy for non-essential office personnel and it is possible that this could have a negative impact on the execution of our business plans and operations, especially because we rely on validating some of the drug discovery biology in our wet lab. Furthermore, our wet lab houses the robots used to produce our dataset that builds the Recursion Data Universe which is a key means by which we conduct drug candidate discovery. If a natural disaster, power outage or other event occurred that prevented us from using all or a significant portion of our headquarters or the datacenter where we collocate our GPU cluster, or damaged critical infrastructure or our robots, such as our research facilities or the manufacturing facilities of our third-party contract manufacturers, or that otherwise disrupted operations, it may be difficult or, in certain cases, impossible, for us to continue our business for a substantial period of time. The disaster recovery and business continuity plans we have in place may prove inadequate in the event of a serious disaster or similar event. Furthermore, we do not have a disaster recovery and business continuity plan for systems related to chemistry. We may incur substantial expenses as a result of the limited nature of our disaster recovery and business continuity plans, which could have a material adverse effect on our business. As part of our risk management policy, we maintain insurance coverage at levels that we believe are appropriate for our business. However, in the event of an accident or incident at these facilities, we cannot assure our investors that the amounts of insurance will be sufficient to satisfy any damages and losses. If our facilities or the manufacturing facilities of our third-party contract manufacturers are unable to operate because of an accident or incident or for any other reason, even for a short period of time, any or all of our research and development programs may be harmed. Any business interruption may have a material and adverse effect on our business, financial condition, results of operations and prospects.

Furthermore, our facilities in Salt Lake City, Utah are located in a busy downtown area. Although we believe we have taken the necessary steps to ensure our operations are safe to the surrounding area, there could be a risk to the public if we were to conduct hazardous material research, including use of flammable chemicals and materials, at our facilities. To date, we have not received any complaints from the public associated with our operations. From time to time, we also hold public events in our Salt Lake City facilities. We have protocols in place to protect our facilities and the confidential information and assets inside; however, it is difficult to secure certain portions of our facilities and security of our confidential and proprietary information could be compromised. Despite the steps we have taken, the surrounding community may still perceive our facility as unsafe, which could have a material and adverse effect on our reputation and operations.

If we fail to comply with environmental, health and safety, or other laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.

We are subject to numerous environmental, health and safety, and other laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our operations involve the use of hazardous and flammable materials, including chemicals and biological and radioactive materials. Our operations also produce hazardous waste products. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties.

Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage or disposal of biological, hazardous or radioactive materials.

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

Under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, if a corporation undergoes an "ownership change," which is generally defined as a greater than 50% change by value in the ownership of its equity over a three-year period, our ability to use our pre-change net operating loss carryforwards and certain other pre-change tax attributes to offset its post-change income could be subject to an annual limitation. Such annual limitation could result in the expiration of a portion of the net operating loss carryforward before utilization. If not utilized the carryforwards will begin to expire in 2036. We may have experienced such ownership changes in the past, and we may experience ownership changes in the future as a result of this offering or subsequent shifts in our stock ownership, some of which are outside of our control; however, we have not determined whether an ownership change has occurred. As of December 31, 2020, we had federal net operating loss carryforwards of approximately $193.8 million, and our ability to utilize those net operating loss carryforwards could be limited by enacted legislation or an "ownership change" as described above, which could result in increased tax liability to us.

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

The preparation of financial statements in conformity with generally accepted accounting principles in the United States, or U.S. GAAP, requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience, known trends and events, and various other factors that we believe to be reasonable under the circumstances, as provided in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Use of Estimates." The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our consolidated financial statements include stock-based compensation and valuation of our equity investments in early-stage biotechnology companies. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our Class A common stock.

Additionally, we regularly monitor our compliance with applicable financial reporting standards and review new pronouncements and drafts thereof that are relevant to us. As a result of new standards, changes to existing standards and changes in their interpretation, we might be required to change our accounting policies, alter our operational policies, and implement new or enhance existing systems so that they reflect new or amended financial reporting standards, or we may be required to restate our published financial statements. Such changes to existing standards or changes in their interpretation may have an adverse effect on our reputation, business, financial position, and profit.

Risks Related to Our Reliance on Third Parties

We expect to rely on third parties to conduct our clinical trials and some aspects of our research and preclinical testing, and those third parties may not perform satisfactorily, including failing to meet deadlines for the completion of such trials, research, or testing.

We currently rely and expect to continue to rely on third parties, such as clinical research organizations, clinical data management organizations, medical institutions, and clinical investigators, to conduct some aspects of research and preclinical testing and clinical trials. Any of these third parties may terminate their engagements with us or be unable to fulfill their contractual obligations. If any of our relationships with these third parties terminate, we may not be able to enter into arrangements with alternative third parties on commercially reasonable terms, or at all. If we need to enter into alternative arrangements, it would delay product development activities.

Our reliance on these third parties for research and development activities reduces control over these activities but does not relieve us of our responsibilities. For example, we remain responsible for ensuring that each of our respective clinical trials is conducted in accordance with the general investigational plan and protocols for the trial and applicable legal, regulatory, and scientific standards, and our reliance on third parties does not relieve us of our regulatory responsibilities. In addition, the FDA and comparable foreign regulatory authorities require compliance with good clinical practices, or GCP guidelines, for conducting, recording, and reporting the results of clinical trials to assure that data and reported results are credible, reproducible and accurate and that the rights, integrity, and confidentiality of trial participants are protected. Regulatory authorities enforce GCP compliance through periodic inspections of trial sponsors, principal investigators, and trial sites. If we or any of these third parties fail to comply with applicable GCP regulations, some or all of the clinical data generated in our clinical trials may be deemed unreliable and the FDA or comparable foreign regulatory authorities may require us to perform additional nonclinical or clinical trials or to enroll additional patients before approving our marketing applications. We cannot be certain that, upon inspection, such regulatory authorities will determine that any of our clinical trials complies with the GCP regulations. For any violations of laws and regulations during the conduct of clinical trials, we could be subject to untitled and warning letters or enforcement action that may include civil penalties up to and including criminal prosecution. We also are required to register ongoing clinical trials and post the results of completed clinical trials on a government-sponsored database within certain timeframes. Failure to do so can result in fines, adverse publicity, and civil and criminal sanctions.

If these third parties do not successfully carry out their contractual duties, meet expected deadlines, or conduct clinical trials in accordance with regulatory requirements or our stated protocols, we will not be able to obtain, or may be delayed in obtaining, marketing approvals for any drug candidates we may develop and will not be able to, or may be delayed in our efforts to, successfully commercialize our medicines. Our failure or the failure of these third parties to comply with applicable regulatory requirements or our stated protocols could also subject us to enforcement action.

We contract with third parties for the manufacture of our drug candidates for preclinical development, clinical testing, and expect to continue to do so for commercialization. This reliance on third parties increases the risk that we will not have sufficient quantities of our drug candidates or products or such quantities at an acceptable cost, which could delay, prevent or impair our development or commercialization efforts.

We do not currently own or operate any manufacturing facilities or personnel, although we are in the process of securing a facility to establish production capabilities for preclinical animal studies and early human clinical trials. We rely, and could expect to continue to rely, on third parties for the manufacture of many of our drug candidates for preclinical development and clinical testing, as well as for the commercial manufacture of our products if any of our drug candidates receive marketing

approval. This reliance on third parties increases the risk that we will not have sufficient quantities of our drug candidates or products or such quantities at an acceptable cost or quality, which could delay, prevent or impair our development or commercialization efforts.

The facilities used by our contract manufacturers to manufacture our drug candidates must be inspected by the FDA pursuant to pre-approval inspections that will be conducted after we submit our marketing applications to the FDA. We do not control the manufacturing process of, and will be completely dependent on, our contract manufacturers for compliance with current good manufacturing practice guidelines, or cGMP, in connection with the manufacture of our drug candidates in the near to intermediate term or possibly long term. If our contract manufacturers cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or others, they will not be able to pass regulatory inspections and/or maintain regulatory compliance for their manufacturing facilities. In addition, we have no control over the ability of our contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If the FDA or a comparable foreign regulatory authority finds deficiencies with or does not approve these facilities for the manufacture of our drug candidates or if it finds deficiencies or withdraws any such approval in the future, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain regulatory approval for or market our drug candidates, if approved. Further, our failure, or the failure of our third- party manufacturers, to comply with applicable regulations could result in sanctions being imposed on us, including clinical holds, fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of drug candidates or products, if approved, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect our business and supplies of our drug candidates. Our third-party manufacturers may be subject to third-party litigation which could disrupt our supply chain, result in liability and harm our business, including the need to increase prices in connection with the commercialization of future drug candidates.

We may be unable to establish any agreements with third-party manufacturers or to do so on acceptable terms. Even if we are able to establish agreements with third-party manufacturers, reliance on third-party manufacturers entails additional risks, including:

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

Our drug candidates and any products that we may develop may compete with other drug candidates and approved products for access to manufacturing facilities or capacity. There are a limited number of manufacturers that operate under cGMP regulations and that might be capable of manufacturing for us.

Any performance failure on the part of our existing or future manufacturers could delay clinical development or marketing approval. If our current contract manufacturers cannot perform as agreed, we may be required to replace such manufacturers. We may incur added costs and delays in identifying and qualifying any such replacement.

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

We also expect to rely on other third parties to store and distribute drug supplies for our clinical trials. Any performance failure on the part of our distributors could delay clinical development or marketing approval of any drug candidates we may develop or commercialization of our medicines, producing additional losses and depriving us of potential product revenue.

The third parties upon whom we rely for certain equipment and the supply of the active pharmaceutical ingredients used in our drug candidates are our only source of supply, and the loss of any of these suppliers could significantly harm our business.

Certain of our specialized equipment and the active pharmaceutical ingredients, or API, used in our drug candidates are supplied to us from single-source suppliers. Our ability to successfully develop our drug candidates, and to ultimately supply our commercial products in quantities sufficient to meet the market demand, depends in part on our ability to obtain equipment and the API for these products in accordance with regulatory requirements and in sufficient quantities for clinical testing and commercialization. We do not currently have arrangements in place for a redundant or second-source supply of any such equipment or API in the event any of our current suppliers of such equipment or API ceases their operations for any reason. We are also unable to predict how changing global economic conditions or potential global health concerns such as the COVID-19 pandemic will affect our third-party suppliers and manufacturers. Any negative impact of such matters on our third-party suppliers and manufacturers may also have an adverse impact on our results of operations or financial condition.

For all of our drug candidates, we intend to identify and qualify additional vendors and manufacturers to provide such equipment or API prior to submission of an NDA to the FDA and/or an MAA to the EMA. We are not certain, however, that our single-source suppliers will be able to meet our demand for their products, either because of the nature of our agreements with those suppliers, our limited experience with those suppliers or our relative importance as a customer to those suppliers. It may be difficult for us to assess their ability to timely meet our demand in the future based on past performance. While our suppliers have generally met our demand for their products on a timely basis in the past, they may subordinate our needs in the future to their other customers.

Establishing additional or replacement suppliers for certain equipment and the API used in our drug candidates, if required, may not be accomplished quickly. If we are able to find a replacement supplier, such replacement supplier would need to be qualified and may require additional regulatory inspection or approval, which could result in further delay. While we seek to maintain adequate inventory of the API used in our drug candidates, any interruption or delay in the supply of components or materials, or our inability to obtain such API from alternate sources at acceptable prices in a timely manner could impede, delay, limit or prevent our development efforts, which could harm our business, results of operations, financial condition and prospects.

We may seek to establish additional collaborations for clinical development or commercialization of our drug candidates, and, if we are not able to establish them on commercially reasonable terms, or at all, we may have to alter our development and commercialization plans.

Our product development programs and the potential commercialization of our drug candidates will require substantial additional cash to fund expenses. For some of our drug candidates, we may decide to collaborate with additional pharmaceutical and biotechnology companies for the development and potential commercialization of those drug candidates. In the near term, the value of our company will depend in part, on the number of and the quality of the collaborations that we create.

Potential collaborators may reject collaborations based upon their assessment of our financial, regulatory or intellectual property position. Whether we reach a definitive agreement for a collaboration

will depend, among other things, upon our assessment of the collaborator's resources and expertise, the terms and conditions of the proposed collaboration and the proposed collaborator's evaluation of a number of factors. Those factors may include the design or results of clinical trials, the likelihood of approval by the FDA or similar regulatory authorities outside the United States, the potential market for the subject drug candidate, the costs and complexities of manufacturing and delivering such drug candidate to patients, the potential of competing products, the existence of uncertainty with respect to our ownership of technology, which can exist if there is a challenge to such ownership without regard to the merits of the challenge and industry and market conditions generally. The collaborator may also consider alternative drug candidates or technologies for similar indications that may be available to collaborate on and whether such a collaboration could be more attractive than the one with us for our drug candidate. The terms of any additional collaborations or other arrangements that we may establish may not be favorable to us.

Collaborative relationships with third parties could cause us to expend significant resources and incur substantial business risk with no assurance of financial return. Management of our relationships with collaborators will require:

- significant time and effort from our management team;
- coordination of our marketing and research and development programs with the marketing and research and development priorities of our collaborators; and
- effective allocation of our resources to multiple projects.

If we are unable to establish or maintain such strategic collaborations on terms favorable to us in the future, our research and development efforts and potential to generate revenue may be limited.

We may also be restricted under collaboration agreements from entering into future agreements on certain terms with potential collaborators. Collaborations are complex and time-consuming to negotiate and document. In addition, the significant number of recent business combinations among large pharmaceutical companies has resulted in a reduced number of potential future collaborators.

We may not be able to negotiate additional collaborations on a timely basis, on acceptable terms, or at all. If we are unable to do so, we may have to curtail the development of the drug candidate for which we are seeking to collaborate, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to increase our expenditures to fund development or commercialization activities on our own, we may need to obtain additional capital, which may not be available to us on acceptable terms or at all. If we do not have sufficient funds, we may not be able to further develop our drug candidates or bring them to market and generate product revenue. Even if we successfully establish new collaborations, these relationships may never result in the successful development or commercialization of drug candidates or the generation of sales revenue. The success of our collaboration arrangements will depend heavily on the efforts and activities of our collaborators. Collaborators generally have significant discretion in determining the efforts and resources that they will apply to these collaborations. To the extent that we enter into collaborative arrangements, the related product revenues are likely to be lower than if we directly marketed and sold products. Such collaborators may also consider alternative drug candidates or technologies for similar indications that may be available to collaborate on and whether such a collaboration could be more attractive than the one with us for any future drug candidate. Disagreements between parties to a collaboration arrangement regarding clinical development or commercialization matters can lead to delays in the development process or commercialization of the applicable drug candidate and, in some cases, the termination of the collaboration arrangement. These disagreements can be difficult to resolve if neither

of the parties has final decision-making authority. Collaborations with pharmaceutical or biotechnology companies or other third parties often are terminated or allowed to expire by the other party. Any such termination or expiration would adversely affect us financially and could harm our business reputation. If we were to become involved in arbitration or litigation with any of our collaborators it would consume time and divert management resources away from operations, damage our reputation and impact our ability to enter into future collaboration agreements and may result in substantial payments from us to our collaborators to settle any disputes.

Risks Related to Our Intellectual Property

If we are unable to adequately protect and enforce our intellectual property and proprietary technology or obtain and maintain patent protection for our technology and products or if the scope of the patent protection obtained is not sufficiently broad, our competitors could develop and commercialize technology and products similar or identical to ours, and our ability to successfully commercialize our technology and products may be impaired.

Our commercial success will depend in part on our ability to obtain, maintain, protect and enforce our proprietary and intellectual property rights in the United States and other countries for our drug candidates, and our core technologies, including our phenomic platform, preclinical and clinical assets, composition of matter, methods of use and formulation patents and related know-how. We seek to protect our proprietary and intellectual property position by, among other methods, filing patent applications in the United States and abroad related to our proprietary technology, inventions and improvements that are important to the development and implementation of our business. However, the patent process is expensive, time consuming and complex, and we may not be able to apply for patents on certain aspects of our technology and products in a timely fashion, at a reasonable cost, in all jurisdictions or at all, and any potential patent coverage we obtain may not be sufficient to prevent substantial competition. In addition, we also rely on trade secrets, know-how and continuing technological innovation to develop and maintain our proprietary and intellectual property position. We do not own or in-license any issued patents with respect to certain of our programs, including our REC-3599 product candidate, our lead molecules for the treatment of C. Difficile Colitis (REC-163964, REC-164014, and REC-164067), our lead molecules for the treatment of neuroinflammation (REC-648455, REC-648597, and REC-648677), our lead molecules for the treatment of Batten Disease (REC-648190, REC-259618, and REC-648647), or the lead molecules for the treatment of CMT2A (REC-64810, REC-648458, REC-1262, and REC-150357), REC-64151 for the Treatment of STK11 Immune Checkpoint Resistance and MYC Inhibitory Molecules for the Treatment of Solid and Hematological Malignancies we can provide no assurance that any of our current or future patent applications will result in issued patents or that any issued patents will provide us with any competitive advantage.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions and has in recent years been the subject of much litigation.

The degree of patent protection we require to successfully commercialize our drug candidates may be unavailable or severely limited in some cases and may not adequately protect our rights or permit us to gain or keep any competitive advantage. We cannot provide any assurances that any of our pending patent applications will issue, or that any of our pending patent applications that mature into issued patents will include claims with a scope sufficient to protect our drug candidates from competition. In addition, the laws of foreign countries may not protect our rights to the same extent as the laws of the United States, and many companies have encountered significant challenges in establishing and enforcing their proprietary rights outside of the United States. Furthermore, patents have a limited lifespan. In the United States, the natural expiration of a patent is generally twenty years

after its first effective non-provisional filing date. Various extensions may be available; however, the life of a patent, and the protection it affords, is limited. Given the amount of time required for the development, testing and regulatory review of new drug candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our owned patent portfolio and any patent portfolio we may license in the future may not provide us with adequate and continuing patent protection sufficient to exclude others from commercializing products similar or identical to our drug candidates, including generic versions of such products.

Other parties have developed technologies that may be related or competitive to our own, and such parties may have filed or may file patent applications, or may have received or may receive patents, claiming inventions that may overlap or conflict with those claimed in our own patent. Publications of discoveries in scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, we cannot know with certainty whether we or our licensors were the first to make the inventions claimed in our owned or licensed patents or pending patent applications, or that we or our licensors were the first to file for patent protection of such inventions. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights cannot be predicted with any certainty.

In addition, the patent prosecution process is expensive, time-consuming and complex, and we may not be able to file, prosecute, maintain, enforce or license all necessary or desirable patent applications at a reasonable cost or in a timely manner. Further, with respect to most of the pending patent applications covering our drug candidates, prosecution has yet to commence. Patent prosecution is a lengthy process, during which the scope of the claims initially submitted for examination by the U.S. Patent and Trademark Office, or USPTO, may be significantly narrowed by the time they issue, if at all. It is also possible that we will fail to identify patentable aspects of our research and development output in time to obtain patent protection. Moreover, in some circumstances, we do not have the right to control the preparation, filing and prosecution of patent applications, or to maintain the patents, covering technology that we license from third parties. We may also require the cooperation of our licensors and collaborators to enforce any licensed patent rights, and such cooperation may not be provided. Therefore, these patents and applications may not be prosecuted and enforced in a manner consistent with the best interests of our business.

We currently own a number of U.S. provisional patent applications. U.S. provisional patent applications are not eligible to become issued patents until, among other things, we file a non-provisional patent application within 12 months of filing one or more of our related provisional patent applications. With regard to such U.S. provisional patent applications, if we do not timely file any non-provisional patent applications, we may lose our priority dates with respect to our provisional patent applications and any patent protection on the inventions disclosed in our provisional patent applications. Further, in the event that we do timely file non-provisional patent applications relating to our provisional patent applications, we cannot predict whether any such patent applications will result in the issuance of patents or if such issued patents will provide us with any competitive advantage.

Even if we acquire patent protection that we expect should enable us to maintain such competitive advantage, third parties may challenge the validity, enforceability or scope thereof, which may result in such patents being narrowed, invalidated or held unenforceable. The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our owned and licensed patents may be challenged in the courts or patent offices in the United States and abroad. For example, we may be subject to a third-party submission of prior art to the USPTO challenging the priority of an invention claimed within one of our patents, which submissions may also be made prior to a patent's issuance, precluding the granting of any of our pending patent applications. Further, inadvertent or intentional public disclosures of our inventions prior to the filing of a patent application

have precluded, and in the future may preclude us from obtaining patent protection in certain jurisdictions. We may become involved in opposition, derivation, reexamination, inter parties review, post-grant review or interference proceedings challenging our patent rights or the patent rights of others from whom we have obtained licenses to such rights. Such proceedings could result in revocation of or amendment to our patents in such a way that they no longer cover our technology or drug candidates.

Competitors may claim that they invented the inventions claimed in our issued patents or patent applications prior to us, or may file patent applications before we do. Competitors may also claim that we are infringing on their patents and that we therefore cannot practice our technology as claimed under our patents, if issued. Competitors may also contest our patents, if issued, by showing the patent examiner that the invention was not original, was not novel or was obvious. In litigation, a competitor could claim that our patents, if issued, are not valid for a number of reasons. If a court agrees, we would lose our rights to those challenged patents.

In addition, we may in the future be subject to claims by our former employees or consultants asserting an ownership right in our patents or patent applications, as a result of the work they performed on our behalf. Although we generally require all of our employees, consultants and advisors and any other third parties who have access to our proprietary know-how, information or technology to assign or grant similar rights to their inventions to us, we cannot be certain that we have executed such agreements with all parties who may have contributed to our intellectual property, nor can we be certain that our agreements with such parties will be upheld in the face of a potential challenge, or that they will not be breached, for which we may not have an adequate remedy. A loss of exclusivity, in whole or in part, could allow others to compete with us and harm our business.

An adverse determination in any such submission or proceeding may result in loss of exclusivity or freedom to operate or in patent claims being narrowed, invalidated or held unenforceable, in whole or in part, which could limit our ability to stop others from using or commercializing similar or identical technology and products, without payment to us, or could limit the duration of the patent protection covering our technology and drug candidates. Such challenges may also result in our inability to manufacture or commercialize our drug candidates without infringing third-party patent rights. In addition, if the breadth or strength of protection provided by our patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future drug candidates.

Even if they are unchallenged, our owned patent portfolio and any patent portfolio we may license in the future may not provide us with any meaningful protection or prevent competitors from designing around our patent claims to circumvent our owned or licensed patents by developing similar or alternative technologies or products in a non-infringing manner. For example, a third party may develop a competitive product that provides benefits similar to one or more of our drug candidates but that has a different composition that falls outside the scope of our patent protection. If the patent protection provided by the patents and patent applications we hold or pursue with respect to our drug candidates is not sufficiently broad to impede such competition, our ability to successfully commercialize our drug candidates could be negatively affected, which would harm our business.

Obtaining and maintaining patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

The USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application and prosecution process. In addition, periodic maintenance fees, renewal fees, annuity fees and various

other governmental fees on patents and/or patent applications often must be paid to the USPTO and foreign patent agencies over the lifetime of the patent and/or patent application. While an unintentional lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include, but are not limited to, failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. If we fail to maintain the patents and patent applications covering our products or procedures, we may not be able to stop a competitor from marketing products that are the same as or similar to our drug candidates, which would have a material adverse effect on our business.

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

In addition to the protection afforded by patents, we rely upon unpatented trade secret protection, unpatented know-how and continuing technological innovation to develop and maintain our competitive position. With respect to curating our data and our library of small molecules generally, we consider trade secrets and know-how to be our primary intellectual property. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with our collaborators, scientific advisors, employees and consultants, and invention assignment agreements with our consultants and employees. We may not be able to prevent the unauthorized disclosure or use of information which we consider to be confidential, our technical know-how or other trade secrets by the parties to these agreements, however, despite the existence generally of confidentiality agreements and other contractual restrictions. Monitoring unauthorized uses and disclosures is difficult, and we do not know whether the steps we have taken to protect our proprietary technologies will be effective. If any of the collaborators, scientific advisors, employees and consultants who are parties to these agreements breaches or violates the terms of any of these agreements, we may not have adequate remedies for any such breach or violation, and we could lose our trade secrets as a result. For example, if one of our employees publicly discloses information that we believe to be confidential or a trade secret we may be unable to protect it in the future. Even where remedies are available, enforcing a claim that a party illegally disclosed or misappropriated our trade secrets, like patent litigation, is expensive and time consuming, and the outcome is unpredictable. In addition, courts outside the United States are sometimes less willing to protect trade secrets.

Our trade secrets could otherwise become known or be independently discovered by our competitors. Competitors could purchase our drug candidates and attempt to replicate some or all of the competitive advantages we derive from our development efforts, willfully infringe our intellectual property rights, design around our protected technology or develop their own competitive technologies that fall outside of our intellectual property rights. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them, or those to whom they communicate it, from using that technology or information to compete with us.

Third parties may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property or proprietary rights, the outcome of which would be uncertain and could have a material adverse effect on the success of our business.

Our commercial success depends upon our ability and the ability of our collaborators to develop, manufacture, market and sell our drug candidates and use our proprietary technologies without infringing, misappropriating or otherwise violating the intellectual property or proprietary rights of third parties. The biotechnology and pharmaceutical industries are characterized by extensive and frequent

litigation regarding patents and other intellectual property rights. For example, we sublicense CRISPR-Cas9 gene editing technology from a licensed vendor, which provides critical tools upon which portions of our drug discovery process relies, but there are ongoing disputes between third parties, which we are not party to, regarding the ownership of and licensing rights related to such technology. CRISPR-Cas9 gene editing is a field that is highly active for patent filings. In November 2018, it was reported that 211 patent families and 1835 patent family members worldwide referenced CRISPR or Cas in the title, abstracts or claims. The extensive patent filings related to CRISPR and Cas make it difficult for us to assess the full extent of relevant patents and pending applications that may cover CRISPR-Cas9. There may be third-party patents or pending patent applications with claims that may issue in the future, covering our use of CRISPR-Cas9. We may need access to such patents in order to continue using CRISPR-Cas9, however we cannot be certain that such patents will be available for license on commercially reasonable terms. We may in the future become party to, or threatened with, adversarial proceedings or litigation regarding intellectual property rights with respect to our drug candidates and technology, including interference proceedings before the USPTO. Our competitors or other third parties may assert infringement claims against us, alleging that our products or technologies are covered by their patents. Given the vast and continually-increasing number of patents in our field of technology, we cannot be certain that we do not infringe existing patents or that we will not infringe patents that may be granted in the future. Many companies have filed, and continue to file, patent applications related to artificial intelligence and deep learning, technology-aided drug discovery, CRISPR, high-throughput screening, and combinations of any or all of these fields. Some of these patent applications have already been allowed or issued, and others may issue in the future. Since these areas are competitive and of strong interest to pharmaceutical and biotechnology companies, there will likely be additional patent applications filed and additional patents granted in the future, as well as additional research and development programs expected in the future. If a patent holder believes our product or drug candidate infringes on its patent, the patent holder may sue us even if we have received patent protection for our technology. Moreover, we may face patent infringement claims from non-practicing entities that have no relevant product revenue and against whom our owned patent portfolio and any patent portfolio we may license in the future may thus have no deterrent effect. If any such claim or proceeding is brought against us, our collaborators or our third-party service providers, our development, manufacturing, marketing, sales and other commercialization activities could be similarly adversely affected. Even if we believe third-party intellectual property claims are without merit, there is no assurance that a court would find in our favor on questions of infringement, validity, enforceability, or priority. A court of competent jurisdiction could hold that third-party patents asserted against us are valid, enforceable, and infringed, which could materially and adversely affect our ability to develop, manufacture, market, sell and commercialize any of our drug candidates or technology. In order to successfully challenge the validity of any such U.S. patent in federal court, we would need to overcome a presumption of validity. As this burden is a high one requiring us to present clear and convincing evidence as to the invalidity of any such U.S. patent claim, there is no assurance that a court of competent jurisdiction would invalidate the claims of any such U.S. patent.

If we are found to infringe a third party's patent or other intellectual property rights, we could be required to obtain a license from such third party to continue developing and marketing our drug candidates and technology. We may choose to obtain a license, even in the absence of an action or finding of infringement. In either case, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain such a license, it could be granted on non-exclusive terms, thereby providing our competitors and other third parties access to the same technologies licensed to us, and it could require us to make substantial licensing, royalty and other payments. Without such a license, we could be forced, including by court order, to cease developing and commercializing the infringing technology or drug candidates. In addition, we could be found liable for monetary damages, including treble damages and attorneys' fees if we are found to have willfully infringed such third-party patent or other intellectual property rights. A finding of infringement could prevent us from commercializing our drug candidates or force us to cease some of

our business operations, which could materially harm our business. If we lose a foreign patent lawsuit, alleging our infringement of a competitor's patents, we could be prevented from marketing our products in one or more foreign countries, which would have a materially adverse effect on our business.

We may be subject to damages resulting from claims that we or our employees have wrongfully used or disclosed alleged trade secrets of our competitors or are in breach of non-competition or non-solicitation agreements with our competitors or claims asserting ownership of what we regard as our own intellectual property.

We could in the future be subject to claims that we or our employees have inadvertently or otherwise used or disclosed alleged trade secrets or other proprietary information of former employers or competitors. Although we try to ensure that our employees and consultants do not use the intellectual property, proprietary information, know-how or trade secrets of others in their work for us, we may in the future be subject to claims that we caused an employee to breach the terms of his or her non-competition or non-solicitation agreement, or that we or these individuals have, inadvertently or otherwise, used or disclosed the alleged trade secrets or other proprietary information of a former employer or competitor. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and could be a distraction to management. If our defenses to these claims fail, in addition to requiring us to pay monetary damages, a court could prohibit us from using technologies or features that are essential to our drug candidates, if such technologies or features are found to incorporate or be derived from the trade secrets or other proprietary information of the former employers. An inability to incorporate such technologies or features would have a material adverse effect on our business, and may prevent us from successfully commercializing our drug candidates. In addition, we may lose valuable intellectual property rights or personnel as a result of such claims. Moreover, any such litigation or the threat thereof may adversely affect our ability to hire employees or contract with independent sales representatives. A loss of key personnel or their work product could hamper or prevent our ability to commercialize our drug candidates, which would have an adverse effect on our business, results of operations and financial condition.

In addition, while it is our policy to require our employees and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who, in fact, conceives or develops intellectual property that we regard as our own. The assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached, and we may be forced to bring claims against third parties, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property. Such claims could have an adverse effect on our business, results of operations and financial condition.

We may become involved in lawsuits to protect or enforce our patents and other intellectual property rights, which could be expensive, time consuming and unsuccessful.

Competitors and other third parties may infringe, misappropriate or otherwise violate our patents and other intellectual property rights. To counter infringement or unauthorized use, we may be required to file infringement claims. A court may disagree with our allegations, however, and may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover it. Further, such third parties could counterclaim that we infringe their intellectual property or that a patent we have asserted against them is invalid or unenforceable. In patent litigation in the United States, defendant counterclaims and *inter partes* reviews challenging the validity, enforceability or scope of asserted patents are commonplace. In addition, third parties may initiate legal proceedings against us to assert such challenges to our intellectual property rights. The outcome of any such proceeding is generally unpredictable. Grounds for a validity challenge could be an alleged failure to meet any of

several statutory requirements, including lack of novelty, obviousness or non-enablement. Patents may be unenforceable if someone connected with prosecution of the patent withheld relevant information from the USPTO or made a misleading statement during prosecution. It is possible that prior art of which we and the patent examiner were unaware during prosecution exists, which could render any patents that may issue invalid. Moreover, it is also possible that prior art may exist that we are aware of but do not believe is relevant to our future patents, should they issue, but that could nevertheless be determined to render our patents invalid.

An adverse result in any litigation proceeding could put one or more of our patents at risk of being invalidated or interpreted narrowly. If a defendant were to prevail on a legal assertion of invalidity or unenforceability of our patents covering one of our drug candidates, we would lose at least part, and perhaps all, of the patent protection covering such drug candidate or technology. Competing products may also be sold in other countries in which our patent coverage might not exist or be as strong.

Intellectual property litigation could cause us to spend substantial resources and distract our personnel from their normal responsibilities.

Litigation or other legal proceedings relating to intellectual property claims, with or without merit, is unpredictable and generally expensive and time consuming and is likely to divert significant resources from our core business, including distracting our technical and management personnel from their normal responsibilities. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our Class A common stock. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities.

We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources and more mature and developed intellectual property portfolios. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon or misappropriating or from successfully challenging our intellectual property rights. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace.

We may not be able to effectively prosecute and enforce our intellectual property rights throughout the world.

Filing, prosecuting and defending patents on our drug candidates in all countries throughout the world would be prohibitively expensive. The requirements for patentability may differ in certain countries, particularly in developing countries. Moreover, our ability to protect and enforce our intellectual property rights may be adversely affected by unforeseen changes in foreign intellectual property laws. Patent protection must ultimately be sought on a country-by-country basis, which is an expensive and time-consuming process with uncertain outcomes. Accordingly, we may choose not to seek patent protection in certain countries, and we will not have the benefit of patent protection in such countries. Additionally, the patent laws of some foreign countries, including some jurisdictions of significant commercial interest, do not afford intellectual property protection to the same extent as the laws of the United States, particularly with regard to software technologies and methods of treatment involving existing drugs. Many companies have encountered significant problems in protecting and

defending intellectual property rights in certain foreign jurisdictions. The legal systems of some countries, particularly developing countries, do not favor the enforcement of patents and other intellectual property rights. This could make it difficult for us to stop the infringement of our patents, if obtained, or the misappropriation of our other intellectual property rights. For example, many foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties and/or which limit the enforceability of patents against third parties, including government agencies or government contractors. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States and, in those foreign countries, patents may provide limited or no benefit. In addition, we and our licensors may have limited remedies in those foreign countries if patents are infringed or if we or our licensors are compelled to grant a license to a third party, which could materially diminish the value of those patents and could limit our potential revenue opportunities.

Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we have patent protection, if our ability to enforce our patents to stop infringing activities is inadequate. These products may compete with our drug candidates, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing. Proceedings to enforce our patent rights in foreign jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and resources from other aspects of our business. Furthermore, while we intend to protect our intellectual property rights in the major markets for our drug candidates, we cannot ensure that we will be able to initiate or maintain similar efforts, or obtain similar patent scope, in all jurisdictions in which we may wish to market our drug candidates. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate to obtain a significant commercial advantage from the intellectual property that we own or license.

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

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

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

A third party may hold intellectual property, including patent rights, that are important or necessary to the development of our products. It may be necessary for us to use the patented or proprietary technology of third parties to commercialize our products, in which case we would be required to obtain a license from these third parties on commercially reasonable terms, or our business

could be harmed, possibly materially. For example, when we explore repurposing molecules owned by our collaboration partners or other third parties, we in-license the rights to use those molecules for our use. If we were not able to obtain a license, or were not able to obtain a license on commercially reasonable terms or with sufficient breadth to cover the intended use of third-party intellectual property, our business could be materially harmed or we may become involved in disputes.

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

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

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

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

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

These and similar issues may arise with respect to our collaboration agreements, such as the Bayer Agreement. Our collaboration with Bayer is one of our key collaborations, and there can be no assurance that this collaboration will continue past the current term, on favorable terms or at all, or that at any time while the collaboration is in effect the parties will operate under the agreement without disputes. Possible disputes may involve ownership or control of intellectual property rights, negotiations of licensing agreements resulting from the collaboration, exclusivity obligations, diligence and payment obligations, for example.

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

Our intellectual property rights may be subject to a reservation of rights by one or more third parties. For example, certain intellectual property rights that we have licensed have been generated through the use of U.S. government funding and are therefore subject to certain federal regulations. As a result, the U.S. government may have certain rights to intellectual property embodied in our current or future processes and related products and services pursuant to the Bayh-Dole Act of 1980, or the Bayh-Dole Act. These U.S. government rights include a non-exclusive, non-transferable, irrevocable worldwide license to use inventions for any governmental purpose. In addition, the U.S. government has the right, under certain limited circumstances, to require the licensor to grant exclusive, partially exclusive or non-exclusive licenses to any of these inventions to a third party if it determines that (1) adequate steps have not been taken to commercialize the invention and achieve practical application of the government-funded technology, (2) government action is necessary to meet public health or safety needs, (3) government action is necessary to meet requirements for public use under federal regulations or (4) we fail to meet requirements of federal regulations (also referred to as "march-in rights"). The U.S. government also has the right to take title to these inventions if we or our licensors fail to disclose the invention to the government or fail to file an application to register the intellectual property within specified time limits. These rights may permit the government to disclose our confidential information to third parties. In addition, our rights in such inventions may be subject to certain requirements to manufacture products embodying such inventions in the United States. Intellectual property generated under a government funded program is also subject to certain reporting requirements, compliance with which may require us to expend substantial resources. To the extent any of our future owned or licensed intellectual property is also generated through the use of U.S. government funding, the provisions of the Bayh-Dole Act may similarly apply. Any exercise by the government of such rights could have a material adverse effect on our competitive position, business, results of operations and financial condition.

Changes to the patent law in the United States and other jurisdictions could diminish the value of patents in general and may impact the validity, scope or enforceability of our patent rights, thereby impairing our ability to protect our drug candidates.

As is the case with other biopharmaceutical companies, our success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involve both technological and legal complexity and is therefore costly, time consuming, and inherently uncertain. Our patent rights, their associated costs, and the enforcement or defense of such patent rights may be affected by developments or uncertainty in the patent statute, patent case law or USPTO rules and regulations. Changes in either the patent laws or interpretation of the patent laws could increase the uncertainties and costs surrounding the prosecution of patent applications and the enforcement or defense of our issued patents. For example, in March 2013, under the Leahy-Smith America Invents Act, or the America Invents Act, the United States transitioned from a "first to invent"

to a “first-to-file” patent system. Under a “first-to-file” system, assuming that other requirements for patentability are met, the first inventor to file a patent application generally will be entitled to a patent on an invention regardless of whether another inventor had made the invention earlier. A third party that files a patent application in the USPTO after March 2013, but before us could therefore be awarded a patent covering an invention of ours even if we had made the invention before it was made by such third party. This will require us to be cognizant going forward of the time from invention to filing of a patent application. Since patent applications in the United States and most other countries are confidential for a period of time after filing or until issuance, we cannot be certain that we or our licensors were the first to either file any patent application related to our technology or drug candidates or invent any of the inventions claimed in our or our licensor’s patents or patent applications. The America Invents Act also includes a number of other significant changes to U.S. patent law, including provisions that affect the way patent applications will be prosecuted, allowing third party submission of prior art and establishing a new post-grant review system including post-grant review, *inter partes* review, and derivation proceedings. Because of a lower evidentiary standard in USPTO proceedings compared to the evidentiary standard in United States federal courts necessary to invalidate a patent claim, a third party could potentially provide evidence in a USPTO proceeding sufficient for the USPTO to hold a claim invalid even though the same evidence would be insufficient to invalidate the claim if first presented in a district court action. Accordingly, a third party may attempt to use the USPTO procedures to invalidate our patent claims that would not have been invalidated if first challenged by the third party as a defendant in a district court action. The effects of these changes are currently unclear as the USPTO continues to promulgate new regulations and procedures in connection with the America Invents Act and many of the substantive changes to patent law, including the “first-to-file” provisions, only became effective in March 2013. In addition, the courts have yet to address many of these provisions and the applicability of the act and new regulations on the specific patents discussed in this filing have not been determined and would need to be reviewed. However, the America Invents Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents.

The U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. Additionally, there have been recent proposals for additional changes to the patent laws of the United States and other countries that, if adopted, could impact our ability to obtain patent protection for our proprietary technology or our ability to enforce rights in our proprietary technology. Depending on future actions by the U.S. Congress, the U.S. courts, the USPTO and the relevant law-making bodies in other countries, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce any patents that we may obtain in the future.

Intellectual property rights do not necessarily address all potential threats.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations and may not adequately protect our business or permit us to maintain our competitive advantage. For example:

- others may be able to make products that are similar to our drug candidates or utilize similar technology but that are not covered by the claims of the patents that we license or may own;
- others may be able to duplicate or utilize similar technology in a manner that infringes our patents but is undetectable, or done in a jurisdiction where we cannot secure or enforce patent rights;
- we or our licensors or collaborators, might not have been the first to make the inventions covered by the issued patent or pending patent application that we license or own now or in the future;

- we or our licensors or collaborators, might not have been the first to file patent applications covering certain of our or their inventions;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our owned or licensed intellectual property rights;
- it is possible that our present or future pending patent applications (whether owned or licensed) will not lead to issued patents;
- issued patents that we hold rights to may be held invalid or unenforceable, including as a result of legal challenges by our competitors or other third parties;
- our competitors or other third parties might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- we may not develop additional proprietary technologies that are patentable;
- the patents of others may harm our business; and
- we may choose not to file a patent in order to maintain certain trade secrets or know-how, and a third party may subsequently file a patent covering such intellectual property.

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

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

Our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among potential collaborators or customers in our markets of interest. At times, competitors may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. We may license our trademarks and trade names to third parties, such as distributors. Though these license agreements may provide guidelines for how our trademarks and trade names may be used, a breach of these agreements or misuse of our trademarks and trade names by our licensees may jeopardize our rights in or diminish the goodwill associated with our trademarks and trade names. Our efforts to enforce or protect our proprietary rights related to trademarks, trade names, trade secrets, know-how, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and could adversely affect our business, financial condition, results of operations and prospects.

We license patent rights from third-party owners. If such owners do not properly or successfully obtain, maintain, or enforce the patents underlying such licenses, our competitive position and business prospects may be harmed.

We are a party to license agreements that give us rights to third-party intellectual property that is necessary or useful for our business. For example we have obtained licenses from third parties to patent rights covering a number of our clinical drug candidates and licenses (implied or explicit) from certain other parties for technology used in our drug discovery efforts. We may enter into additional license agreements to third-party intellectual property in the future.

Our success will depend in part on the ability of our licensors to obtain, maintain, and enforce patent protection for our licensed products. Our licensors may not successfully prosecute the patent applications we license. Even if patents issue in respect of these patent applications, our licensors may fail to maintain these patents, may determine not to pursue litigation against other companies that are infringing these patents, or may pursue such litigation less aggressively than we would. Without protection for the intellectual property we license, other companies might be able to offer substantially identical products for sale, which could adversely affect our competitive business position and harm our business prospects.

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

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

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

Risks Related to Government Regulation

Even if we receive regulatory approval for any of our drug candidates, we will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense. Additionally, our drug candidates, if approved, could be subject to post-market study requirements, marketing and labeling restrictions, and even recall or market withdrawal if unanticipated safety issues are discovered following approval. In addition, we may be subject to penalties or other enforcement action if we fail to comply with regulatory requirements.

The FDA may not approve any of our drug candidates derived from our platform given our novel approach to drug discovery and may elect to inspect our automated robotics platform used to generate our data. However, if the FDA or a comparable foreign regulatory authority approves any of our drug candidates, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion and recordkeeping for the product will be subject to extensive and ongoing regulatory requirements. These requirements include submissions of safety and other post-

marketing information and reports, establishment registration and listing, as well as continued compliance with cGMPs and GCPs for any clinical trials that we conduct post-approval. Any regulatory approvals that we receive for our drug candidates may also be subject to limitations on the approved indicated uses for which the product may be marketed or to the conditions of approval, or contain requirements for potentially costly post-marketing studies, and surveillance to monitor the safety and efficacy of the product. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with our third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

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

The FDA's policies may change, and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our drug candidates. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained, which would adversely affect our business, prospects and ability to achieve or sustain profitability.

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

As part of our business strategy, we may seek orphan drug designation for certain of our drug candidates, and we may be unsuccessful. Regulatory authorities in some jurisdictions, including the United States and Europe, may designate drugs for relatively small patient populations as orphan drugs. Under the Orphan Drug Act, the FDA may designate a drug as an orphan drug if it is a drug intended to treat a rare disease or condition, which is generally defined as a patient population of fewer than 200,000 individuals annually in the United States, or a patient population of 200,000 or more in the United States where there is no reasonable expectation that the cost of developing the drug will be recovered from sales in the United States. In the United States, orphan drug designation entitles a party to financial incentives such as opportunities for grant funding towards clinical trial costs, tax advantages and user-fee waivers.

Similarly, in Europe, the European Commission, upon the recommendation of the EMA's Committee for Orphan Medicinal Products, grants orphan drug designation to promote the development of drugs that are intended for the diagnosis, prevention or treatment of life-threatening or chronically debilitating conditions affecting not more than 5 in 10,000 persons in Europe and for which no satisfactory method of diagnosis, prevention, or treatment has been authorized (or the product would be a significant benefit to those affected). Additionally, designation is granted for drugs intended for the diagnosis, prevention, or treatment of a life-threatening, seriously debilitating or serious and chronic condition and when, without incentives, it is unlikely that sales of the drug in Europe would be sufficient to justify the necessary investment in developing the drug. In Europe, orphan drug designation entitles a party to financial incentives such as reduction of fees or fee waivers.

Generally, if a drug with an orphan drug designation subsequently receives the first marketing approval for the indication for which it has such designation, the drug is entitled to a period of marketing exclusivity, which precludes the FDA or the EMA from approving another marketing application for the same drug and indication for that time period, except in limited circumstances. The applicable period is seven years in the United States and ten years in Europe. The European exclusivity period can be reduced to six years if a drug no longer meets the criteria for orphan drug designation or if the drug is sufficiently profitable so that market exclusivity is no longer justified.

Even if we obtain orphan drug exclusivity for a drug, that exclusivity may not effectively protect the drug from competition because different drugs can be approved for the same condition. Even after an orphan drug is approved, the FDA can subsequently approve a different drug for the same condition if the FDA concludes that the later drug is clinically superior in that it is shown to be safer, more effective or makes a major contribution to patient care. In addition, a designated orphan drug may not receive orphan drug exclusivity if it is approved for a use that is broader than the indication for which it received orphan designation. Moreover, orphan drug exclusive marketing rights in the United States may be lost if the FDA later determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantity of the drug to meet the needs of patients with the rare disease or condition or if another drug with the same active part of the molecule is determined to be safer, more effective, or represents a major contribution to patient care. Orphan drug designation neither shortens the development time or regulatory review time of a drug nor gives the drug any advantage in the regulatory review or approval process. While we may seek orphan drug designation for our drug candidates, we may never receive such designations. Even if we do receive such designations, there is no guarantee that we will enjoy the benefits of those designations.

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

We may also submit marketing applications in other countries. Regulatory authorities in jurisdictions outside of the United States have requirements for approval of drug candidates with which we must comply prior to marketing in those jurisdictions. For example, our trials consist of small patient populations to date and some international regulatory filings may require larger patient populations. Obtaining foreign regulatory approvals and compliance with foreign regulatory requirements could result in significant delays, difficulties and costs for us and could delay or prevent the introduction of our products in certain countries. If we fail to comply with the regulatory requirements in international markets and/or receive applicable marketing approvals, our target market will be reduced and our ability to realize the full market potential of our drug candidates will be harmed.

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

Laws and regulations governing any international operations we may have in the future may preclude us from developing, manufacturing and selling certain products outside of the United States and require us to develop and implement costly compliance programs.

If we expand our operations outside of the United States, we must dedicate additional resources to comply with numerous laws and regulations in each jurisdiction in which we plan to operate. The Foreign Corrupt Practices Act, or FCPA, prohibits any U.S. individual or business from paying, offering, authorizing payment or offering of anything of value, directly or indirectly, to any foreign official, political party or candidate for the purpose of influencing any act or decision of the foreign entity in order to assist the individual or business in obtaining or retaining business. The FCPA also obligates companies whose securities are listed in the United States to comply with certain accounting provisions requiring the company to maintain books and records that accurately and fairly reflect all transactions of the corporation, including international subsidiaries, and to devise and maintain an adequate system of internal accounting controls for international operations.

Compliance with the FCPA is expensive and difficult, particularly in countries in which corruption is a recognized problem. In addition, the FCPA presents particular challenges in the pharmaceutical industry, because, in many countries, hospitals are operated by the government, and doctors and other hospital employees are considered foreign officials. Certain payments to hospitals in connection with clinical trials and other work have been deemed to be improper payments to government officials and have led to FCPA enforcement actions.

Various laws, regulations and executive orders also restrict the use and dissemination outside of the United States, or the sharing with certain non-U.S. nationals, of information classified for national security purposes, as well as certain products and technical data relating to those products. If we expand our presence outside of the United States, it will require us to dedicate additional resources to comply with these laws, and these laws may preclude us from developing, manufacturing, or selling certain products and drug candidates outside of the United States, which could limit our growth potential and increase our development costs.

The failure to comply with laws governing international business practices may result in substantial civil and criminal penalties and suspension or debarment from government contracting. The Securities and Exchange Commission, or SEC, also may suspend or bar issuers from trading securities on U.S. exchanges for violations of the FCPA's accounting provisions.

We are subject to certain U.S. and foreign anti-corruption, anti-money laundering, export control, sanctions, and other trade laws and regulations. We can face serious consequences for violations.

Among other matters, U.S. and foreign anti-corruption, anti-money laundering, export control, sanctions, and other trade laws and regulations, which are collectively referred to as Trade Laws, prohibit companies and their employees, agents, clinical research organizations, legal counsel, accountants, consultants, contractors, and other partners from authorizing, promising, offering, providing, soliciting, or receiving directly or indirectly, corrupt or improper payments or anything else of value to or from recipients in the public or private sector. Violations of Trade Laws can result in substantial criminal fines and civil penalties, imprisonment, the loss of trade privileges, debarment, tax reassessments, breach of contract and fraud litigation, reputational harm, and other consequences. We have direct or indirect interactions with officials and employees of government agencies or government-affiliated hospitals, universities, and other organizations. We also expect our non-U.S. activities to increase in time. We plan to engage third parties for clinical trials and/or to obtain necessary permits, licenses, patent registrations, and other regulatory approvals and we can be held liable for the corrupt or other illegal activities of our personnel, agents, or partners, even if we do not explicitly authorize or have prior knowledge of such activities.

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

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

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

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

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

The FDA, the EMA and other regulatory authorities may implement additional regulations or restrictions on the development and commercialization of our drug candidates, and such changes can be difficult to predict.

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

Healthcare legislative reform measures may have a material adverse effect on our business and results of operations.

The U.S. and many foreign jurisdictions have enacted or proposed legislative and regulatory changes affecting the healthcare system that could prevent or delay marketing approval of our current or future drug candidates or any future drug candidates, restrict or regulate post-approval activities and affect our ability to profitably sell a product for which we obtain marketing approval. Changes in regulations, statutes or the interpretation of existing regulations could impact our business in the future by requiring, for example: i) changes to our manufacturing arrangements, ii) additions or modifications to product labeling, iii) the recall or discontinuation of our products or iv) additional record-keeping requirements. If any such changes were to be imposed, they could adversely affect the operation of our business. In the U.S., there have been and continue to be a number of legislative initiatives to contain healthcare costs. For example, in March 2010, the Affordable Care Act, or the ACA, was passed, which substantially changed the way healthcare is financed by both governmental and private insurers, and significantly impacted the U.S. pharmaceutical industry. The ACA, among other things, subjects biological products to potential competition by lower-cost biosimilars, addresses a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted or injected, increases the minimum Medicaid rebates owed by manufacturers under the Medicaid Drug Rebate Program and extends the rebate program to individuals enrolled in Medicaid managed care organizations, establishes annual fees and taxes on manufacturers of certain branded prescription drugs, and creates a new Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 70% (increased pursuant to the Bipartisan Budget Act of 2018, effective as of 2019) point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer’s outpatient drugs to be covered under Medicare Part D. Since then, the ACA risk adjustment program payment parameters have been updated annually.

Members of the U.S. Congress have expressed intent to pass legislation or adopt executive orders to fundamentally change or repeal parts of the ACA. While Congress has not passed repeal

legislation to date, the TCJA, repealed, effective January 1, 2019, the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." On December 14, 2018, a federal district court in Texas ruled the individual mandate is a critical and inseverable feature of the ACA, and therefore, because it was repealed as part of the TCJA, the remaining provisions of the ACA are invalid as well, and on December 18, 2019, the Fifth Circuit U.S. Court of Appeals held that the individual mandate is unconstitutional, and remanded the case to the lower court to reconsider its earlier invalidation of the full ACA. The Supreme Court of the United States granted certiorari on March 2, 2020, and heard oral arguments on the case on November 10, 2020, and the case is expected to be decided sometime in 2021. Pending review, the ACA remains in effect, but it is unclear at this time what effect the latest ruling will have on the status of the ACA. Litigation and legislation over the ACA are likely to continue, with unpredictable and uncertain results. We will continue to evaluate the effect that the ACA and its possible repeal and replacement has on our business.

Further, on January 20, 2017, an Executive Order was signed directing federal agencies with authorities and responsibilities under the ACA to waive, defer, grant exemptions from, or delay the implementation of any provision of the ACA that would impose a fiscal burden on states or a cost, fee, tax, penalty or regulatory burden on individuals, healthcare providers, health insurers, or manufacturers of pharmaceuticals or medical devices. On October 13, 2017, an Executive Order was signed terminating the cost-sharing subsidies that reimburse insurers under the ACA. The Trump administration has concluded that cost-sharing reduction, or CSR, payments to insurance companies required under the ACA have not received necessary appropriations from Congress and announced that it will discontinue these payments immediately until those appropriations are made. The loss of the CSR payments is expected to increase premiums on certain policies issued by qualified health plans under the ACA. Several state Attorneys General filed suit to stop the administration from terminating the subsidies, but their request for a restraining order was denied by a federal judge in California on October 25, 2017. The loss of the cost share reduction payments is expected to increase premiums on certain policies issued by qualified health plans under the ACA. Further, on June 14, 2018, the U.S. Court of Appeals for the Federal Circuit ruled that the federal government was not required to pay to third-party payors more than $12 billion in ACA risk corridor payments that they argued were owed to them. The effects of this gap in reimbursement on third-party payors, the viability of the ACA marketplace, providers, and potentially our business, are not yet known.

Moreover, on January 22, 2018, a continuing resolution on appropriations for fiscal year 2018 was approved that delayed the implementation of certain ACA-mandated fees, including the so called "Cadillac" tax on certain high cost employer-sponsored insurance plans, the annual fee imposed on certain health insurance providers based on market share, and the medical device excise tax on non-exempt medical devices; however on December 20, 2019, the Further Consolidated Appropriations Act (H.R. 1865) was signed into law, which repeals the Cadillac tax, the health insurance provider tax, and the medical device excise tax. It is impossible to determine whether similar taxes could be instituted in the future. The Bipartisan Budget Act of 2018, also amended the ACA, effective January 1, 2019, by increasing the point-of-sale discount that is owed by pharmaceutical manufacturers who participate in Medicare Part D and closing the coverage gap in most Medicare drug plans, commonly referred to as the "donut hole." CMS published a final rule permitting further collections and payments to and from certain ACA qualified health plans and health insurance issuers under the ACA risk adjustment program in response to the outcome of federal district court litigation regarding the method CMS uses to determine this risk adjustment. In addition, CMS has recently published a final rule that would give states greater flexibility, starting in 2020, in setting benchmarks for insurers in the individual and small group marketplaces, which may have the effect of relaxing the essential health benefits required under the ACA for plans sold through such marketplaces. Other legislative changes have been proposed and adopted in the U.S. since the ACA was enacted. In August 2011, the Budget Control Act of 2011, among other things, created measures for spending

reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. This includes aggregate reductions of Medicare payments to providers up to 2% per fiscal year, and, due to subsequent legislative amendments, will remain in effect through 2029 unless additional Congressional action is taken. The American Taxpayer Relief Act of 2012 among other things, reduced Medicare payments to several providers, including hospitals, imaging centers and treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

There has been increasing legislative and enforcement interest in the U.S. with respect to specialty drug pricing practices. Specifically, there have been several recent U.S. Congressional inquiries and proposed federal and state legislation designed to, among other things, bring more transparency to drug pricing, reduce the cost of prescription drugs under Medicare, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drugs. At the federal level, the Trump administration's budget for fiscal years 2019 and 2020 contain further drug price control measures that could be enacted during the budget process or in other future legislation, including, for example, measures to permit Medicare Part D plans to negotiate the price of certain drugs under Medicare Part B, to allow some states to negotiate drug prices under Medicaid, and to eliminate cost sharing for generic drugs for low income patients. Additionally, the Trump administration released a "Blueprint" to lower drug prices and reduce out of pocket costs of drugs that contains additional proposals to increase manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products and reduce the out of pocket costs of drug candidates paid by consumers. The U.S. Department of Health and Human Services, or HHS, has already started the process of soliciting feedback on some of these measures and, at the same time, is immediately implementing others under its existing authority. For example, in May 2019, CMS issued a final rule to allow Medicare Advantage Plans the option of using step therapy, a type of prior authorization, for Part B drugs beginning January 1, 2020. This final rule codified CMS's policy change that was effective January 1, 2019. In addition, in September 2020, an Executive Order was issued directing the Secretary of Health and Human Services to pursue implementation of two new payment models under which Medicare would test whether paying no more than the "most-favored-nation" price for certain included drugs and biological products covered under Part B and Part D, respectively, would mitigate poor clinical outcomes and increased Medicare expenditures associated with high drug costs. If implemented, the "most-favored-nation" price would generally reflect the lowest price, after certain adjustments, for a pharmaceutical product sold in an economically comparable member country of the Organization for Economic Co-operation and Development. Congress has also continued to conduct inquiries into the prescription drug industry's pricing practices. While several proposed reform measures will require Congress to pass legislation to become effective, Congress has indicated that it will continue to seek new legislative and/or regulatory measures to address prescription drug costs. At the state level, legislatures are increasingly passing legislation and states are implementing regulations designed to control spending on, and patient out-of-pocket costs for, drug products. Implementation of cost containment measures or other healthcare reforms that affect the pricing and/or availability of drug products may impact our ability to generate revenue, attain or maintain profitability, or commercialize products for which we may receive regulatory approval in the future.

Further, on May 30, 2018, the Right to Try Act, was signed into law. The law, among other things, provides a federal framework for certain patients to access certain investigational new drug candidates that have completed a Phase 1 clinical trial and that are undergoing investigation for FDA approval. Under certain circumstances, eligible patients can seek treatment without enrolling in clinical trials and without obtaining FDA permission under the FDA expanded access program. There is no obligation for

a pharmaceutical manufacturer to make its drug candidates available to eligible patients as a result of the Right to Try Act.

At the state level, individual states are increasingly aggressive in passing legislation and implementing regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. In addition, regional health care authorities and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug and other health care programs. These measures could reduce the ultimate demand for our products, once approved, or put pressure on our product pricing.

We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for our current or future drug candidates or additional pricing pressures.

Our revenue prospects could be affected by changes in healthcare spending and policy in the U.S. and abroad.

We operate in a highly regulated industry and new laws, regulations or judicial decisions, or new interpretations of existing laws, regulations or decisions, related to healthcare availability, the method of delivery or payment for healthcare products and services could negatively impact our business, operations and financial condition.

There have been, and likely will continue to be, legislative and regulatory proposals at the foreign, federal, and state levels directed at broadening the availability of healthcare and containing or lowering the cost of healthcare. We cannot predict the initiatives that may be adopted in the future, including repeal, replacement, or significant revisions to the ACA. The continuing efforts of the government, insurance companies, managed care organizations and other payors of healthcare services to contain or reduce costs of healthcare and/or impose price controls may adversely affect:

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

Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors, which may adversely affect our results of operations and future profitability.

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

Although we do not currently have any products on the market, once we begin commercializing our drug candidates, we will be subject to additional healthcare statutory and regulatory requirements

and enforcement by the federal government and the states and foreign governments in which we conduct our business. Healthcare providers, physicians and third-party payors play a primary role in the recommendation and prescription of any drug candidates for which we obtain marketing approval. Our future arrangements with third-party payors and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we market, sell and distribute our drug candidates for which we obtain marketing approval. Restrictions under applicable federal and state healthcare laws and regulations include the following:

- the federal Anti-Kickback Statute prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under federal and state healthcare programs such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;
- the federal civil and criminal false claims and civil monetary penalties laws, including the federal False Claims Act, or FCA, imposes criminal and civil penalties, including through civil whistleblower or qui tam actions, against individuals or entities for knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government. In addition, the government may assert that a claim including items and services resulting from a violation of the federal Anti-Kickback Statute constitutes a false of fraudulent claim for purposes of the False Claims Act;
- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, imposes criminal and civil liability for executing a scheme to defraud any healthcare benefit program, or knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items or services; similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;
- the federal physician payment transparency provisions, sometimes referred to as the “Sunshine Act” under the Affordable Care Act, require manufacturers of drugs, devices, biologics and medical supplies that are reimbursable under Medicare, Medicaid, or the Children’s Health Insurance Program to report to the Department of Health and Human Services information related to transfers of value made to licensed physicians (currently defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals, as well as ownership and investment interests of such physicians and their immediate family members. Effective January 1, 2022, these reporting obligations will extend to include transfers of value made to certain non-physician providers such as physician assistants and nurse practitioners;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 and its implementing regulations, imposes obligations on certain covered entity healthcare providers, health plans, and healthcare clearinghouses as well as their business associates that perform certain services involving the use or disclosure of individually identifiable health information, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information; and
- analogous state laws and regulations, such as state anti-kickback and false claims laws may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers. Some state

laws require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government in addition to requiring drug manufacturers to report information related to payments to physicians and other health care providers or marketing expenditures. Further, many state laws governing the privacy and security of health information in certain circumstances, differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

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

Compliance with global privacy and data security requirements could result in additional costs and liabilities to us or inhibit our ability to collect and process data globally, and the failure to comply with such requirements could subject us to significant fines and penalties, which may have a material adverse effect on our business, financial condition, or results of operations.

The regulatory framework for the collection, use, safeguarding, sharing, transfer, and other processing of information worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. Globally, virtually every jurisdiction in which we operate has established its own data security and privacy frameworks with which we must comply. For example, the collection, use, disclosure, transfer, or other processing of personal data regarding individuals in the European Union, including personal health data and employee data, is subject to the European Union General Data Protection Regulation, or the GDPR, which took effect across all member states of the European Economic Area, or EEA, in May 2018. The GDPR is wide-ranging in scope and imposes numerous requirements on companies that process personal data, including requirements relating to processing health and other sensitive data, obtaining consent of the individuals to whom the personal data relates, providing information to individuals regarding data processing activities, implementing safeguards to protect the security and confidentiality of personal data, providing notification of data breaches, and taking certain measures when engaging third-party processors. The GDPR informs our obligations with respect to any clinical trials conducted in the EEA by expanding the definition of personal data to include coded data and requiring changes to informed consent practices and more detailed notices for clinical trial subjects and investigators. In addition, the GDPR imposes strict rules on the transfer of personal data to countries outside the European Union, including the United States and, as a result, increases the scrutiny that such rules should apply to transfers of personal data from any clinical trial sites located in the EEA to the United States. The GDPR also permits data protection authorities to require destruction of improperly gathered or used personal information and/or impose substantial fines for violations of the GDPR, which can be up to four percent of global revenues or 20 million Euros, whichever is greater, and confers a private right of action on data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies, and obtain compensation for

damages resulting from violations of the GDPR. In addition, the GDPR provides that European Union member states may make their own further laws and regulations limiting the processing of personal data, including genetic, biometric, or health data.

Given the breadth and depth of its obligations, complying with the GDPR's requirements is rigorous and time intensive and requires significant resources and assessment of our technologies, systems and practices, as well as those of any third-party collaborators, service providers, contractors, or consultants that process or transfer personal data collected in the European Union.

Further, the United Kingdom exited the EU effective January 31, 2020, subject to a transition period that ended December 31, 2020. Brexit and ongoing developments in the United Kingdom have created uncertainty with regard to the regulation of data protection in the United Kingdom and could result in the application of new data privacy and protection laws and standards to our operations in the United Kingdom and our handling of personal data of individuals located in the United Kingdom. The United Kingdom has implemented legislation that substantially implements the GDPR, and the European Commission and the United Kingdom government announced a EU-UK Trade and Cooperation Agreement on December 24, 2020, providing for a temporary free flow of personal data between the EU and the United Kingdom, but it remains to be seen how the United Kingdom's withdrawal from the EU will impact the manner in which United Kingdom data protection laws or regulations will develop and how data transfers to and from the United Kingdom will be regulated and enforced by the UK Information Commissioner's Office, EU data protection authorities, or other regulatory bodies in the longer term.

In the United States, a broad variety of laws and regulations relating to privacy and data security may be applicable to our activities. New laws also are being considered at both the state and federal levels, and state legislatures such as California have already passed and enacted privacy legislation. For example, the California Consumer Privacy Act, or CCPA, which became effective on January 1, 2020, creates individual privacy rights for California consumers and increases the privacy and security obligations of entities handling certain personal data. The CCPA, among other things, requires covered companies to provide new disclosures to California consumers, and afford such consumers new abilities to opt out of certain sales of personal information, access and require deletion of their personal information, and receive detailed information about how their personal information is used. The CCPA has been amended on multiple occasions and additional regulations of the California Attorney General came into effect on August 14, 2020. However, aspects of the CCPA and its interpretation remain unclear. The effects of the CCPA are significant and may require us to modify our data processing practices and policies and to incur substantial costs and expenses in an effort to comply. Failure to comply with the CCPA may result in attorney general enforcement action and damage to our reputation. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. Moreover, a ballot initiative from privacy rights advocates intended to augment and expand the CCPA called the California Privacy Rights Act, or CPRA, was approved by California voters in the November 2020 election. The CPRA imposes additional obligations relating to consumer data on companies doing business in California beginning January 1, 2022, with implementing regulations expected on or before July 1, 2022, and enforcement beginning July 1, 2023. The CPRA significantly modifies the CCPA, including by expanding consumers' rights with respect to certain sensitive personal information, potentially resulting in further uncertainty and requiring us to incur additional costs and expenses in an effort to comply, as we may need to modify or augment our existing practices. The CPRA also creates a new state agency that will be vested with authority to implement and enforce the CCPA and the CPRA. New legislation proposed or enacted in a number of states impose, or have the potential to impose additional obligations on companies that collect, store, use, retain, disclose, transfer and otherwise process confidential, sensitive and personal information, and will continue to shape the data privacy environment nationally. State laws are changing rapidly and there is discussion in Congress of a new

federal data protection and privacy law to which we would become subject if it is enacted. In addition, all 50 states have laws including obligations to provide notification of security breaches of computer databases that contain personal information to affected individuals, state officers and others.

The myriad international and U.S. privacy and data breach laws are not consistent, and compliance in the event of a widespread data breach is difficult and may be costly. Moreover, states have been frequently amending existing laws, requiring attention to changing regulatory requirements. In addition to government regulation, privacy advocates and industry groups have and may in the future propose self-regulatory standards from time to time. These and other industry standards may legally or contractually apply to us, or we may elect to comply with such standards. We expect that there will continue to be new proposed laws and regulations concerning data privacy and security, and we cannot yet determine the impact such future laws, regulations and standards may have on our business. With the GDPR, CCPA, CPRA, and other laws, regulations and other obligations relating to privacy and data protection imposing new and relatively burdensome obligations, and with substantial uncertainty over the interpretation and application of these and other obligations, we may face challenges in addressing their requirements, putting in place additional compliance mechanisms and making necessary changes to our policies and practices, and may incur significant costs and expenses in an effort to do so.

We make public statements about our use and disclosure of personal information through our privacy policy, information provided on our website and press statements. Although we endeavor to comply with our public statements and documentation, we may at times fail to do so or be alleged to have failed to do so. We may be subject to potential government or legal action if such policies or statements are found to be deceptive, unfair or misrepresentative of our actual practices. In addition, from time to time, concerns may be expressed about whether our technology compromises the privacy of our customers and others. While we believe that we comply with industry standards and applicable laws and industry codes of conduct relating to privacy and data protection in all material respects, there is no assurance that we will not be subject to claims that we have violated applicable laws or codes of conduct, that we will be able to successfully defend against such claims or that we will not be subject to significant fines and penalties in the event of non-compliance. Additionally, to the extent multiple state-level laws are introduced with inconsistent or conflicting standards and there is no federal law to preempt such laws, compliance with such laws could be difficult to achieve and we could be subject to fines and penalties in the event of non-compliance. Furthermore, enforcement actions and investigations by regulatory authorities related to data security incidents and privacy violations continue to increase.

In addition, if third parties we work with, such as vendors or service providers, violate applicable laws or regulations or our policies, such violations may also put our data at risk and could in turn have an adverse effect on our business. Any failure or perceived failure by us or our service providers to comply with our applicable policies or notices relating to privacy or data protection, our contractual or other obligations to third parties, or any of our other legal obligations relating to privacy or data protection, may result in governmental investigations or enforcement actions, litigation, claims and other proceedings, and could result in significant fines, penalties, and other liability. Additionally, defending against any claims, litigation, regulatory proceedings, or other proceedings can be costly, time-consuming and may require significant financial and personnel resources. Therefore, even if we are successful in defending against any such actions or proceedings that may be brought against us, our business may be impaired, and we may suffer reputational and other harm.

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

We are exposed to the risk of fraud or other misconduct by our employees, independent contractors, KOLs, CROs, consultants, and vendors. Misconduct by these parties could include intentional, reckless and/or negligent conduct that causes us to fail to comply with FDA regulations or similar regulations of comparable foreign regulatory authorities, provide accurate information to the FDA or comparable foreign regulatory authorities, comply with manufacturing standards, comply with federal and state healthcare fraud and abuse laws and regulations and similar laws and regulations established and enforced by comparable foreign regulatory authorities, report financial information or data accurately, or disclose unauthorized activities to us. Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. This could include violations of HIPAA, other U.S. federal and state law, and requirements of non-U.S. jurisdictions, including the European Union Data Protection Directive. We are also exposed to risks in connection with any insider trading violations by employees or others affiliated with us, including inadvertent violations such as a sale of pledged shares by a lender when the pledgor is in possession of material nonpublic information. It is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws, standards, regulations, guidance, or codes of conduct. Additionally, we are subject to the risk that a person could allege such fraud or other misconduct, even if none occurred and our employees may, from time to time, bring lawsuits against us for employment issues, including injury, discrimination, wage and hour disputes, sexual harassment, hostile work environment, or other employment issues. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, possible exclusion from participation in Medicare, Medicaid and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations.

Risks Relating to Employee Matters and Managing Growth

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

We are highly dependent on the research and development, clinical and business development expertise of Christopher Gibson, our Chief Executive Officer, Tina Marriott Larson, our Chief Operating Officer and President, Michael Secora, our Chief Financial Officer, Shafique Virani, our Chief Corporate Development Officer, and Ramona Doyle, our Chief Medical Officer, as well as the other principal members of our management, scientific, technological and clinical team. Although we have entered into employment letter agreements with our executive officers, each of them may terminate their employment with us at any time or not be able to perform the services we need in the future. We do not maintain “key person” insurance for any of our executives or other employees. In addition, we rely on our employees to help operate and repair our robots and consultants and advisors, including scientific and clinical advisors, to assist us in formulating our research and development and commercialization strategy. Our consultants and advisors may be employed by employers other than us and may have commitments under consulting or advisory contracts with other entities that may limit their availability to us. If we are unable to continue to attract and retain high quality personnel, our ability to pursue our growth strategy will be limited.

Recruiting and retaining qualified scientific, clinical, manufacturing and sales and marketing personnel will also be critical to our success. The loss of the services of our executive officers or other key employees, including temporary loss due to illness, could impede the achievement of our research, development and commercialization objectives and seriously harm our ability to successfully implement our business strategy. Furthermore, replacing executive officers and key employees may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of, and commercialize products. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions. Failure to succeed in clinical trials may make it more challenging to recruit and retain qualified scientific personnel.

Our presence in Salt Lake City, where we are headquartered, may limit our ability to hire talent. Some of the employees we may want to hire in the future will reside in the greater San Francisco, New York, San Diego or Boston metro areas and may not want to relocate to Salt Lake City. Many of the other pharmaceutical companies that we compete against for qualified personnel have greater financial and other resources, different risk profiles and a longer history in the industry than we do. They also may provide more diverse opportunities and better chances for career advancement. Some of these characteristics may be more appealing to high-quality candidates than what we have to offer. If we are unable to continue to attract and retain high-quality personnel, the rate and success with which we can discover and develop drug candidates and our business will be limited.

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

As of February 17, 2021, we had 216 full-time employees. We expect to experience significant growth in the number of our employees and the scope of our operations, particularly as we function as a public company and in the areas of product development, regulatory affairs and, if any of our drug candidates receives marketing approval, sales, marketing and distribution. To manage our anticipated future growth, we must continue to implement and improve our managerial, operational, and financial systems, expand our facilities and continue to recruit and train additional qualified personnel. Due to our limited financial resources and the limited experience of our management team in managing a company with such anticipated growth, we may not be able to effectively manage the expansion of our operations or recruit and train additional qualified personnel. The expansion of our operations may lead to significant costs and may divert our management and business development resources. Any inability to manage growth could delay the execution of our business plans or disrupt our operations.

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

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

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

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

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

Risks Related to Our Class A Common Stock and This Offering

The dual-class structure of our common stock will have the effect of concentrating voting power, which will limit your ability to influence the outcome of matters submitted to our stockholders for approval, including the election of our board of directors, the adoption of amendments to our certificate of incorporation and bylaws, and the approval of any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction.

Our Class A common stock, which is the stock we are offering by means of this prospectus, has one vote per share, and our Class B common stock has votes per share. Upon the closing of this offering, , will hold all of the issued and outstanding shares of our Class B common stock and approximately % of the voting power of our outstanding capital stock, which voting power may increase over time. As a result, will be able to determine or significantly influence any action requiring the approval of our stockholders, including the election of our board of directors, the adoption of amendments to our certificate of incorporation and bylaws, and the approval of any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction. may have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. The concentrated control may have the effect of delaying, preventing, or deterring a change in control of our company, could deprive our stockholders of an opportunity to receive a premium for their capital stock as part of a sale in our company, and might ultimately affect the market price of our Class A common stock. Also as a result of the concentration of voting power, we believe we are eligible for, but do not intend to take advantage of, the “controlled company” exemption to the corporate governance rules for Nasdaq-listed companies.

Future transfers by the holders of Class B common stock will generally result in those shares automatically converting into shares of Class A common stock, subject to limited exceptions, such as certain transfers for estate planning. In addition, each share of Class B common stock will automatically convert into one share of Class A common stock upon the year anniversary of this offering.

We are an "emerging growth company" as defined in the JOBS Act and will be able to avail ourselves of reduced disclosure requirements applicable to emerging growth companies, which could make our Class A common stock less attractive to investors and adversely affect the market price of our Class A common stock.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. We will remain an emerging growth company until the earlier of i) the last day of the fiscal year in which we have total annual gross revenues of $1.07 billion or more; ii) the last day of the fiscal year following the fifth anniversary of the date of the completion of this offering; iii) the date on which we have issued more than $1 billion in nonconvertible debt during the previous three years; or iv) the date on which we are deemed to be a large accelerated filer under the rules of the Securities and Exchange Commission, which means the market value of our Class A common stock that is held by non-affiliates exceeds $700 million as of the prior June 30th. For so long as we remain an emerging growth company, we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include:

- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404;
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements;
- providing only two years of audited financial statements in addition to any required unaudited interim financial statements and a correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure;
- reduced disclosure obligations regarding executive compensation; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. In this prospectus, we have not included all of the executive compensation-related information that would be required if we were not an emerging growth company.

We may choose to take advantage of some, but not all, of the available exemptions. We have taken advantage of reduced reporting burdens in this prospectus. In particular, we have provided only two years of audited financial statements and have not included all of the executive compensation information that would be required if we were not an emerging growth company. We cannot predict whether investors will find our Class A common stock less attractive if we rely on these exemptions. If some investors find our Class A common stock less attractive as a result, there may be a less active trading market for our Class A common stock and our stock price may be more volatile.

In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to use the extended transition period for new or revised accounting standards during the period in which we remain an emerging growth company; however, we may adopt certain new or revised accounting standards early.

Although we are still evaluating the JOBS Act, we currently intend to take advantage of some, but not all, of the reduced regulatory and reporting requirements that will be available to us so long as we qualify as an "emerging growth company." We have elected to avail ourselves of this exemption and, therefore, we are not subject to the same new or revised accounting standards as other public companies that are not emerging growth companies. As a result, changes in rules of U.S. generally accepted accounting principles or their interpretation, the adoption of new guidance or the application of existing guidance to changes in our business could significantly affect our financial position and results of operations. In addition, our independent registered public accounting firm will not be required to provide an attestation report on the effectiveness of our internal control over financial reporting so long as we qualify as an "emerging growth company," which may increase the risk that material weaknesses or significant deficiencies in our internal control over financial reporting go undetected. Likewise, so long as we qualify as an "emerging growth company," we may elect not to provide you with certain information, including certain financial information and certain information regarding compensation of our executive officers, that we would otherwise have been required to provide in filings we make with the SEC, which may make it more difficult for investors and securities analysts to evaluate our company. We cannot predict if investors will find our Class A common stock less attractive because we may rely on these exemptions. If some investors find our Class A common stock less attractive as a result, there may be a less active trading market for our Class A common stock, and our stock price may be more volatile and may decline.

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

Our stock price is likely to be volatile. The stock market in general and the market for biotechnology companies in particular have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, you may not be able to sell your Class A common stock at or above the initial public offering price. The market price for our Class A common stock may be influenced by many factors, including:

- the success of competitive products or technologies;
- results of clinical trials of our drug candidates or those of our competitors;
- regulatory or legal developments in the United States and other countries;
- developments or disputes concerning patent applications, issued patents or other proprietary rights;
- the recruitment or departure of key personnel;
- the level of expenses related to any of our drug candidates or clinical development programs;
- the results of our efforts to discover, develop, acquire or in-license additional drug candidates or products;
- actual or anticipated changes in estimates as to financial results, development timelines or recommendations by securities analysts;
- variations in our financial results or those of companies that are perceived to be similar to us;
- changes in the structure of healthcare payment systems;
- market conditions in the pharmaceutical and biotechnology sectors;
- general economic, industry and market conditions; and
- the other factors described in this "Risk Factors" section.

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

The market price of our Class A common stock could decline as a result of sales of a large number of shares of our Class A common stock in the market after this offering, and the perception that these sales could occur may also depress the market price of our Class A common stock. Based on shares of our Class A common stock outstanding and shares of our Class B common stock outstanding (after giving effect to the exchange) as of December 31, 2020, we will have shares of our Class A common stock and shares of our Class B common stock outstanding after this offering. Of these shares, as of the date of this prospectus, approximately shares of our Class A common stock issued or issuable upon exchange of shares of our Class B common stock, plus any shares sold upon exercise of the underwriters' option to purchase additional shares, will be freely tradable, without restriction, in the public market immediately following this offering, assuming that current stockholders do not purchase shares in this offering. The representatives of the underwriters, however, may, in their sole discretion, permit our officers, directors and other stockholders who are subject to these lock-up agreements to sell shares prior to the expiration of the lock-up agreements.

The lock-up agreements pertaining to this offering will expire 180 days from the date of this prospectus. After the lock-up agreements expire, based upon the number of shares of Class A common stock issued and issuable upon exchange of shares of Class B common stock, on an as-converted basis, outstanding as of December 31, 2020, up to an additional shares of Class A common stock will be eligible for sale in the public market, 38.7% of which shares are held by directors, executive officers and other affiliates and will be subject to certain limitations of Rule 144 under the Securities Act of 1933, as amended, or the Securities Act. Approximately 617,500 shares of our Class B common stock that are beneficially owned by Christopher Gibson, our Chief Executive Officer and a member of our board of directors, are not subject to a lock-up agreement and have been pledged to secure his obligations under a line of credit with UBS Credit Corp., or UBS. If he defaults on his repayment obligations under the line of credit, UBS or any designee of UBS may exercise its rights to sell shares pledged to cover the amount due thereunder. Any transfers or sales of such pledged shares may cause the price of our Class A common stock to decline.

Upon completion of this offering, 17,391,370 shares of Class A common stock that are either subject to outstanding options or reserved for future issuance under our equity incentive plans will become eligible for sale in the public market to the extent permitted by the provisions of various vesting schedules, the lock-up agreements and Rule 144 and Rule 701 under the Securities Act. If these additional shares of Class A common stock are sold, or if it is perceived that they will be sold, in the public market, the market price of our Class A common stock could decline.

After this offering, the holders of approximately shares of our Class A common stock issued or issuable upon exchange of shares of our Class B common stock will be entitled to rights with respect to the registration of their shares under the Securities Act, subject to the lock-up agreements described above. Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act, except for shares purchased by affiliates. Any sales of securities by these stockholders could have a material adverse effect on the market for our Class A common stock.

An active trading market for our Class A common stock may not develop, and you may not be able to resell your shares at or above the initial public offering price.

Prior to this offering, there has been no public market for shares of our Class A common stock. While our Class A common stock has been approved for listing on the Nasdaq Stock Market, an active trading market for our shares may never develop or be sustained following this offering. The initial public offering price of our Class A common stock will be determined through negotiations between us

and the underwriters. This initial public offering price may not be indicative of the market price of our Class A common stock after this offering. In the absence of an active trading market for our Class A common stock, investors may not be able to sell their Class A common stock at or above the initial public offering price or at the time that they would like to sell.

If you purchase our Class A common stock in this offering, you will incur immediate and substantial dilution in the book value of your shares.

You will suffer immediate and substantial dilution in the net tangible book value of the Class A common stock you purchase in this offering. Assuming an initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, purchasers of Class A common stock in this offering will experience immediate dilution of $ per share in net tangible book value of the Class A common stock. In addition, investors purchasing Class A common stock in this offering will contribute % of the total amount invested by stockholders since inception but will only own % of the shares of Class A common stock and Class B common stock outstanding. In the past, we issued options and other securities to acquire Class A common stock and Class B common stock at prices significantly below the initial public offering price. To the extent these outstanding securities are ultimately exercised, investors purchasing Class A common stock in this offering will sustain further dilution. See “Dilution” for a more detailed description of the dilution to new investors in the offering.

We have broad discretion in how we use the proceeds of this offering and may not use these proceeds effectively, which could affect our results of operations and cause our stock price to decline.

We will have considerable discretion in the application of the net proceeds of this offering. We intend to use the net proceeds from this offering to fund our drug discovery platform, pursue strategic collaborations and advance or drug candidates through clinical development efforts. We also intend to use the proceeds of this offering to expand our infrastructure and facilities to support our development efforts, to fund new and ongoing research activities and new drug candidates and for working capital and other general corporate purposes, which may include funding for the hiring of additional personnel, capital expenditures and the costs of operating as a public company. Investors will be relying upon management’s judgment with only limited information about our specific intentions for the use of the balance of the net proceeds of this offering. We may use the net proceeds for purposes that do not yield a significant return or any return at all for our stockholders. In addition, pending their use, we may invest the net proceeds from this offering in a manner that does not produce income or that loses value.

Because we do not anticipate paying any cash dividends on our capital stock in the foreseeable future, capital appreciation, if any, will be your sole source of gain.

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business. In addition, the terms of any existing or future debt agreements may preclude us from paying dividends. As a result, capital appreciation, if any, of our Class A common stock will be your sole source of gain for the foreseeable future.

We will incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to new compliance initiatives.

As a public company, and particularly after we are no longer an “emerging growth company,” we will incur significant legal, accounting, and other expenses that we did not incur as a private company. In addition, the Sarbanes-Oxley Act of 2002 and rules subsequently implemented by the Securities and Exchange Commission and the Nasdaq Stock Market have imposed various requirements on public

companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance.

Pursuant to Section 404, we will be required to furnish a report by our management on our internal control over financial reporting, including an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. However, while we remain an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with Section 404 within the prescribed period, we will be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that neither we nor our independent registered public accounting firm will be able to conclude within the prescribed timeframe that our internal control over financial reporting is effective as required by Section 404. This could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. In addition, if we are not able to continue to meet these requirements, we may not be able to remain listed on the Nasdaq Stock Market.

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

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

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

In addition, Section 203 of the General Corporation Law of the State of Delaware, or DGCL, prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder, generally a person which together with its affiliates owns, or within the last three years has owned, 15% of our voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner.

Any provision of our amended and restated certificate of incorporation, amended and restated bylaws or Delaware law that has the effect of delaying or preventing a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our capital stock and could also affect the price that some investors are willing to pay for our Class A common stock.

Our amended and restated bylaws that will become effective upon the closing of this offering provide that the Court of Chancery of the State of Delaware and the federal district courts of the United States of America will be the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated bylaws that will become effective upon the closing of this offering provide that the Court of Chancery of the State of Delaware or, if the Court of Chancery does not have jurisdiction, another State court in Delaware or the federal district court for the District of Delaware, is the exclusive forum for the following, except for any claim as to which such court determines that there is an indispensable party not subject to the jurisdiction of such court, and the indispensable party does not consent to the personal jurisdiction of such court within 10 days following such determination, which is vested in the exclusive jurisdiction of a court or forum other than such court or for which such court does not have subject matter jurisdiction:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of fiduciary duty;
- any action asserting a claim against us arising under the DGCL, our amended- and restated certificate of incorporation or our amended and restated bylaws; and
- any action asserting a claim against us that is governed by the internal-affairs doctrine.

This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the U.S. federal courts have exclusive jurisdiction. Our amended and restated bylaws further provide that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act.

These exclusive-forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, and may result in increased costs to stockholders of bringing a claim, each of which may discourage lawsuits against us and our directors, officers and other employees. Any person or entity purchasing or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to these provisions. There is uncertainty as to whether a court would enforce such provisions, and the enforceability of similar choice of forum provisions in other companies' charter documents has been challenged in legal proceedings. It is possible that a court could find these types of provisions to be inapplicable or unenforceable, and if a court were to find either exclusive-forum provision in our amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could seriously harm our business.

We may be subject to securities litigation, which is expensive and could divert management attention.

The market price of our Class A common stock may be volatile. The stock market in general, and the Nasdaq Stock Market and biotechnology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

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

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

Projections are based upon a number of assumptions and estimates that, while presented with numerical specificity, are inherently subject to significant business, economic, and competitive uncertainties and contingencies, many of which are beyond our control and are based upon specific assumptions with respect to future business decisions, some of which will change. The principal reason that we would release guidance is to provide a basis for our management to discuss our business outlook with analysts and investors. We do not accept any responsibility for any projections or reports published by any such third parties.

Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying any guidance furnished by us will not materialize or will vary significantly from actual results. Accordingly, our guidance would be only an estimate of what management believes is realizable as of the date of release. Actual results may vary from our guidance and the variations may be material.

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

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

To achieve compliance with Section 404 within the prescribed period, we will be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, including through hiring additional financial and accounting personnel, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented, and implement a continuous reporting and improvement process for internal control over financial reporting. During our evaluation of our internal control, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective. We cannot assure you that there will not be material weaknesses or significant deficiencies in our internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition, or results of operations. If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines we have a material weakness or significant deficiency in our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of shares of our Class A common stock could decline, and we could be subject to sanctions or investigations by the Nasdaq Stock Market, the SEC, or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

General Risks

Unfavorable global economic conditions could adversely affect our business, financial condition or results of operations.

Our results of operations could be adversely affected by general conditions in the global economy and in the global financial markets. For example, in 2008, the global financial crisis caused extreme volatility and disruptions in the capital and credit markets and the current COVID-19 pandemic has caused significant volatility and uncertainty in U.S. and international markets. A severe or prolonged economic downturn could result in a variety of risks to our business, including weakened demand for our drug candidates and impaired ability to raise additional capital when needed on acceptable terms, if at all. A weak or declining economy could also strain our suppliers or possibly result in supply disruption. Any of the foregoing could harm our business and we cannot anticipate all of the ways in which the current economic climate and financial market conditions could adversely impact our business.

Current and future litigation against us, which may arise in the ordinary course of our business, could be costly and time consuming to defend.

We are periodically subject to claims that arise in the ordinary course of business, such as claims brought by our collaborators or suppliers in connection with commercial disputes, employment claims made by our current or former employees, or claims brought by third parties for failure to adequately protect their personal data. Third parties may in the future assert intellectual property rights to technologies that are important to our business and demand back royalties or demand that we license their technology. Litigation may result in substantial costs and may divert management’s attention and resources, which may seriously harm our business, overall financial condition and operating results. Insurance may not cover such claims, may not be sufficient for one or more of such claims and may not continue to be available on terms acceptable to us. A claim brought against us that is uninsured or underinsured could result in unanticipated costs and management distraction, negatively affecting our business, financial condition and results of operations.

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

The trading market for our common stock will rely in part on the research and reports that industry or financial analysts publish about us or our business. We may never obtain research coverage by industry or financial analysts. If no or few analysts commence coverage of us, the trading price of our stock would likely decrease. Even if we do obtain analyst coverage, if one or more of the analysts covering our business downgrade their evaluations of our stock, the price of our stock could decline. If one or more of these analysts cease to cover our stock, we could lose visibility in the market for our stock, which in turn could cause our stock price to decline.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are based on our management's beliefs and assumptions and on information currently available to our management. The forward-looking statements are contained principally in the sections captioned "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry Overview," and "Business." All statements other than statements of historical facts contained in this prospectus, including statements regarding our future results of operations and financial position, business strategy, development plans, planned preclinical studies, and clinical trials, future results of clinical trials, expected research and development costs, regulatory strategy, timing, and likelihood of success, as well as plans and objectives of management for future operations, 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 prospectus include, but are not limited to, statements about:

- the initiation, timing, progress, results, and cost of our research and development programs and our current and future preclinical and clinical studies, including statements regarding design of, and the timing of initiation and completion of, studies or trials and related preparatory work, the period during which the results of the trials will become available, and our research and development programs;
- the ability of our clinical trials to demonstrate safety and efficacy of our drug candidates, and other positive results;
- the ability and willingness of our third-party strategic collaborators to continue research and development activities relating to our development candidates and investigational medicines;
- future agreements with third parties in connection with the commercialization of our investigational medicines and any other approved product;
- the timing, scope, and likelihood of regulatory filings and approvals, including 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, including 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 market opportunity for our drug candidates, including our estimates of the number of patients who suffer from the diseases we are targeting;
- our ability to identify viable new drug candidates for clinical development and the accelerating 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, and technology tools, and drug discovery platform, or to realize benefits from such improvements;

- our expectations related to the performance and benefits of our BioHive-1 supercomputer;
- our ability to realize a return on our investment of resources and cash in our drug discovery collaborations;
- our ability to scale like a technology company and to add more programs to our pipeline each year than in the prior;
- our ability to successfully compete in a highly competitive market;
- our manufacturing, commercialization, and marketing capabilities and strategy;
- 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 and other drug candidates we may develop;
- our competitive position and the success of competing therapies 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 relating to the further development of our drug candidates, including additional indications we may pursue;
- existing regulations and regulatory developments in the United States, Europe, and other jurisdictions;
- 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, obtaining 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 current or future intellectual property litigation and our ability to defend against claims of infringement, misappropriation, or other violations of any third-party 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, and the effect of such outbreak or natural disaster 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 develop, manufacture, or commercialize our 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 needs for additional financing;
- our financial performance;
- the period over which we estimate our existing cash and cash equivalents will be sufficient to fund our future operating expenses and capital expenditure requirements;
- our ability to raise substantial additional funding;
- the impact of current and future laws and regulations, and our ability to comply with all regulations that we are, or may become, subject to;
- the need to hire additional personnel and our ability to attract and retain such personnel;
- the impact of any current or future litigation, which may arise during the ordinary course of business and be costly to defend;
- our expectations regarding the period during which we will qualify as an emerging growth company under the JOBS Act;
- our anticipated use of our existing resources and the net proceeds from this offering; and
- other risks and uncertainties, including those listed under the caption “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, and these forward-looking statements are not guarantees of future performance or development. These forward-looking statements speak only as of the date of this prospectus and are subject to a number of risks, uncertainties and assumptions described in the section titled “Risk Factors” and elsewhere in this prospectus. 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 do not plan to publicly update or revise any forward-looking statements contained herein until after we distribute this prospectus, 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 prospectus, and while we believe such information forms a reasonable basis for such statements, such 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 these statements.

MARKET, INDUSTRY, AND OTHER DATA

This prospectus contains estimates, projections, and other information concerning our industry, our business and the markets for our drug candidates, including data regarding the estimated size of such markets and the incidence of certain medical conditions. We obtained the industry, market, and similar data set forth in this prospectus from our internal estimates and research and from academic and industry research, publications, surveys, and studies conducted by third parties, including governmental agencies. In some cases, we do not expressly refer to the sources from which this data is derived. Information that is based on estimates, forecasts, projections, market research, or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances that are assumed in this information. While we believe that the data we use from third parties are reliable, we have not separately verified this data. Any industry forecasts are based on data (including third-party data), models, and experience of various professionals and are based on various assumptions, all of which are subject to change without notice. Further, while we believe our internal research is reliable, such research has not been verified by any third party. While we are not aware of any misstatements regarding the market data presented herein, industry forecasts and projections involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading “Risk Factors.”

USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of the shares of our Class A common stock in this offering will be approximately $ million, or approximately $ million if the underwriters exercise their option to purchase additional shares in full, based upon the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

Each $1.00 increase or decrease in the assumed initial public offering price of $ per share would increase or decrease, as applicable, the net proceeds to us from this offering by approximately $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase or decrease of 1.0 million shares in the number of shares offered by us would increase or decrease, as applicable, the net proceeds to us from this offering by approximately $ million, assuming the assumed initial public offering price remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The principal purposes of this offering are to obtain additional capital to support our operations, establish a public market for our Class A common stock and facilitate our future access to the public capital markets.

We currently intend to use the net proceeds from this offering, together with our existing cash and cash equivalents, as follows:

- approximately $ million to $ million to fund research and development related to our platform, which refers primarily to expenses of hit screening through hit identification;
- approximately $ million to $ million to fund research and development related to discovery activities, which refers primarily to expenses of hit identification through identification of development candidates;
- approximately $ million to $ million to fund research and development related to clinical activities, which refers primarily to expenses from identification of development candidates through commercialization;
- approximately $ million to repay all outstanding indebtedness under our Credit and Security Agreement with Midcap Financial Trust, which matures in September 2021 and accrues interest on the principal amount outstanding at a floating per annum rate equal to the LIBOR rate plus 5.75%; and
- the remaining amounts to fund working capital, other general corporate purposes and strategic investments, including through Induction Labs. However, we do not have agreements or commitments for any investments at this time.

Based on our current operating plan, we believe that the net proceeds from this offering, together with our existing cash and cash equivalents, borrowings available to us and short-term investments as of the date of this prospectus, will be sufficient to fund our operating expenses and capital expenditures for at least the next months. We have based this estimate on assumptions that may prove to be wrong, and we could deplete our available capital resources sooner than we expect. The anticipated net proceeds from this offering, together with our cash and cash equivalents, may not be sufficient for us to advance our drug candidates through regulatory approval, and we may need to raise additional capital to complete the development, clinical trials and commercialization of our drug candidates.

Our expected use of the net proceeds from this offering represents our intentions based upon our current plans and business conditions. We cannot predict with certainty all of the particular uses for the net proceeds to be received upon the completion of this offering or the amounts that we will actually spend on the uses set forth above and we may require additional funds in order to fully accomplish the specified uses listed above. We believe opportunities may exist from time to time to expand our current business through in-licenses or acquisitions of, or investments in, complementary businesses, products or technologies. While we have no current agreements, commitments or understandings for any specific in-licenses, acquisitions, or investments at this time, we may use a portion of the net proceeds for these purposes, subject to applicable regulatory restrictions. As a result, our management will have broad discretion over the use of the net proceeds from this offering.

The amounts and timing of our actual expenditures may vary significantly depending on numerous factors, including the progress of our research and development, the timing and success of preclinical studies, clinical studies we may commence in the future, the timing of patient enrollment in clinical trials, the timing of regulatory submissions and evolving regulatory requirements, any collaboration arrangements that we may enter into with third parties or strategic opportunities that become available to us, and any unforeseen cash needs.

Pending their use, we intend to invest the net proceeds of this offering in short- and intermediate-term, interest-bearing obligations, investment-grade instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government, subject to applicable regulatory restrictions. We cannot predict whether the proceeds invested will yield a favorable return.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our board of directors, subject to applicable laws, and will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual restrictions, general business conditions, and other factors that our board of directors may deem relevant, including restrictions in our current and future debt instruments, our future earnings, capital requirements, financial condition, prospects, and applicable Delaware law, which provides that dividends are only payable out of surplus or current net profits.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of December 31, 2020:

- on an actual basis;
- on a pro forma basis, giving effect to i) the automatic conversion of all outstanding shares of our convertible preferred stock into an aggregate of 91,941,817 shares of Class A common stock and shares of our Class B common stock immediately prior to the completion of this offering and ii) the filing and effectiveness of our amended and restated certificate of incorporation immediately prior to the completion of this offering; and
- on a pro forma as adjusted basis to reflect i) the pro forma adjustments set forth above and ii) our issuance and sale of shares of Class A common stock in this offering at the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, and iii) the use of proceeds to repay certain indebtedness as set forth in the section titled “Use of Proceeds”.

The pro forma as adjusted information set forth below is illustrative only and will depend on the actual initial public offering price and other terms of this offering determined at pricing. You should read this information in conjunction with our financial statements and the related notes appearing elsewhere in this prospectus, as well as the sections titled “Selected Financial Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

	As of December 31, 2020		
	Actual	Pro forma	Pro forma as adjusted[1]
		(unaudited) (in thousands)	
Cash and cash equivalents	$ 262,126	$ 262,126	$
Credit Agreement	11,888	11,888	
Convertible preferred stock, $0.00001 par value per share; 80,956,475 shares authorized, 74,725,398 shares issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma and pro forma as adjusted	448,312	—	
Stockholders’ deficit:			
Preferred stock, $0.00001 par value per share; no shares authorized, issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma; no shares authorized, issued and outstanding, pro forma as adjusted	—	—	
Common stock, $0.00001 par value per share; 125,600,000 shares authorized, 14,876,460 shares issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma; no shares authorized, issued and outstanding, pro forma as adjusted	—	1	
Class A common stock, $0.00001 par value per share; no shares authorized, shares issued and outstanding, actual; shares authorized, shares issued and outstanding, pro forma; shares authorized, shares issues and outstanding, pro forma as adjusted	—	—	
Class B common stock, $0.00001 par value per share; no shares authorized, shares issued and outstanding, actual; shares authorized, shares issued and outstanding, pro forma; shares authorized, shares issued and outstanding, pro forma as adjusted	—	—	

	As of December 31, 2020		
	Actual	Pro forma	Pro forma as adjusted(1)
		(unaudited) (in thousands)	
Additional paid-in capital	7,312	455,623	
Accumulated deficit	(213,601)	(213,601)	
Total stockholders' (deficit) equity	(206,289)	242,023	
Total capitalization	$ 242,023	$ 242,023	$

(1) Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, each of our pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders' deficit and total capitalization by approximately $ million, assuming that the number of shares of Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase or decrease of 1.0 million shares in the number of shares of Class A common stock offered by us would increase or decrease, as applicable, each of our pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders' deficit and total capitalization by approximately $ million, assuming the assumed initial public offering price of $ per share, remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriters' option to purchase additional shares is exercised in full, our pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders' deficit, and total capitalization as of December 31, 2020, would be $ million, $ million, $ million, and $ million, respectively.

The number of shares of our Class A common stock and Class B common stock issued and outstanding, pro forma and pro forma as adjusted in the table above is based on 91,941,817 shares of our common stock outstanding as of December 31, 2020 (on an as-converted basis), and excludes:

- 13,873,278 shares of Class A common stock issuable upon the exercise of options outstanding as of December 31, 2020, with a weighted-average exercise price of $2.79 per share;
- 1,197,875 shares of Class A common stock issuable upon the exercise of options granted after December 31, 2020, with a weighted-average exercise price of $6.65 per share;
- 234,700 shares of Class A common stock issuable upon the exercise of warrants outstanding as of December 31, 2020;
- 1,067,711 shares of Class A common stock for future issuance under our 2016 Plan, as of December 31, 2020, which shares will be added to the shares to be reserved for future issuance under our 2021 Plan;
- shares of Class A common stock reserved for future issuance under our 2021 Plan, which will become effective in connection with this offering, as well as any automatic increases in the number of shares of Class A common stock reserved for future issuance under this plan; and
- shares of Class A common stock reserved for future issuance under our 2021 ESPP, which will become effective in connection with this offering, as well as any automatic increases in the number of shares of Class A common stock reserved for future issuance under this plan.

DILUTION

Investors purchasing our Class A common stock in this offering will experience immediate and substantial dilution in the pro forma as adjusted net tangible book value of their shares of Class A common stock. Dilution in pro forma as adjusted net tangible book value represents the difference between the initial public offering price of our Class A common stock and the pro forma as adjusted net tangible book value per share of our Class A common stock immediately after the offering.

Our historical net tangible book deficit as of December 31, 2020, was $208.8 million, or $2.33 per share of our common stock. Our historical net tangible book value (deficit) is the amount of our total tangible assets less our total liabilities and convertible preferred stock, which is not included within our stockholders' deficit. Historical net tangible book value (deficit) per share represents historical net tangible book value (deficit) divided by the number of shares of our common stock outstanding as of December 31, 2020.

Our pro forma net tangible book value as of December 31, 2020, was $239.5 million, or $2.61 per share of our Class A common stock and Class B common stock. Pro forma net tangible book value represents the amount of our total tangible assets less our total liabilities. Pro forma net tangible book value per share represents pro forma net tangible book value divided by the total number of shares outstanding as of December 31, 2020, after giving effect to the automatic conversion of all outstanding shares of our convertible preferred stock as of December 31, 2020, into an aggregate of 91,941,817 shares of our Class A common stock and Class B common stock immediately prior to the completion of this offering as if such conversion had occurred on December 31, 2020.

After giving further effect to our sale of shares of Class A common stock in this offering at the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of December 31, 2020, would have been approximately $ million, or approximately $ per share. This represents an immediate increase in pro forma net tangible book value per share of approximately $ to our existing stockholders and an immediate dilution in pro forma net tangible book value per share of approximately $ to investors purchasing shares of Class A common stock in this offering.

The following table illustrates this dilution on a per share basis to new investors (without giving effect to any exercise by the underwriters of their option to purchase additional shares):

Assumed initial public offering price per share		$
Historical net tangible book value (deficit) per share as of December 31, 2020	$(2.33)	
Pro forma increase in net tangible book value per share as of December 31, 2020	4.94	
Pro forma net tangible book value per share as of December 31, 2020		
Increase in pro forma net tangible book value per share attributable to investors purchasing shares of common stock in this offering		
Pro forma as adjusted net tangible book value per share		
Dilution per share to investors participating in this offering		$

Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, the pro forma as adjusted net tangible book value per share after

this offering by approximately $ per share and the dilution to investors purchasing shares of Class A common stock in this offering by approximately $ per share, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase of 1.0 million shares in the number of shares offered by us would increase the pro forma as adjusted net tangible book value per share after this offering by approximately $ and decrease the dilution per share to investors purchasing shares of Class A common stock in this offering by approximately $, assuming no change in the assumed initial public offering price and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Each decrease of 1.0 million shares in the number of shares offered by us would decrease the pro forma as adjusted net tangible book value per share after this offering by approximately $ and increase the dilution per share to investors purchasing shares of Class A common stock in this offering by approximately $, assuming no change in the assumed initial public offering price and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriters exercise their option to purchase additional shares of Class A common stock in this offering in full at the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus and assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, the pro forma as adjusted net tangible book value per share after this offering would be approximately $ per share, and the dilution per share to investors purchasing shares of Class A common stock in this offering would be approximately $ per share.

The following table summarizes, on the pro forma as adjusted basis described above, as of December 31, 2020, the number of shares of Class A common stock purchased from us, the total consideration paid, or to be paid, and the weighted-average price per share paid, or to be paid, by existing stockholders and by investors purchasing shares in this offering at the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, before deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares purchased		Total consideration		Weighted-average price per share
(dollar amounts in thousands, except per share amounts)	Number	Percent	Amount	Percent	
Existing stockholders before this offering		%	$	%	$
Investors purchasing shares in this offering					$
Total		100%	$	100%	

The table above assumes no exercise of the underwriters' option to purchase additional shares in this offering. If the underwriters' option to purchase additional shares is exercised in full, the number of shares of our Class A common stock and Class B common stock held by existing stockholders would be reduced to % of the total number of shares of our Class A common stock and Class B common stock outstanding after this offering, and the number of shares of Class A common stock and Class B common stock held by investors purchasing shares of Class A common stock in the offering would be increased to % of the total number of shares outstanding after this offering.

Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, the total consideration paid by investors purchasing shares in this

offering by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same. Similarly, each increase or decrease of 1.0 million shares in the number of shares offered by us would increase or decrease, as applicable, the total consideration paid by investors purchasing shares in this offering by approximately $ million, assuming no change in the assumed initial public offering price.

The number of shares of our Class A common stock and Class B common stock issued and outstanding, pro forma and pro forma as adjusted in the tables and calculations above (other than the historical net tangible book value calculation) are based on 91,941,817 shares of our common stock outstanding as of December 31, 2020 (on an as-converted basis), and excludes:

- 13,873,278 shares of Class A common stock issuable upon the exercise of options outstanding as of December 31, 2020, with a weighted-average exercise price of $2.79 per share;
- 1,197,875 shares of Class A common stock issuable upon the exercise of options granted after December 31, 2020, with a weighted-average exercise price of $6.65 per share;
- 234,700 shares of Class A common stock issuable upon the exercise of warrants outstanding as of December 31, 2020;
- 1,067,711 shares of Class A common stock for future issuance under our 2016 Plan as of December 31, 2020, which shares will be added to the shares to be reserved for future issuance under our 2021 Plan;
- shares of Class A common stock reserved for future issuance under our 2021 Plan, which will become effective in connection with this offering as well as any automatic increases in the number of shares of Class A common stock reserved for future issuance under this plan; and
- shares of Class A common stock reserved for future issuance under our 2021 ESPP, which will become effective in connection with this offering as well as any automatic increases in the number of shares of Class A common stock reserved for future issuance under this plan.

To the extent that any outstanding options are exercised or new options are issued under our equity benefit plans, or we issue additional shares of Class A common stock or Class B common stock or other securities convertible into or exercisable or exchangeable for shares of our capital stock in the future, there will be further dilution to investors purchasing shares of Class A common stock in this offering.

SELECTED CONSOLIDATED FINANCIAL DATA

The following tables summarize our selected financial data for the periods and as of the dates indicated. We have derived our selected statements of operations data for the years ended December 31, 2020 and 2019, and the balance sheet data as of December 31, 2020 and 2019, from our audited financial statements appearing elsewhere in this prospectus. You should read the following selected financial data together with our financial statements and the related notes appearing elsewhere in this prospectus and the information in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

	Year Ended December 31,	
	2020	2019
	(in thousands, except share and per share data)	
Consolidated Statement of Operations Data:		
Revenue:		
Grant revenue	$ 549	$ 608
Operating revenue	3,413	1,711
Total revenue	3,962	2,319
Operating expenses:		
Research and development expenses	63,319	45,809
General and administrative	25,258	18,951
Total operating expenses	88,577	64,760
Loss from operations	(84,615)	(62,441)
Other income (loss), net	(2,391)	562
Net loss and comprehensive loss	$ (87,006)	$ (61,879)
Net loss per share, basic and diluted(1)	$ (5.99)	$ (4.30)
Weighted average shares of common stock, basic and diluted	14,520,924	14,380,177
Pro forma net loss per share, basic and diluted (unaudited)(2)	$ (1.16)	$ (0.96)
Weighted-average shares outstanding used in computing pro forma net loss per share, basic and diluted (unaudited)	74,977,375	64,746,144

(1) See Note 11 to our consolidated financial statements appearing at the end of this prospectus for details on the calculation of basic and diluted net loss per share.
(2) Unaudited pro forma basic and diluted net loss per share were computed to give effect to the automatic conversion of all outstanding shares of convertible preferred stock into shares of Class A common stock or Class B common stock in connection with a qualified initial public offering, using the as-converted method as though the conversion had occurred as of the beginning of the period presented or the date of issuance, if later.

	As of December 31,	
	2020	2019
	(in thousands)	
Consolidated Balance Sheet Data:		
Cash and cash equivalents	262,126	$ 69,883
Working capital(1)	246,379	69,714
Total assets	298,585	101,431
Total liabilities	56,562	24,587
Convertible preferred stock	448,312	201,109
Total stockholders’ deficit	(206,289)	(124,265)

(1) Working capital is defined as current assets less current liabilities.

Management’s Discussion and Analysis of Financial Condition and Results of Operations

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with the "Selected Consolidated Financial Data" section of this prospectus and our consolidated financial statements and related notes appearing at the end of this prospectus. Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the "Risk Factors" section of this prospectus, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

We are a clinical-stage biotechnology company decoding biology by integrating technological innovations across biology, chemistry, automation, data science and engineering to radically improve the lives of patients and industrialize drug discovery. Central to our mission is the Recursion Operating System that combines an advanced infrastructure layer to generate what we believe is one of the world's largest and fastest-growing proprietary biological and chemical datasets, and the Recursion Map, a suite of custom software, algorithmic and machine learning tools that we use to explore foundational biology unconstrained by human bias, navigate to new biological insights, and accelerate programs. The combination of wet-lab biology and in silico tools in our closed-loop system accelerates our drug discovery process and differentiates us from others within the industry. Similarly, 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 every decision. Thus far, we have leveraged our Recursion Operating System to create three value drivers: i) advancement of 37 internally-developed programs focused on areas of significant unmet need, several of which have market opportunities in excess of $1.0 billion in annual sales, ii) strategic partnerships with leading biopharmaceutical companies, and iii) Induction Labs, a growth engine created to explore new extensions of the Recursion Operating System both within and beyond therapeutics. The number of programs we are advancing has doubled in size since 2019, and we expect to continue accelerating the pace of program additions in the future. As such, we are a biotechnology company scaling more like a technology company.

Integrating technological innovations across biology, chemistry, automation, data science and engineering in order to industrialize the discovery of therapeutics has required us to raise significant capital and adopt a long-term approach to capital allocation that balances near-term risks and long-term value creation. Of our pipeline of 37 programs, we have four drug candidates that we expect will be entering clinical trials in the next four to five quarters. We have assembled an exceptional team of over 200 employees as of December 31, 2020. Approximately 40% of our full-time employees are biology and chemistry employees and 35% of our full-time employees are data science and software engineering employees.

From inception to December 31, 2020, we have raised approximately $448.9 million in equity financing from investors in addition to $30.0 million in an upfront payment from our strategic partnership with Bayer. We use the capital we have raised to fund operations and investing activities across platform research operations, drug discovery, clinical development, digital and other infrastructure, creation of our portfolio of intellectual property, and administrative support. We do not have any products approved for commercial sale and have not generated any revenues from product sales. We had cash and cash equivalents and restricted cash of $267.2 million as of December 31, 2020.

Since inception, we have incurred significant operating losses. Our net losses were $61.9 million and $87.0 million for the years ended December 31, 2019 and 2020, respectively. As of December 31, 2020, our accumulated deficit was $213.6 million. We expect to continue to incur significant expenses and operating losses for the foreseeable future. In addition, we anticipate that our expenses will increase significantly in connection with our ongoing activities, as we:

- continue our platform research and drug discovery and clinical development efforts;
- continue to invest in the scale and scope of our platform research capabilities in order to identify novel biology and therapeutics;
- continue to invest in expansions of the modality capabilities across our platform including large molecules and RNA therapeutics;
- invest in or acquire companies or intellectual property that achieves our platform objectives;
- accelerate investments in mechanisms to significantly expand our total addressable markets through Induction Labs;
- utilize our platform to identify and validate additional therapeutic candidates, technologies, and business opportunities;
- initiate additional preclinical studies or clinical or other trials for our product candidates, including under our collaboration agreements;
- continue or expand the scope of our clinical trials for our product candidates;
- conduct the above and below development activities on an extensive pipeline of therapeutic candidates across diverse areas of biology;
- establish agreements with contract research organizations, or CROs, and contract manufacturing organizations, or CMOs, in connection with our preclinical studies and clinical trials;
- change or add to internal manufacturing capacity or capability;
- change or add additional suppliers;
- seek regulatory approval for our therapeutic candidates;
- seek marketing approvals and reimbursement for our therapeutic candidates;
- establish a sales, marketing, and distribution infrastructure to commercialize any products for which we may obtain marketing approval;
- acquire or in-license other therapeutic candidates and technologies;
- make milestone or other payments under any in-license agreements;
- maintain, protect, defend, enforce, and expand our intellectual property portfolio;
- add additional infrastructure to our quality control, quality assurance, legal, compliance, and other groups to support our operations as we progress our therapeutics candidates toward commercialization;
- add additional infrastructure to support our operations as a public company and our product development and future commercialization efforts, including expansion of company sites;
- attract and retain world-class talent, including in competitive areas; and
- experience any delays or encounter issues with any of the above.

We will not generate revenue from the sale of our drug candidates unless and until we successfully complete clinical development and obtain regulatory approval for our drug candidates. If

we are able to obtain regulatory approval for any of our therapeutic candidates, we may incur significant commercialization expenses related to developing our commercialization capabilities to support product sales, marketing, and distribution activities, either alone or in collaboration with others. Furthermore, upon the closing of this offering, we expect to incur additional costs associated with operating as a public company, including significant legal, accounting, investor relations, and other expenses that we did not incur as a private company.

As a result, we will need substantial additional funding to support our continued operations and pursue our growth strategy. Until we can generate significant revenue from pharmaceutical product sales, if ever, we expect to finance our operations through a combination of public or private equity offerings and debt financings, government funding arrangements, collaborations and marketing, distribution and licensing arrangements. We may be unable to raise additional funds or enter into such other arrangements on favorable terms, or at all. If we fail to raise capital or enter into such arrangements as, and when, needed, we may have to significantly delay, scale back or discontinue the development and commercialization of one or more product candidates, or delay our pursuit of potential in-licenses or acquisitions.

Because of the numerous risks and uncertainties associated with pharmaceutical development, we are unable to predict the timing or amount of increased expenses or when or if we will be able to achieve or maintain profitability. Even if we are able to generate revenues from the sale of our products, we may not become profitable. If we fail to become profitable or are unable to sustain profitability on a continuing basis, then we may be unable to continue our operations at planned levels and may be forced to reduce our operations.

Strategic Agreements

Listed below are the strategic agreements that may have an impact on our results of operations:

Bayer

In August 2020, we entered into a Research Collaboration and Option Agreement, the Bayer Agreement, with Bayer AG, or Bayer, for a five-year term pursuant to which we and Bayer may initiate approximately ten research projects related to fibrosis across multiple organ systems, including lung, liver, and heart. We received an upfront technology access fee of $30.0 million in September 2020 as part of the Bayer Agreement. Under the agreement, Bayer has the first option for licenses to potential candidates; each such license could potentially result in option exercise fees and development and commercial milestones paid to us with an aggregate value of up to approximately $100 million (for an option on a lead series) or up to approximately $120 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.

REC-2282: Ohio State Innovation Foundation In-License

In December 2018, we entered into an Exclusive License Agreement with the Ohio State Innovation Foundation, or OSIF, pursuant to which we obtained a license to certain rights controlled by OSIF and related to the pan-histone deacetylase inhibitor, OSU-HDAC42, or REC-2282, to develop, make, have made, use, sell, offer for sale, and import products incorporating OSU-HDAC42 worldwide. OSIF also assigned certain assets to us, relating to the pharmaceutical composition known as AR-42. In consideration for the license, we paid OSIF an upfront payment of $2.0 million in December 2018 and are obligated to pay OSIF certain milestones, totaling up to $20 million dollars, as well as mid-single digit royalties on net sales of the licensed products. In addition, we owe 25% of any non-royalty sublicensing consideration prior to a Phase II clinical trial or 15% of such sublicensing consideration after initiation of a Phase II clinical trial, provided that milestone payments are creditable against these sublicensing fees. As of the date of this prospectus, we have not made any milestone or royalty payments to OSIF.

REC-3599: Chromaderm License Agreement

In December 2019, we entered into a License Agreement with Chromaderm, Inc., or Chromaderm, pursuant to which we obtained an exclusive license under certain rights controlled by Chromaderm to ruboxistaurin, an inhibitor of protein kinase C, in non-topical formulations for all uses other than the treatment, prevention, and/or diagnosis of skin hyperpigmentation conditions or disorders. Under the agreement, we paid Chromaderm an upfront payment of $1.25 million in December 2019. We are obligated to pay Chromaderm certain development and approval milestones with respect to the licensed products, totaling up to $35.5 million for a first indication and up to $52.5 million if multiple indications are pursued, and certain commercial milestones totaling up to $49 million. Finally, we will owe Chromaderm mid single-digit to low double-digit tiered royalties on net sales of REC-3599. As of the date of this prospectus, we have not made any milestone or royalty payments to Chromaderm.

REC-4881: Takeda License Agreement

In May 2020, we entered into a License Agreement, or the Takeda In-License, with Takeda Pharmaceutical Company Limited, or Takeda, pursuant to which we obtained an exclusive license (even as to Takeda and its affiliates) to certain rights to Takeda's clinical-stage compound known as TAK-733, a non-ATP-competitive allosteric inhibitor of MEK1 and MEK2. We are required to use commercially reasonable efforts to develop and commercialize at least one licensed product in each of (a) the US, (b) at least three of the following European countries: the United Kingdom, France, Germany, Italy and Spain, and (c) Japan. Upon execution of the agreement, we paid an upfront fee of $1.5 million to Takeda in May 2020. Under the Takeda In-License, we are obligated to pay Takeda milestone amounts totaling up to $39.5 million upon achievement of specified development and regulatory milestone events. In addition, we are obligated to pay Takeda low-to-mid single-digit royalties based on net sales of products containing the licensed compounds by us, our affiliates or sublicensees, subject to specified reductions. As of the date of this prospectus, we have not made any milestone or royalty payments to Takeda.

For more information on these Strategic Agreements see "Business—Strategic Agreements."

Components of Operating Results

Revenues

To date, our business generates revenue from two sources: i) grant revenue and ii) operating revenue.

Grant Revenue—We recognize grant revenue in the period in which the revenue is earned in accordance with the associated grant agreement, which is the period in which corresponding reimbursable expenses under the grant agreement are incurred. Grant revenue was generated from grants awarded by the National Institute of Health and the Bill and Melinda Gates Foundation.

Operating Revenue—Operating revenue is primarily generated through funded research and development agreements derived from strategic alliances such as our strategic partnership with Bayer. We are entitled to receive variable consideration as certain milestones are achieved. The timing of revenue recognition is not directly correlated to the timing of cash receipts.

Research and Development

Research and development expenses account for a significant portion of our operating expenses. We recognize research and development expenses as incurred. Research and development expenses comprise costs incurred in performing research and development activities, including:

- cost to develop and operate our platform;

- discovery efforts leading to development candidates;
- clinical development costs for our programs;
- costs associated with discovery as well as clinical development efforts, including research materials and external research;
- materials and supply costs associated with the manufacture of drug substance and drug product 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
- facilities, depreciation and amortization, insurance and other direct and allocated expenses incurred as a result of research and development activities.

We monitor research and development expenses directly associated with our clinical assets to some degree at the program level, however, indirect costs associated with clinical development and the balance of our research and development expenses are not tracked at the program or candidate level.

We recognize expenses associated with third-party contracted services based on the completion of activities as specified in the applicable contracts. Upon termination of contracts with third parties, our financial obligations are 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, benefits, stock-based compensation, and outsourced labor for personnel in executive, finance, human resources, legal and other corporate administrative functions. General and administrative expenses also include legal fees incurred relating to corporate and patent matters, professional fees incurred for accounting, auditing, tax and administrative consulting services, insurance costs, facilities and depreciation expenses.

We expect that our general and administrative expenses will increase in the future to support personnel in research and development and to support our operations generally as we increase our research and development activities and activities related to the potential commercialization of our initial drug candidates REC-4881, REC-3599, REC-2282, and REC-994. We also expect to incur increased expenses associated with operating as a public company, including costs of accounting, audit, legal, regulatory, and tax-related services associated with maintaining compliance with exchange listing and Securities and Exchange Commission, or SEC, requirements, director and officer insurance costs, and investor and public relations costs.

Other Income, Net

Other income, net primarily consists of interest earned on our cash and cash equivalents, interest expense incurred under our loan agreements, and a loss on extinguishment of debt related to write-off of unamortized debt issuance costs.

Results of Operations

Comparison of the Years ended December 31, 2020 and 2019

The following table summarizes our results of operations for the periods indicated:

	Year Ended December 31,		Change	
	2020	2019	$	%
	(in thousands, except percentages)			
Revenue				
Grant revenue	$ 549	$ 608	$ (59)	(9.7%)
Operating revenue	3,413	1,711	1,702	99.5%
Total revenue	3,962	2,319	1,643	70.9%
Operating expenses				
Research and development	63,319	45,809	17,510	38.2%
General and administrative	25,258	18,951	6,307	33.3%
Total operating expenses	88,577	64,760	23,817	36.8%
Loss from operations	(84,615)	(62,441)	(22,174)	35.51%
Other income (loss), net	(2,391)	562	(2,953)	(238.2%)
Net loss and comprehensive loss	$(87,006)	$(61,879)	$(25,127)	40.6%

Revenue

The following table summarizes the components of revenue recognized for the years ended December 31, 2020 and 2019.

	Years Ended December 31,		Change	
	2020	2019	$	%
	(in thousands, except percentages)			
Revenue				
Grant revenue	$ 549	$ 608	$ (59)	(9.7%)
Operating revenue	3,413	1,711	1,702	99.5%
Total revenue	$3,962	$2,319	$1,643	70.8%

Revenue increased by $1.6 million, or 70.8%, to $4.0 million for the year ended December 31, 2020 compared to $2.3 million for the year ended December 31, 2019. The increase in revenue was due to revenue recognized from our strategic partnership with Bayer entered into in 2020.

Research and Development

The following table summarizes the components of research and development expense for the years ended December 31, 2020 and 2019.

	Year Ended December 31,		Change	
	2020	2019	$	%
			(in thousands, except percentages)	
Research and development expenses				
Platform	$29,651	$19,617	$10,034	51.1%
Discovery	17,670	15,423	2,247	14.6%
Clinical	10,003	8,221	1,782	21.7%
Stock based compensation	1,777	947	830	87.6%
Other	4,218	1,601	2,617	163.5%
Total research and development expenses	$63,319	$45,809	$17,510	38.2%

Significant components of research and development include the following expense categories: Platform, which refers primarily to expenses related to screening through hit identification; Discovery, which refers primarily to expenses related to hit identification through development candidate; and Clinical, which refers primarily to expenses related to development candidate and beyond.

Research and development expenses increased by $17.5 million, or 38.2%, to $63.3 million for the year ended December 31, 2020 compared to $45.8 million for the year ended December 31, 2019. The increase in research and development expenses was primarily due to an increased number of experiments screened on the platform, an increased number of pre-clinical assets being validated and the development of clinical stage assets.

General and Administrative Expenses

The following table summarizes the components of general and administrative expense for the years ended December 31, 2020 and 2019.

	Year Ended December 31,		Change	
	2020	2019	$	%
			(in thousands, except percentages)	
Total general and administrative	$25,258	$18,951	$6,307	33.3%

General and administrative expenses increased by $6.3 million, or 33.3%, to $25.3 million for the year ended December 31, 2020 compared to $19.0 million for the year ended December 31, 2019. The increase in general and administrative expenses was primarily due to increased legal expenses for patent filings and related matters, payments for leased office space, and recruiting and other personnel expense.

Other income (loss), net

The following table summarizes the components of Other income (loss), net for the years ended December 31, 2020 and 2019.

	Year Ended December 31,		Change	
	2020	2019	$	%
			(in thousands, except percentages)	
Interest income	$ 336	$1,741	$(1,405)	(80.7%)
Interest expense	(1,360)	(635)	(725)	114.2%
Loss on extinguishment of debt	(883)	(555)	(328)	59.1%
Other income (loss), net	(484)	11	(495)	(100%)
Other income (loss), net	$(2,391)	$ 562	$(2,953)	(525.4%)

Other income (loss), net decreased by $3 million, or 525.4%, to ($2.4) million for the year ended December 31, 2020 compared to $0.6 million for the year ended December 31, 2019. The decrease in Other income (loss), net was primarily due to a decrease in interest earned from our checking account and an increase in interest expense from our term and convertible loans.

Liquidity and Capital Resources

Sources of Liquidity

We have not yet commercialized any products and we do not expect to generate revenue from sales of any product candidates for several years. Cash and cash equivalents totaled $69.9 million as of December 31, 2019 and $262.1 million as of December 31, 2020. We consider all highly liquid investments with maturities of 90 days or less when purchased to be cash equivalents.

We have incurred operating losses and experienced negative operating cash flows, and we anticipate that we will continue to incur losses for at least the foreseeable future. Our net loss totaled $61.9 million for the year ended December 31, 2019 and $87 million for the year ended December 31, 2020. As of December 31, 2019 and December 31, 2020, we had an accumulated deficit of $126.6 million and $213.6 million, respectively.

To date, we have financed our operations primarily through private placements of preferred stock. Through December 31, 2019, we had received gross proceeds of $21.3 million from sales of our Series A Preferred Stock, $60.0 million from sales of our Series B Preferred Stock, and $122.1 million from sales of our Series C Preferred Stock.

In September and October 2020, we received gross proceeds of over $239.1 million from sales of our Series D Preferred Stock as well as $30.0 million in an upfront payment from our strategic partnership with Bayer.

Midcap Credit and Security Agreement

In September 2019, we entered into a Credit and Security Agreement with Midcap Financial Trust, or Midcap, which we refer to as our Credit Agreement. The Credit Agreement includes: i) an initial term loan in an aggregate principal amount of $11.9 million; and ii) a second tranche term loan, which if drawn would result in an aggregate outstanding maximum principal amount of $26.9 million. The second tranche will become available to be drawn upon the achievement of certain drug development milestones. We are required to make interest-only payments from September 2019 to

September 2021, and thereafter, 36 monthly principal payments of $0.3 million plus interest commencing in October 2021 and continuing until the maturity date in September 2021. The interest-only period will be extended an additional 12 months upon achievement of certain fundraising related milestones. Interest accrues on the principal amount outstanding at a floating per annum rate equal to the LIBOR rate plus 5.75%.

The debt is secured against all of our assets. The Credit Agreement includes standard affirmative and restrictive covenants and standard events of default, including payment defaults, breaches of covenants following any applicable cure period, a material impairment in the perfection or priority of Midcap's security interest or in the value of the collateral and a material adverse change in our business, operations, or conditions. Upon the occurrence of an event of default and following any applicable cure periods, Midcap may declare all outstanding obligations immediately due and payable and take such other actions as set forth in the Credit Agreement. At December 31, 2020, we were in compliance with all debt covenants under the Credit Agreement. In 2019, we paid fees of approximately $0.3 million in connection with the origination of the Credit Agreement. These fees were deferred and recorded as a direct deduction from the carrying value of the loan payable and are amortized to interest expense over the remaining term of the Credit Agreement.

Cash Flows

The following table sets forth the primary sources and uses of cash and cash equivalents for each of the periods presented below:

	Year Ended December 31,	
	2020	2019
	(in thousands)	
Cash used in operating activities	$ (45,399)	$ (57,042)
Cash used in investing activities	(8,740)	(3,910)
Cash provided by financing activities	246,135	120,410
Net increase in cash and cash equivalents	$191,996	$ 59,458

Operating Activities

Net cash used in operating activities was $45.4 million for the year ended December 31, 2020. Cash used in operating activities was due to the use of funds in connection with our operations, resulting in a net loss of $87 million, adjusted by non-cash charges of $10.8 million and by a change in operating assets and liabilities of $30.8 million. Non-cash items included stock-based compensation expense of $4.3 million, depreciation and amortization of $4.4 million and asset impairment of $0.9 million, a loss on the extinguishment of debt of $0.9 million and other non-cash adjustments of $0.8 million, offset by amortization of lease incentive obligation of $0.5 million. The net change in assets and liabilities was primarily due to an increase in deferred revenue of $26.7 million, a decrease in other assets of $1.7 million, an increase in accounts payable of $0.2 million and an increase of accrued expenses, deferred revenue and other current liabilities of $5.6 million.

Net cash used in operating activities was $57.0 million for the year ended December 31, 2019. Cash used in operating activities was due to the use of funds in connection with our operations, resulting in a net loss of $61.9 million, adjusted by non-cash charges of $4.4 million and by a change in operating assets and liabilities of $0.4 million. Non-cash items included stock-based compensation expense of $1.4 million and depreciation and amortization of $3.5 million, offset by amortization of lease incentive obligation of $0.5 million. The net change in assets and liabilities was primarily due to an increase in other assets of $0.6 million, offset by a decrease in accounts payable of $0.3 million and an increase in accrued expenses, deferred revenue, and other current liabilities of $0.1 million.

Investing Activities

Net cash used in investing activities was $8.7 million for the year ended December 31, 2020. Cash used in investing activities was used in the purchase of property and equipment of $5.8 million, the acquisition of Vium, a digital vivarium company, of $2.6 million, the proceeds from a note receivable, and the purchase of other intangible assets for $0.9 million.

Net cash used in investing activities was $3.9 million for the year ended December 31, 2019, which was used in the purchase of property and equipment, $3.5 million of which was for the purchase of lab equipment, and $0.4 million of which was for office equipment, fixtures, and leasehold improvements.

Financing Activities

Net cash used in financing activities was $246.1 million for the year ended December 31, 2020. Cash provided by financing activities consisted primarily of $239.1 million from the proceeds from a sale of preferred stock, less issuance costs.

Net cash provided by financing activities was $120.4 million for the year ended December 31, 2019, which consisted primarily of $119.9 million from the proceeds from a sale of preferred stock, less issuance costs and the proceeds from long-term debt, net of issuance costs of $11.6 million. Cash flows provided by financing activities were offset by the repayment of long-term debt of $11.2 million.

Future Funding Requirements

Since inception, we have incurred significant operating losses. Our net losses were $61.9 million and $87.0 million for the years ended December 31, 2019 and 2020, respectively. As of December 31, 2020, our accumulated deficit was $213.6 million. Given our broad and ambitious mission, we expect to continue to incur significant expenses and operating losses for the foreseeable future. In addition, we anticipate that our expenses will increase significantly in connection with our ongoing activities, as we:

- continue our platform research and drug discovery and clinical development efforts;
- continue to invest in the scale and scope of our platform research capabilities in order to identify novel biology and therapeutics;
- continue to invest in expansions of the modality capabilities across our platform including large molecules and RNA therapeutics;
- invest in or acquire companies or intellectual property that achieves our platform objectives;
- accelerate investments in mechanisms to significantly expand our total addressable markets through Induction Labs;
- utilize our platform to identify and validate additional drug candidates, technologies, and business opportunities;
- initiate additional preclinical studies or clinical or other trials for our drug candidates, including under our collaboration agreements;
- continue or expand the scope of our clinical trials for our drug candidates;
- conduct the above and below development activities on our pipeline of drug candidates across diverse areas of biology;
- establish agreements with CROs and CMOs in connection with our preclinical studies and clinical trials;

- change or add to internal manufacturing capacity or capability;
- change or add additional suppliers;
- seek regulatory approval for our drug candidates;
- seek marketing approvals and reimbursement for our drug candidates;
- establish a sales, marketing, and distribution infrastructure to commercialize any products for which we may obtain marketing approval;
- acquire or in-license other drug candidates and technologies;
- make milestone or other payments under any in-license agreements;
- maintain, protect, defend, enforce, and expand our intellectual property portfolio;
- add additional infrastructure to our quality control, quality assurance, legal, compliance and other groups to support our operations as we progress our drug candidates toward commercialization;
- add additional infrastructure to support our operations as a public company and our product development and future commercialization efforts, including expansion of company sites;
- attract and retain world-class talent, including in competitive areas; and
- experience any delays or encounter issues with any of the above.

We believe that the anticipated net proceeds from this offering, together with our existing cash, and cash equivalents, borrowings available to us and short-term investments as of the date of this prospectus, will be sufficient to fund our operating expenses and capital expenditures for at least the next 12 months. We have based this estimate on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we expect.

We do not expect to generate significant revenue from out-licensing transactions, development milestones, or royalties until we successfully complete significant drug development milestones, whether on our own or in collaboration with third parties, which we expect will take a number of years. In order to commercialize our drug candidates, we or our partners need to complete clinical development and comply with comprehensive regulatory requirements. We are subject to a number of risks and uncertainties similar to those of other companies of the same size within the biotechnology industry, such as uncertainty of clinical trial outcomes, uncertainty of additional funding, and history of operating losses.

We are subject to many other risks associated with early-stage enterprises, including increasing competition, limited operating history, the need to develop and refine our discovery platform and development operations, obtaining adequate financing to fulfill development activities, hiring management and other key personnel, scaling our laboratory processes to maximize throughput capacity, avoiding contamination and other causes of platform downtime, and integrating cross-functional operations across our teams. Successful completion of our development programs, and ultimately, the attainment of profitable operations is dependent on future events, including, among other things, our ability to secure financing, attract, retain, and motivate qualified personnel, efficiently manage our supply chain, cost-effectively expand and maintain laboratory operations to accommodate growth, protect our intellectual property, and execute strategic partnerships. Although we believe that we will be able to successfully mitigate these risks, there can be no assurance that we will be able to do so or that we will ever operate profitably.

Because of the numerous risks and uncertainties associated with the development of clinical programs and other earlier stage product candidates and because the extent to which we may enter

into collaborations with third parties for development of our product candidates is unknown, we are unable to estimate the timing and amounts of increased capital outlays and operating expenses associated with completing the research and development of our product candidates. Our future capital requirements will depend on many factors, including:

- the impact of any business interruptions to our operations, including the timing and enrollment of patients in our planned clinical trials, or to those of our manufacturers, suppliers, or other vendors resulting from the COVID-19 pandemic or similar public health crisis;
- the scope, rate of progress, results, and costs of our current and future clinical trials and additional preclinical research for our programs;
- the number of future drug candidates that we pursue and their development requirements;
- the costs, timing, and outcome of regulatory review of our drug candidates;
- our ability to establish and maintain collaborations on favorable terms, if at all;
- the success of any collaborations that we may enter into with third parties;
- the extent to which we acquire or invest in businesses, products, and technologies, including entering into licensing or collaboration arrangements for drug candidates;
- the costs of preparing, filing, and prosecuting patent applications, maintaining, protecting, and enforcing our intellectual property rights, and defending intellectual property-related claims;
- our headcount growth and associated costs as we expand our business operations and our research and development activities; and
- the costs of operating as a public company.

Developing pharmaceutical products, including conducting preclinical studies and clinical trials, is a time-consuming, expensive, and uncertain process that takes years to complete, and we may never generate the necessary data or results required to obtain marketing approval for any product candidates or generate revenue from the sale of any product candidate for which we may obtain marketing approval. In addition, our drug candidates, if approved, may not achieve commercial success. Our commercial revenues, if any, will be derived from sales of drugs that we do not expect to be commercially available for many years, if ever. Accordingly, we will need to obtain substantial additional funds to achieve our business objectives.

Adequate additional funds may not be available to us on acceptable terms, or at all. We do not currently have any committed external source of funds. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest may be diluted, and the terms of these securities may include liquidation or other preferences and anti-dilution protections that could adversely affect your rights as a common stockholder. Additional debt or preferred equity financing, if available, may involve agreements that include restrictive covenants that may limit our ability to take specific actions, such as incurring debt, making capital expenditures, or declaring dividends, which could adversely impact our ability to conduct our business, and may require the issuance of warrants, which could potentially dilute your ownership interest further.

If we raise additional funds through collaborations, strategic alliances, or licensing arrangements with third parties, we may have to relinquish valuable rights to our technology, future revenue streams, research programs, or product candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings or collaborations, strategic alliances, or licensing arrangements with third parties when needed, we may be required to delay, limit, reduce, and/or terminate our product development programs or any future commercialization efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

Off-Balance Sheet Arrangements

We did not have during the period presented, and we do not currently have any off-balance sheet arrangements, as defined in the rules and regulations of the Securities and Exchange Commission.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations at December 31, 2020, and the effect that such obligations are expected to have on our liquidity and cash flows in future periods:

	Payments Due by Period				
	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
	(in thousands)				
Operating lease commitments	$31,690	$ 3,849	$ 8,288	$ 8,590	$10,963
Development obligations	21,670	8,640	13,030	—	—
Debt and interest	15,607	2,057	9,323	3,938	289
Purchase obligations	18,833	18,833	—	—	—
Total	$87,800	$33,379	$30,641	$12,528	$11,252

We also have certain strategic partnership and research and license agreements with other third parties, which provide us with research services with the goal of identifying and developing product candidates until all payment obligations to the third party have expired. We have the right to terminate these agreements with a reasonable period of notice. For more information on these Strategic Agreements see “Business—Strategic Agreements.”

We enter into service agreements in the normal course of business with CROs and CMOs for clinical trials, preclinical research studies and testing, manufacturing, and other services and products for operating purposes. These contracts do not contain any minimum purchase commitments. Certain agreements provide for termination rights subject to termination fees or wind down costs. Under such agreements, we are contractually obligated to make certain payments to vendors, mainly to reimburse them for their unrecoverable outlays incurred prior to cancellation. The exact amounts of such obligations are dependent on the timing of termination, and the exact terms of the relevant agreement and cannot be reasonably estimated. As of December 31, 2020, we did not expect to cancel these agreements, and as such, the amounts under the agreements are included in the table of contractual obligations above as development obligations.

During 2020, we entered into a purchase obligation to purchase a supercomputer, accessories, and parts for an estimated price of approximately $18.8 million.

Critical Accounting Policies and Use of Estimates

Our management’s discussion and analysis of financial condition and results of operations is based on our financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States, or GAAP. The preparation of our consolidated financial statements and related disclosures requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, costs and expenses, and the disclosure of contingent assets and liabilities in our financial statements. We base our estimates on historical experience, known trends and events, and various other factors that we believe are reasonable under the circumstances,

the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions.

The full extent to which the COVID-19 pandemic will directly or indirectly impact our business, results of operations and financial condition, including expenses, clinical trials, and research and development costs, will depend on future developments that are highly uncertain, including as a result of new information that may emerge concerning COVID-19 and the actions taken to contain or treat COVID-19, as well as the economic impact on local, regional, national, and international markets.

While our significant accounting policies are described in more detail in the notes to our consolidated financial statements appearing at the end of this prospectus, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition

We have generated revenue from our strategic alliances. Our alliances with strategic collaborators may contain multiple elements, including research and other licenses, options to obtain development and commercialization rights, research and development services, obligations to develop and manufacture preclinical and clinical material, and options to obtain additional research and development services and preclinical and clinical material. Such arrangements may provide for various types of payments to us, including upfront fees, funding of research and development services and preclinical and clinical material, technical, development, regulatory, and commercial milestone payments, licensing fees, option exercise fees, and royalty and earnout payments on product sales. Such payments are often not commensurate with the timing of revenue recognition and therefore result in deferral of revenue recognition.

Our operating revenue has primarily been generated through funded research and development agreements. Revenue for research and development agreements is recognized as the Company satisfies a performance obligation by transferring the promised services to the customer. The Company recognizes revenue over time by measuring the progress toward complete satisfaction of the relevant performance obligation using an appropriate input method based on the services promised to the customer. This method of recognizing revenue requires the company to make estimates to determine the progress towards completion. A significant change in these estimates could have a material effect on the timing and amount of revenue recognized in future periods.

Accrued Research and Development Expenses

As part of the process of preparing our financial statements, we are required to estimate our expenses resulting from our obligations under contracts with vendors, clinical research organizations and consultants, and under clinical site agreements in connection with conducting clinical trials. The financial terms of these contracts are subject to negotiations, which vary from contract to contract and may result in payment terms that do not match the periods over which materials or services are provided under such contracts. Our objective is to reflect the appropriate expenses in our financial statements by matching those expenses with the period in which services are performed and efforts are expended. We account for these expenses according to the timing of various aspects of the expenses, and determine accrual estimates by taking into account discussion with applicable personnel and outside service providers as to the progress of clinical trials, or the services completed. During the course of a clinical trial, we adjust our clinical expense recognition if actual results differ from estimates. We make estimates of our accrued expenses as of each balance sheet date based on

the facts and circumstances known to it at that time. Our clinical trial accruals are dependent upon the timely and accurate reporting of contract research organizations and other third-party vendors. Although we do not expect estimates to be materially different from amounts actually incurred, our understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and may result in reporting amounts that are too high or too low for any particular period.

Stock-Based Compensation

We measure stock options and other stock-based awards granted to employees, directors and non-employees based on their fair value on the date of grant and recognize compensation expense of those awards over the requisite service period, or vesting period of the respective award. We recognize the impact of forfeitures on stock-based compensation expenses as forfeitures occur. We apply the straight-line method of expense recognition to all awards with only service-based vesting conditions.

We estimate the fair value of each stock option grant on the date of grant using the Black-Scholes option-pricing model, which uses as inputs the fair value of our common stock and assumptions we make for the volatility of our common stock, the expected term of our stock options, the risk-free interest rate for a period that approximates the expected term of our stock options, and our expected dividend yield.

Determination of Fair Value of Common Stock

As there has been no public market for our common stock to date, the estimated fair value of our common stock has been determined by our board of directors, or compensation committee, as of the date of each option grant, with input from management, considering our most recently available third-party valuations of common stock and our board of directors' assessment of additional objective and subjective factors that it believed were relevant and which may have changed from the date of the most recent valuation through the date of the grant. Historically, these independent third-party valuations of our equity instruments were performed contemporaneously with identified value inflection points.

These third-party valuations were performed in accordance with the guidance outlined in the American Institute of Certified Public Accountants' Accounting and Valuation Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation or the Practice Aid*. The Practice Aid identifies various available methods for allocating the enterprise value across classes of series of capital stock in determining the fair value of our common stock at each valuation date.

The assumptions used to determine the estimated fair value of our common stock are based on numerous objective and subjective factors, combined with management judgment, including:

- external market conditions affecting the pharmaceutical and biotechnology industry and trends within the industry;
- our stage of development and business strategy;
- the rights, preferences, and privileges of our redeemable convertible preferred stock relative to those of our common stock;
- the prices at which we sold shares of our redeemable convertible preferred stock;
- our financial condition and operating results, including our levels of available capital resources;
- the progress of our research and development efforts;

- equity market conditions affecting comparable public companies; and
- general U.S. market conditions and the lack of marketability of our common stock.

In accordance with the Practice Aid, the probability-weighted expected return method, or PWERM and the Option Pricing Method, or OPM, were the most appropriate methods for determining the fair value of our common stock based on our stage of development and other relevant factors.

Our valuations were performed using the OPM method. The method selected was based on availability and the quality of information to develop the assumptions for the methodology.

OPM—The OPM treats common stock and preferred stock as call options on the total equity value of a company, with exercise prices based on the value thresholds at which the allocation among the various holders of a company's securities changes. Under this method, the common stock has value only if the funds available for distribution to stockholders exceed the value of the liquidation preferences at the time of a liquidity event, such as a strategic sale or merger. The common stock is modeled as a call option on the underlying equity value at a predetermined exercise price. In the model, the exercise price is based on a comparison with the total equity value rather than, as in the case of a regular option, a comparison with a per share stock price. Thus, common stock is considered to be a call option with a claim on the enterprise at an exercise price equal to the remaining value immediately after the preferred stock liquidation preference is paid. The OPM uses the Black-Scholes option pricing model to price the call options. This model defines the fair value of securities as functions of the current fair value of a company and uses assumptions such as the anticipated timing of a potential liquidity event and the estimated volatility of the equity securities. The OPM method was used for our 2020 valuations.

The assumptions underlying these valuations represented management's best estimates, which involved inherent uncertainties and the application of management's judgment. As a result, if we had used significantly different assumptions or estimates, the fair value of our common stock and our stock-based compensation expense could have been materially different.

Once a public trading market for our common stock has been established in connection with the closing of this offering, it will no longer be necessary for our board of directors to estimate the fair value of our common stock in connection with our accounting for granted stock options and other such awards we may grant, as the fair value of our common stock will be determined based on the quoted market price of our common stock.

The following table summarizes by grant date the options for shares of common stock granted by us during 2019 and 2020 as well as the estimated fair value per share of our common stock as of the grant date:

Grant Date	Number of Shares Subject to Option Grants	Per Share Exercise Price of Options[1]	Fair Value of Common Stock Per Share on Date of Option Grant[2]
Jan 1, 2019 - June 30, 2019	519,000	$ 3.33	$ 3.33
July 1, 2019 - Dec 31, 2019	1,256,000	3.33	3.33
Jan 1, 2020 - June 30, 2020	5,270,589	3.33	3.33
July 1, 2020 - Dec 31, 2020	3,613,458	3.71	3.71

(1) We granted options with an exercise price equal to the fair value of the common stock based on the most recent independent third-party valuation, upon approval by our board of directors. We performed valuations as of September 1, 2020, February 12, 2020, and February 12, 2019.

(2) The fair value of common stock in the table above represents the fair value of our common stock as determined by our board of directors based on our most recently available contemporaneous and independent third-party valuations, taking into consideration various objective and subjective factors. We performed retrospective valuations as of September 1, 2020, February 12, 2020, and February 12, 2019.

Impact of the COVID-19 Pandemic

In March 2020, the World Health Organization declared the outbreak of novel coronavirus disease, or COVID-19, as a pandemic. The COVID-19 pandemic is evolving, and to date has led to the implementation of various responses, including government-imposed quarantines, travel restrictions and other public health safety measures. COVID-19 has caused market volatility and uncertainty around the world in various industries and, as a result, we expect our operations may also be affected. We are closely monitoring the impact of the pandemic of COVID-19 on all aspects of our business. The extent to which COVID-19 ultimately impacts our operations and financial position will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the duration of the outbreak, new information that may emerge concerning the severity of COVID-19 or the effectiveness of actions to contain COVID-19 or treat its impact, among others. In addition, recurrences or additional waves of COVID-19 cases could cause other widespread or more severe impacts depending on where infection rates are highest.

We have not incurred any significant impairment losses in the carrying values of our assets as a result of the pandemic and we are not aware of any specific related event or circumstance that would require us to revise our estimates reflected in our audited consolidated financial statements.

Emerging Growth Company

In April 2012, the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, was enacted. Section 107 of the JOBS Act provides that an “emerging growth company,” or an EGC, can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, or the Securities Act, for complying with new or revised accounting standards. Thus, an EGC can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to use the extended transition period for new or revised accounting standards during the period in which we remain an emerging growth company; however, we may adopt certain new or revised accounting standards early.

We will remain an emerging growth company until the earliest to occur of: i) the last day of the fiscal year in which we have more than $1.07 billion in annual revenue; ii) the date we qualify as a “large accelerated filer,” with at least $700.0 million of equity securities held by non-affiliates; iii) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the prior three-year period; and iv) the last day of the fiscal year ending after the fifth anniversary of our initial public offering.

We are also a “smaller reporting company” meaning that the market value of our stock held by non-affiliates plus the proposed aggregate amount of gross proceeds to us as a result of this offering is less than $700.0 million and our annual revenue was less than $100.0 million during the most recently completed fiscal year. We may continue to be a smaller reporting company after this offering if either i) the market value of our stock held by non-affiliates is less than $250.0 million or ii) our annual revenue was less than $100.0 million during the most recently completed fiscal year and the market value of our stock held by non-affiliates is less than $700.0 million. If we are a smaller reporting company at the time we cease to be an emerging growth company, we may continue to rely on exemptions from certain disclosure requirements that are available to smaller reporting companies. Specifically, as a smaller reporting company we may choose to present only the two most recent fiscal years of audited financial statements in our Annual Report on Form 10-K and, similar to emerging growth companies, smaller reporting companies have reduced disclosure obligations regarding executive compensation.

Recently Issued and Adopted Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 2 to our consolidated financial statements appearing at the end of this prospectus.

Quantitative and Qualitative Disclosures about Market Risks

Interest Rate Risk

We are subject to market risk associated with changing interest rates on our variable rate note issued under our Credit Agreement with Midcap; the interest accrues on the principal amount outstanding at a floating per annum rate equal to the LIBOR rate plus 5.75% with a LIBOR floor of 2%. The interest rates applicable to our variable rate note may rise and increase the amount of interest expense. We do not purchase or hold any derivative instruments to protect against the effects of changes in interest rates. As of December 31, 2019 and 2020, the outstanding balance on the debt issued under our Credit Agreement with Midcap was $11.9 million and $11.9 million, respectively.

Our cash and cash equivalents consist primarily of highly liquid investments in money market funds and cash on hand and have an original maturity date of 90 days or less. The fair value of our cash and cash equivalents would not be significantly affected by either an increase or decrease in interest rates, due mainly to the short-term nature of these instruments.

Table of Contents

Business

BUSINESS

Overview

We are a clinical-stage biotechnology company decoding biology by integrating technological innovations across biology, chemistry, automation, data science and engineering to radically improve the lives of patients and industrialize drug discovery. Central to our mission is the Recursion Operating System, or Recursion OS, that combines an advanced infrastructure layer to generate what we believe is one of the world's largest and fastest-growing proprietary biological and chemical datasets, and the Recursion Map, a suite of custom software, algorithmic and machine learning tools that we use to explore foundational biology unconstrained by human bias, navigate to new biological insights, and accelerate programs. The combination of wet-lab biology and *in silico* tools in our closed-loop system accelerates our drug discovery process and differentiates us from others within the industry. Similarly, our balanced team of life scientists (approximately 40% of employees) and computational and technical experts (approximately 35% of employees) creates an environment where empirical data, statistical rigor and creative thinking are brought to bear on every decision. Thus far, we have leveraged our Recursion Operating System to create three value drivers: i) advancement of 37 internally-developed programs focused on areas of significant unmet need, several of which have market opportunities in excess of $1 billion in annual sales, ii) strategic partnerships with leading biopharmaceutical companies, and iii) Induction Labs, a growth engine created to explore new extensions of the Recursion Operating System both within and beyond therapeutics. The number of programs we are advancing has doubled in size since 2019 and we expect to continue accelerating the pace of program additions in the future. As such, we are a biotechnology company scaling more like a technology company.

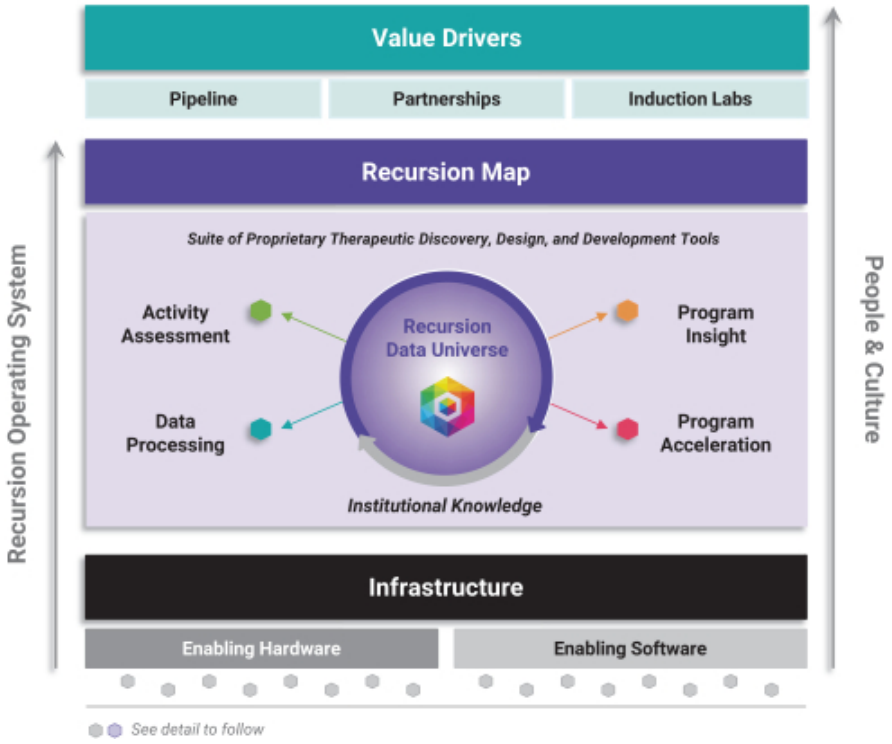


Figure 1. The Recursion Operating System (OS) for industrializing drug discovery. The Recursion OS is an integrated, multi-faceted system for generating, analyzing, and deriving insight from massive biological and chemical datasets to industrialize drug discovery. It is composed of an Infrastructure Layer of enabling hardware and software, the Recursion Data Universe, which houses our diverse and expansive datasets, and the Recursion Map, a suite of proprietary discovery, design, and development tools.

We believe we have demonstrated that our approach industrializes drug discovery, broadening the funnel of potential therapeutic starting points, identifying failures earlier in the research cycle when they are relatively inexpensive, and accelerating the delivery of high potential drug candidates to the clinic while reducing cost. In mid-2020 we began transitioning from 'brute-force search' approaches, where we *physically test* every combination of disease model and drug candidate in our library using our automated wet-lab infrastructure, to a more efficient and even more powerful 'inferential search' approach. Under this new paradigm, we independently profile thousands of disease models and hundreds of thousands of drug candidates and then infer tens of billions of biological and chemical relationships *in silico*, prioritizing the most promising candidates for further validation. Ambitious explorations that would have taken us approximately 1,000 years to execute using our current throughput with brute-force search can now be *inferred* in a matter of months. This transition marks early progress towards realizing our founding vision—converging massive biological and chemical datasets and modern machine learning, or ML, algorithms to drive the unbiased discovery of novel therapeutics at a pace and scale beyond what could be studied or explored in the physical world.

Year	2017	2018	2019	2020
Total Phenomic Experiments (Millions)	2.2	7.6	23.9	55.6
Data (PB)	0.5	1.8	4.3	6.8
Cell Types	7	12	25	36
Unique Perturbations[1] (Millions)	0.02	0.1	0.5	1.3
Total Chemical Library (Thousands)	3	24	106	706
In Silico Chemistry Library (Billions)	0	0	0.015	3
Inferential Relationships[2] (Billions)	NA	NA	NA	13
Clinical Assets	0	1	2	4
Cost Per Experiment[3] ($)	0.63	0.45	0.36	0.33

Table 1. The scale and acceleration of our historical growth along multiple axes. We are a biotechnology company scaling more like a technology company, as demonstrated by our super-linear growth in inputs (cell types used in our wet labs) and rapid growth in outputs (data and clinical assets). [1] 'Unique Perturbations' refers to the number of gene, soluble factor, cell, and/or compound combinations physically explored. [2] 'Inferential Relationships' refers to the number of Unique Perturbations that have been predicted using our Recursion Map. [3] 'Cost Per Experiment' refers to the average adjusted direct cost to perform one phenomic experiment (defined as one well per perturbation) and is inclusive of consumable, compound, and labor costs.

We have used the Recursion OS to generate a pipeline of 37 internally developed programs. Our programs target diseases spanning several therapeutic areas where: i) the cause of the disease is well-defined and ii) there is high unmet need, there are no approved therapies, or there are significant shortcomings with existing treatment paradigms. Several of our programs target indications with market opportunities in excess of $1 billion in annual sales and we are preparing four pipeline programs to enter Phase 2 clinical trials within the next four to five quarters.

Eight of our Notable Programs were discovered using our brute-force search approach:

- REC-4881 for the treatment of familial adenomatous polyposis, or FAP—expected Phase 2 initiation within the next four to five quarters
- REC-3599 for the treatment of GM2 gangliosidosis, or GM2—expected Phase 2 initiation within the next four to five quarters
- REC-2282 for the treatment of neurofibromatosis type 2, or NF2—expected Phase 2 initiation within the next four to five quarters
- REC-994 for the treatment of cerebral cavernous malformation, or CCM—expected Phase 2 initiation within the next four to five quarters
- Lead molecules for the treatment of *C. difficile* colitis—preclinical
- Lead molecules for the treatment of neuroinflammation—late discovery
- Lead molecules for the treatment of Batten disease—late discovery
- Lead molecules for the treatment of Charcot-Marie-Tooth type 2A disease, or CMT2A—late discovery

Following close behind are two Notable Programs discovered and rapidly advanced through early discovery using our inferential search approach:

- REC-64151 for the treatment of immune checkpoint resistance in *STK11*-mutant non-small cell lung cancer—preclinical
- MYC inhibitory molecules for the treatment of solid and hematological malignancies—late discovery

In addition to the Notable Programs highlighted above, we are actively exploring 27 additional programs, which may prove to be drivers of our future growth. Using our new inferential search approach, we have discovered and initiated validation of 16 of these programs since July 2020. Moving forward, we expect the vast majority of new programs will be discovered using our inferential search approach. We believe that the number of potential programs we can generate with our Recursion OS is key to the future of our company as a greater volume of validated programs has a higher likelihood of creating value.

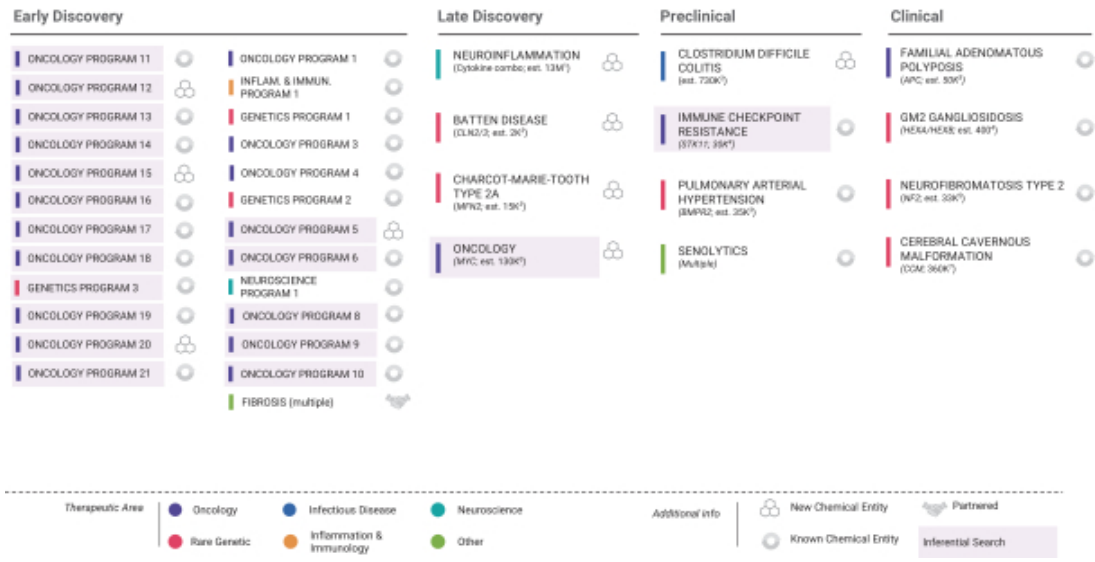


Figure 2. The power of our Recursion OS as exemplified by the breadth of active research and development programs. We have developed a pipeline of 37 internally-developed programs spanning multiple therapeutic areas and consisting of both new uses for existing compounds and new chemical entities, or NCEs, under active research and development. (1)Our program has the potential to address a number of indications within neuroinflammation, including multiple neurodegenerative diseases totaling at least 13 million patients in the US and EU5 (EU5 is defined as France, Germany, Italy, Spain, and the United Kingdom). We intend to pursue a select subset of these indications in the future. (2)730,000 annual incidence in US and EU5. Initial clinical studies will focus on subsets of the total population with high rates of recurrent infection. (3)Annual US and EU5 prevalence (4) Worldwide prevalence (5) Annual US-EU5 incidence for all *NF2*-driven meningiomas (6) Our program has the potential to address a number of indications driven by *MYC* alterations, totaling 130,000 patients in the US and EU5 annually. We have not finalized a target product profile for a specific indication. (7) Hereditary and sporadic symptomatic population.

In its ideal state, a drug discovery funnel would be shaped like the letter 'T' where a broad universe of possible therapeutics could be narrowed immediately to the best candidate, which would advance through subsequent steps of the process quickly and with no attrition. Our goal is to leverage technology to reshape the typical drug discovery funnel towards its ideal state by broadening the funnel of potential therapeutic starting points, rapidly narrowing the funnel by identifying failures earlier in the research cycle when they are relatively inexpensive, and accelerating the preclinical development of high-potential drug candidates. Late-stage clinical failures are the primary driver of costs in today's pharmaceutical R&D model, due in part to inherent uncertainty in the clinical development and regulatory process. Reducing the rate of costly, late-stage failures and accelerating the timeline from hit to clinical candidate would create a more sustainable R&D model.

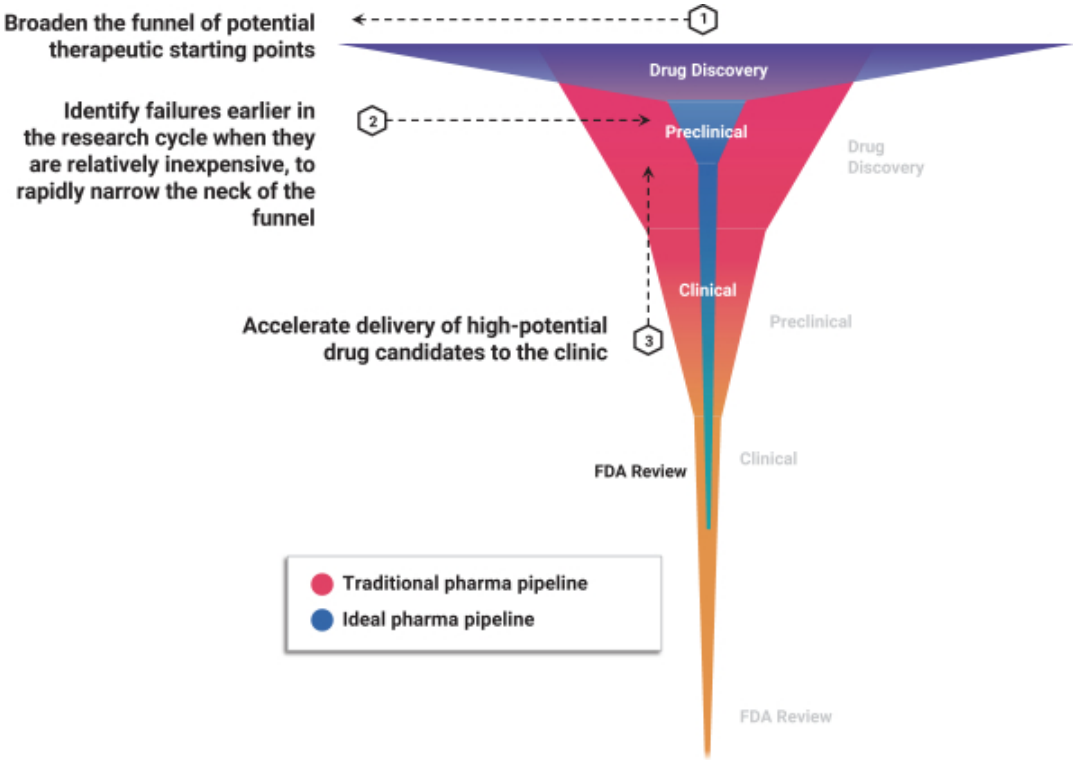


Figure 3. Reshaping the drug discovery funnel. The Recursion OS is reshaping the traditional pharma pipeline into a more ideal funnel. The broad swath of biological and chemical data fed into the platform are quickly triaged and fed into an accelerated translation path into the clinic.

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

- *Broaden the funnel of therapeutic starting points*. Our flexible and scalable infrastructure and our ability to use our *inference-based* Recursion Map to predict tens of billions of relationships between disease models and therapeutic candidates, including relationships predictive of candidate mechanism of action, 'widens the neck' of the discovery funnel beyond hypothesized and human-biased targets.
- *Identify failures earlier in the research cycle when they are relatively inexpensive, to rapidly narrow the neck of the funnel.* The Recursion Map combines massive biological and chemical datasets and computational tools that enable us to both i) select more highly translatable therapeutic starting points, and ii) predict select absorption, distribution, metabolism, excretion and toxicology, or ADMET, liabilities for drug candidates, prioritizing those programs with a higher likelihood of downstream success. Notably, this strategy not only results in an increase in early stage attrition but we expect will also result in an overall lower cost of drug development.
- *Accelerate delivery of high-potential drug candidates to the clinic*. The Recursion Map contains a suite of digital chemistry tools that enable highly-efficient exploration of chemical space, including 3D virtual screening as well as translational tools that improve the robustness and utility of *in vivo* studies.

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

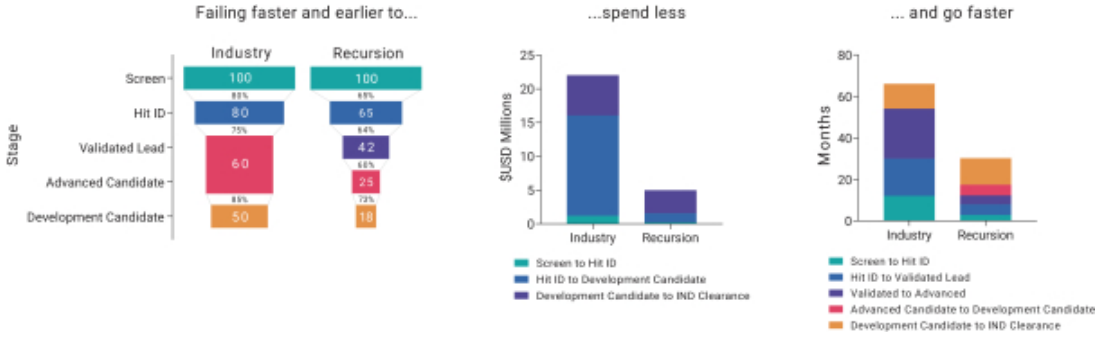


Figure 4. The trajectory of our drug discovery funnel mirrors the 'ideal' pharmaceutical drug discovery funnel. Compared to industry averages, we i) identify low-viability programs earlier in the research cycle, narrowing the funnel more quickly, ii) spend less per program because of our approach, and iii) advance programs more quickly from program start to the clinic. Data shown are the average of all our KCE and NCE programs since late 2017 through the end of 2020.[1]

Over time, we believe continued and improved successes in any or all of the dimensions highlighted above will improve overall R&D productivity, allowing us to address smaller patient populations that may otherwise not be commercially viable using traditional drug discovery approaches. Further, we believe our unbiased approach may lead to novel targets and allow us to outperform others in highly competitive disease areas where multiple parties often simultaneously pursue a limited number of similar target hypotheses. These advantages potentially expand the total addressable market for our technology by a significant amount.

The Recursion OS

The Recursion OS is an integrated, multi-layer system for generating, analyzing, and deriving insight from biological and chemical datasets. It consists of three parts:

- *Infrastructure Layer*: A synchronized network of highly scalable enabling hardware and software used to design and execute diverse biological experiments and subsequently store our ever-growing datasets. One of the cornerstones of this layer is our state-of-the-art ML supercomputer, BioHive-1, which we believe is one of the most powerful computers wholly owned by any single biopharmaceutical company for drug discovery applications and the 66th most advanced supercomputer overall.
- *The Recursion Data Universe*: As of February 19, 2021, our Recursion Data Universe contained over seven petabytes of highly relatable biological and chemical data spanning multiple different data modalities. The size of the Recursion Data Universe has grown more than threefold since 2018 and has continued to grow at an accelerating rate. For context, our dataset already requires more storage capacity than all of the feature-length films in human history in high-definition, combined.
- *The Recursion Map*: A suite of in-house software tools, algorithms and machine learning approaches designed to process and translate data from the Recursion Data Universe into actionable insights for our research and development teams.

1 All industry data adapted from Paul, et al. *Nature Reviews Drug Discovery*. (2010) 9, 203–214.

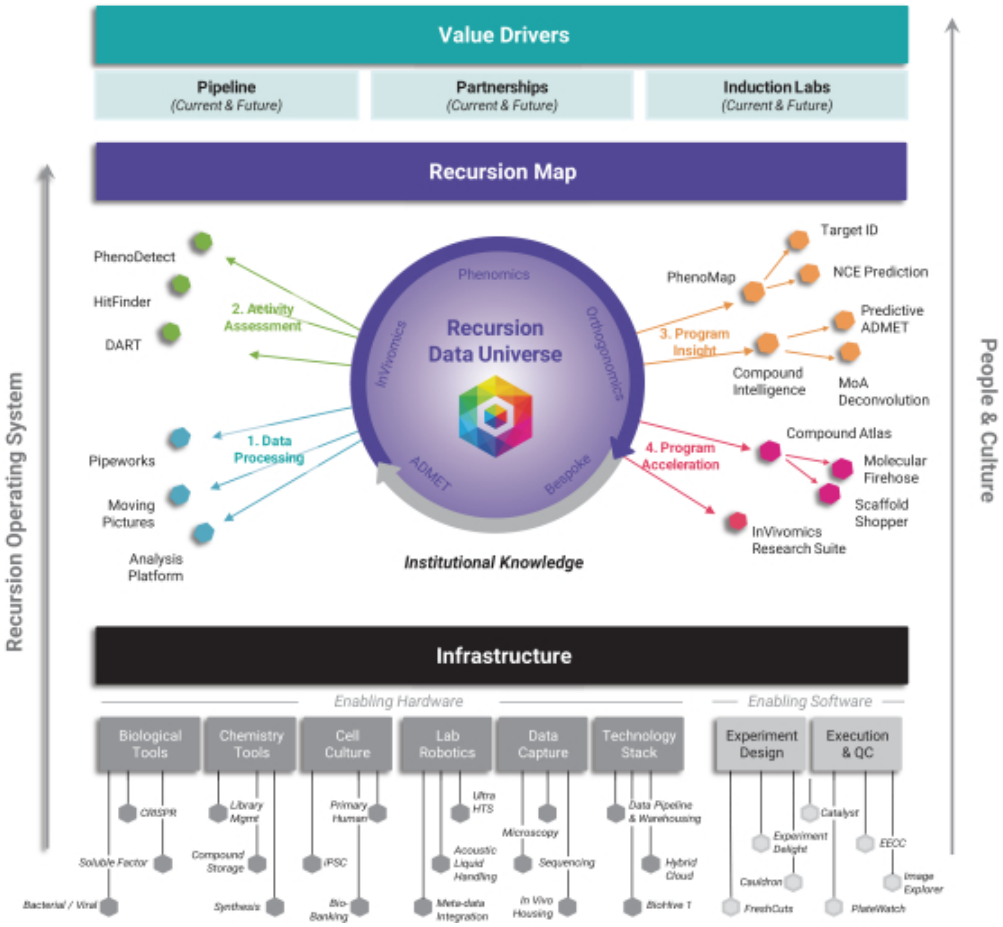


Figure 5. The Recursion OS for industrializing drug discovery (expanded). The Recursion OS is an integrated, multi-faceted system for generating, analyzing, and deriving insight from massive biological and chemical datasets to industrialize drug discovery. It is composed of an Infrastructure Layer of enabling hardware and software, the Recursion Data Universe, which houses our diverse and expansive datasets, and the Recursion Map, a suite of our proprietary discovery, design, and development tools.

The combination of wet-lab biology used to generate our proprietary dataset and *in silico* tools in our closed-loop system sets us apart in the field of tech-enabled drug discovery. Many companies in this space: i) leverage disparate, noisy and often irreproducible third-party datasets, which are poorly suited for ML, or ii) build tools “as a service” for others, which may limit their upside and impact over time. More importantly, our repetition of wet-lab validation and *in silico* predictions creates a flywheel effect, where data generation and learning accelerate side-by-side and further strengthen our drug discovery platform. While emerging competitors and large well-resourced incumbents may pursue a similar strategy, we have two advantages as a first mover: i) no amount of resources can compress the time it takes to observe naturally occurring biological processes, and ii) the ever-growing Recursion Data Universe creates compounding network effects that may make it difficult to close the competitive gap.

The Infrastructure Layer

The foundational layer of the Recursion OS is a highly synchronized network of enabling hardware and software used to design, execute, aggregate, and store over seven petabytes of rapidly growing biological and chemical data. We built the core elements of our infrastructure based on cutting-edge technology created in the last several years and continue to adopt new technological advancements within each component.

The eight components of our Infrastructure Layer include:

- *Biological Tools.* We leverage the latest biological tools, such as CRISPR gene editing, to build models of human diseases and explore biology at scale. For example, we created an algorithm to custom design an arrayed whole genome CRISPR library used to knock out every gene individually in multiple human cell types.
- *Chemistry Tools.* We have invested in infrastructure to store millions of chemical starting points for drug candidates and rapidly select any molecule or combination of molecules in our facilities for experimentation. Further, we are investing substantially in infrastructure to synthesize and analyze novel chemical entities at scale in-house. We have explored additional modalities, such as antibody, protein, and RNA-based therapeutics, and can rapidly expand our capabilities to support these areas in the future.
- *Cell Culture.* We have invested in state-of-the-art facilities and equipment to culture, store, and utilize massive quantities of diverse human cell types and patient-derived cell lines for discovery and validation experiments. This includes the use of bioreactors, originally pioneered for the cell-therapy industry, to grow dozens of primary human cell types to the scale of many billions of cells and subsequently store them in our biobanking facility.
- *Lab Robotics.* We have created a highly-scalable, automated laboratory robotics workflow that enables us to conduct up to 1.5 million experiments each week for up to 50 weeks per year with only a small team overseeing our processes at any given time. Every step of every experiment is monitored and measured, creating a comprehensive layer of meta-data that is critical for interpretation and analysis in our Recursion Map.
- *Data Capture.* We leverage state-of-the-art hardware to capture high-dimensional, multi-modal biological and chemical data from our experiments. This includes high-throughput microscopes to generate images of human cells, sequencing systems to collect RNA transcript data, and continuous video feeds from cameras embedded in custom animal study cages.
- *Technology Stack.* We have created highly scalable, advanced computational resources enabling us to move, store, process and secure ‘petabyte-scale’ data assets in both public and private cloud environments. A cornerstone of this stack is our state-of-the-art ML supercomputer, BioHive-1, purchased in December 2020, which we believe is one of the most powerful computers wholly owned by any single biopharmaceutical company for drug discovery applications and the 66th most advanced supercomputer overall.[2]
- *Experiment Design.* We have built a set of enabling software tools that empower our scientists to design an increasing number of experiments each week while taking into account real-time onsite reagent supplies, consistent control strategies, and design standards that make each week’s data relatable across time.
- *Experiment Execution and Quality Control.* We have invested substantially in a set of enabling software tools to orchestrate the execution of up to 1.5 million experiments each week while simultaneously monitoring quality to maintain a productive flow of data. Anomalies are automatically flagged to the team for resolution.

[2] Estimate of placement on TOP500 supercomputer list provided by NVIDIA (supplier).

The Recursion Data Universe

The Recursion Data Universe is our proprietary collection of highly relatable, high-dimensional biological and chemical datasets spanning multiple different data modalities. As of February 17, 2021, the Recursion Data Universe contained over seven petabytes of highly relatable biological and chemical data.

Core to the Recursion Data Universe is our proprietary, image-based dataset, which we believe to be among the world's largest and most comprehensive. Each image is the product of our underlying Infrastructure Layer, which is generated by the following automated workflow:

- Using our cell culture infrastructure, we culture billions of cells across dozens of human cell types and cryopreserve them in our biobanking facility.
- Using our Experiment Design software, we are able to design up to 1.5 million experiments each week while maintaining key design and control constraints.
- As needed, we thaw aliquots of cells and add them to 1,536-well assay plates.
- Using diverse biological tools, we model human diseases in these cells, for example, using CRISPR gene editing to knock out human genes or adding disease-causative soluble protein factors.
- In parallel, we may profile hundreds of thousands of chemical starting points from chemistry tools to enable modelling of pharmacological interactions.
- All experimental plates are handled, stored, and maintained by our automated lab robotics infrastructure before being fed into our high-throughput microscopes that capture high-resolution images of the cells.
- Our Experiment Execution and Quality Control Software monitors data quality in real time and moves only validated data into the Recursion Data Universe.

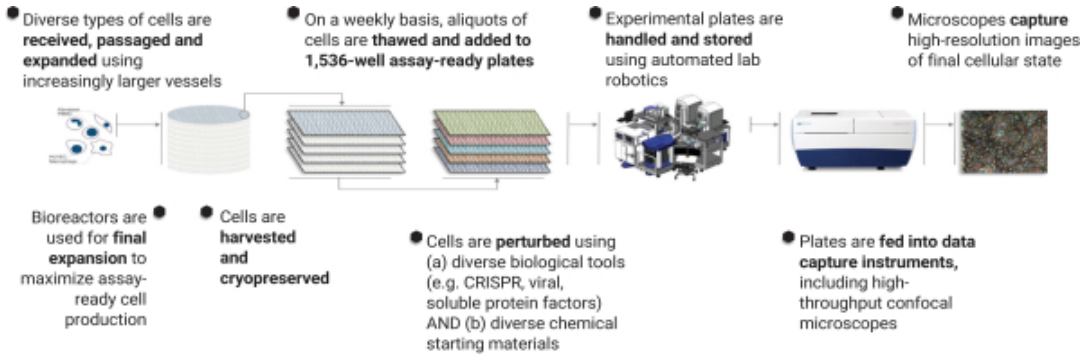


Figure 6. The automated workflow used to generate our large-scale, image-based dataset. The core dataset in the Recursion Data Universe is based on billions of labeled images of human cells generated across millions of unique perturbations (i.e., gene knockout, soluble protein factor addition, drug addition or combinations thereof) generated in our own wet laboratories.

As of December 2020, this process can generate up to nine million images, or approximately 80 terabytes of data, across up to 1.5 million experiments per week. Importantly, meta-data generated in the course of experiments is logged by both automated and manual QC systems to ensure that the data is clean and relatable before being added to the Recursion Data Universe.

Images are the foundational dataset of the Recursion Data Universe for two key reasons. First, images are two-to-four orders of magnitude more data-dense per dollar than other high-dimensional datasets such as transcriptomics or proteomics, both of which we also leverage but at less scale. Second, arguably the greatest advances in neural networks over the last decade have been made in the area of computer vision and image processing. We have leveraged these advancements to create our proprietary, image-based algorithms for drug discovery that we believe are substantially more advanced than those developed using other types of biological data.

Additional datasets within the Recursion Data Universe include:

- *Orthogonomics*. A combination of scaled transcriptomic and proteomic datasets used to validate the activity of compounds identified on our phenomic platform and further elucidate the mechanism by which drug candidates may be working.
- *ADMET Assays*. Large-format absorption, distribution, metabolism, excretion, and toxicology data that enable us to identify and predict early liabilities that frequently lead to program termination.
- *InVivomics*. Sensor data and continuous video feeds from cameras embedded in custom animal study cages. Using this data, we can collect more holistic measurements of animal behavior and create abstract representations of *in vivo* disease states.
- *Bespoke One-Off Assays*. A diverse set of custom assays for program-specific validation.

We plan to continue leveraging our expertise and infrastructure investments to accelerate the generation of the datasets described above and to add complementary new data assets to the Recursion Data Universe over time.

The Recursion Map

The Recursion Map is a rapidly growing suite of in-house software applications designed to process and translate data from the Recursion Data Universe into actionable insights for our research and development teams to accelerate programs. These tools cover a broad set of uses including:

- *Data Processing.* Our tools manage and monitor the streaming of our data to the appropriate public and private cloud at scale, transform our images into mathematical representations through our in-house proprietary convolutional neural networks, and perform standard and custom analyses as parameterized and requested by users.
- *Biological and Chemical Activity Assessment.* Our tools allow us to evaluate the robustness of disease models and measure the activity of potential therapeutics using brute-force search approaches.
- *Program Insight.* Our tools translate processed data into actionable insights, enabling us to infer tens of billions of relationships among biological and chemical perturbations and predict potential safety liabilities.
- *Program Acceleration.* Our digital chemistry tools equip our chemists with valuable information as they optimize therapeutic starting points into viable drug candidates, including tools to conduct *in silico* hit expansions into in-house and commercial libraries based on 3D virtual screens and dense structure activity relationships. These tools also include applications to augment *in vivo* study design and execution.

Modern ML tools, with which much of the Recursion Map is built, learn to identify complex patterns within high-dimensional, multi-factorial data without the need for human oversight. Our ML tools are designed to extract insights from foundational biological datasets that are too complex for

human interpretation, minimizing human bias and identifying relationships that traditional drug discovery approaches may miss. The outcomes of our analyses range from unsurprising, to totally novel, to challenging dogma.

The current and future suite of Recursion Map tools augments our decision making at each step of the drug discovery process and can increasingly predict likely outcomes of subsequent steps. Importantly, these *in silico* predictions are validated in our own wet laboratories. This creates a mutually reinforcing cycle of learning within the Recursion Map. Predictions that validate experimentally, a positive signal, are advanced rapidly and reinforce our learning. Predictions that do not validate experimentally, a negative signal, generate valuable data that test our understanding and can be used to retrain or reweight the algorithms to improve future predictions. This iterative process of prediction and validation is a key element of successful ML over complex datasets.

Our People and Culture

We operate at the intersection and cutting-edge of science and technology. Unlike traditional biotechnology companies, our rapidly growing team of more than 200 Recursionauts is balanced between life scientists such as chemists and biologists (approximately 40% of employees) and computational and technical experts such as data scientists and software engineers (approximately 35% of employees), creating an environment where empirical data, statistical rigor, and creative thinking is brought to bear on the problems we address. While we are united in a common mission, *Decoding Biology to Radically Improve Lives*, our greatest strength lies in our differences: expertise, gender, race, disciplines, experience and perspectives. Deliberately building and cultivating this culture is critical to achieving our audacious goals.

Our Value Drivers

We have used the Recursion OS to build three value drivers thus far: i) 37 internally-developed programs focused on areas of significant unmet need, several of which have market opportunities in excess of $1 billion in annual sales, ii) strategic partnerships with leading biopharmaceutical companies, and iii) Induction Labs, a growth engine created to explore new extensions of the Recursion OS both within and beyond therapeutics.

Our Programs

Every program at Recursion is a product of our Recursion OS. While we are advancing 37 programs, we highlight ten ‘Notable Programs’ that are key, near-term value drivers given their individual market opportunities and the validation they provide for each generation of the Recursion OS.

Figure 7. Notable Programs within the broader Recursion pipeline. Notable Programs are key, near-term value drivers for us given their market opportunities and the validation that they provide. Our four lead programs are expected to enroll patients in Phase 2 clinical trials within the next four to five quarters while preclinical programs are progressing. (1)EU5 is defined as France, Germany, Italy, Spain and the United Kingdom. All numbers are prevalence unless otherwise noted. (2)Annual US and EU5 incidence for all NF2-driven meningiomas. (3)Hereditary and sporadic symptomatic population. (4)730,000 annual incidence in US and EU5. Initial clinical studies will focus on subsets of the total population with high rates of recurrent infection. (5)Our program has the potential to address a number of indications within neuroinflammation, including multiple neurodegenerative diseases totaling at least 13 million patients in the US and EU5. We intend to pursue a select subset of these indications in the future. (6)Annual US and EU5 prevalence. (7)Our program has the potential to address a number of indications driven by *MYC* alterations, totaling 130,000 patients in the US and EU5 annually. We have not finalized a target product profile for a specific indication.

Brute-Force Search Programs

Eight of our Notable Programs were identified using our brute-force search approach. Four of these programs are new uses of existing known chemical entities, or KCEs, that we have advanced to clinical development and for which we have obtained key enabling licenses. Another four of these programs are new chemical entities, or NCEs, that have been discovered and advanced in-house.

- ***REC-4881 for the Treatment of FAP***. REC-4881 is an orally bioavailable, non-ATP-competitive allosteric small molecule inhibitor of MEK1 and MEK2 being developed to reduce tumor size in familial adenomatous polyposis (FAP) patients and patients with somatic *APC*-mutant tumors. REC-4881 appears to be well tolerated, consistent with the intended use and a gut-localized PK profile in humans that is highly advantageous for FAP and potentially

other tumors of the gastrointestinal tract. We expect to enroll the first patient in a Phase 2, double-blind, randomized, placebo-controlled trial within the next four to five quarters.

- ***REC-3599 for the Treatment of GM2 Gangliosidosis***. REC-3599 is an orally bioavailable, selective, potent small molecule inhibitor of protein kinase C, or PKC, and GSK3-b being developed for the treatment of GM2 gangliosidosis, or GM2. This molecule has demonstrated strong reduction of pathogenic biomarkers GM2 and lipofuscin levels in cells derived from patients with multiple different mutations in either *HEXA* or *HEXB*, referred to as Tay-Sachs or Sandhoff Disease, respectively. We are currently generating additional pharmacodynamic data in an animal model of *HEXB-mutated GM2* at the request of the FDA in anticipation of enrolling the first patient in an open-label Phase 2 trial within the next four to five quarters.
- ***REC-2282 for the Treatment of NF2***. REC-2282 is a CNS-penetrant, orally bioavailable, small molecule HDAC inhibitor being developed for the treatment of *NF2*-driven meningioma and neurofibromatosis type 2, or NF2. This molecule has been well tolerated, including in patients dosed for multiple years, and potentially has reduced cardiac toxicity that would differentiate it from other histone deacetylase, or HDAC, inhibitors. Its oral bioavailability and CNS penetrance distinguish it from currently approved HDAC inhibitors. We expect to enroll the first patient in a Phase 2, double-blind, randomized, placebo-controlled study within the next four to five quarters.
- ***REC-994 for the Treatment of CCM***. REC-994 is an orally bioavailable, superoxide, scavenger small molecule being developed for the treatment of cerebral cavernous malformation, or CCM. In Phase 1 single-ascending dose, or SAD, and multiple-ascending dose, or MAD, trials in healthy volunteers that we conducted, REC-994 demonstrated excellent tolerability and suitability for chronic dosing. CCM is among the largest areas of unmet need in rare disease, affecting approximately 360,000 symptomatic patients in the United States and EU5, and no approved therapies. We expect to enroll the first patient in a Phase 2, double-blind, placebo-controlled, safety, tolerability, and exploratory efficacy study within the next four to five quarters.
- ***Lead Molecules for the Treatment of C. difficile Colitis***. We have identified three lead NCEs (REC-163964, REC-164014, and REC-164067) with the potential to be orally active, gut-biased, small molecule *C. difficile* toxin inhibitors, which we have shown to be inhibitors of glucosyl transferase. These molecules have the potential to prevent recurrent disease and be used as secondary prophylaxis therapy in high-risk patients with *C. difficile* infections, the leading cause of antibiotic-associated diarrhea and a major cause of morbidity and mortality. We are currently completing exploratory non-clinical safety studies to enable selection of a development candidate.
- ***Lead Molecules for the Treatment of Neuroinflammation***. We have identified three lead NCEs (REC-648455, REC-648597, and REC-648677) with the potential to be orally bioavailable, safe, CNS-penetrant, small molecule modulators of microglial activation. Microglial activation and neuroinflammation are hallmarks of neurodegenerative diseases such as Alzheimer's Disease and Parkinson's Disease, and CNS inflammatory diseases such as Multiple Sclerosis. Small molecule modulators of microglial activation have the potential to reduce neuronal death associated with proinflammatory processes in neurodegenerative diseases and inflammatory diseases of the CNS. The project is in lead optimization.
- ***Lead Molecules for the Treatment of Batten Disease***. We have identified three lead NCEs (REC-648190, REC-259618, and REC-648647) with the potential to be orally bioavailable, CNS-penetrant, disease modifying therapeutics for multiple subtypes of Batten disease. Batten disease is an autosomal recessive, neurodegenerative disease resulting from mutations in one of fourteen *CLN* genes. While rare, these disorders collectively represent the most prevalent pediatric neurodegenerative disease and demonstrate significant unmet need. This project is currently in lead optimization.

- ***Lead Molecules for the Treatment of CMT2A***. We have identified four lead molecules (REC-64810, REC-648458, REC-1262, and REC-150357) with the potential to be orally bioavailable, disease modifying molecules to slow or reverse the progression of the mitochondrial disease Charcot-Marie-Tooth type 2A, or CMT2A. CMT2A is a rare, autosomal dominant, peripheral nerve degenerative disease caused by mutations in the *MFN2* gene which leads to progressive muscle atrophy in the lower legs and hands. There are no approved disease modifying therapies for CMT2A. This project is currently in lead optimization.

Inferential Search Programs

Two of our Notable Programs were identified since mid-2020 using our inferential search approach. One of these programs is a new use of an existing KCE while the other is an NCE discovered and advanced in-house. The aggregate number of programs we have been able to identify and initiate demonstrates the power of the Recursion OS to generate high-quality hits to move through the lead optimization process.

- ***REC-64151 for the Treatment of Immune Checkpoint Resistance in STK11-mutant NSCLC***. We have identified a novel use for a clinical-stage, orally bioavailable small molecule to restore and improve sensitivity to immune checkpoint inhibitors in tumors harboring mutations in the tumor suppressor gene *STK11*. There are approximately 30,000 cases of *STK11* mutant metastatic non-small cell lung cancer, or NSCLC, per year in the US and EU5, and these mutations have been shown to predict poor prognosis and resistance to immune checkpoint inhibitors, or ICI, specifically anti-PD-(L)1 therapies. There are currently no approved therapies developed to specifically modulate tumor response in *STK11* mutant cancers. This program is currently in the dose-optimization phase.
- ***MYC Inhibitory Molecules for the Treatment of Solid and Hematological Malignancies***. We have identified multiple hit series using our inferential-search approach that have subsequently shown concentration-dependent activity in suppressing transcriptional activity downstream of MYC. Increased expression of MYC transcriptional target genes presents across oncology and up to 50% of cancers harbor alterations in *MYC*. Novel small molecules with the potential to suppress MYC-dependent activity could improve treatment of diverse tumors, especially those harboring mutations in genes directly implicated in MYC activation. There are currently no approved molecules that target MYC specifically. This program is currently in the hit-to-lead phase.

In addition to the Notable Programs highlighted above, we have discovered 27 additional compounds, which may prove to be drivers of our future growth. Using our inferential search approach, we have discovered and validated 16 of these programs since July 2020. Moving forward, we expect the vast majority of new programs will be discovered using our inferential search approach. We believe that the number of potential programs we can generate with our Recursion OS is key to the future of our company as a greater volume of validated programs has a higher likelihood of creating value.

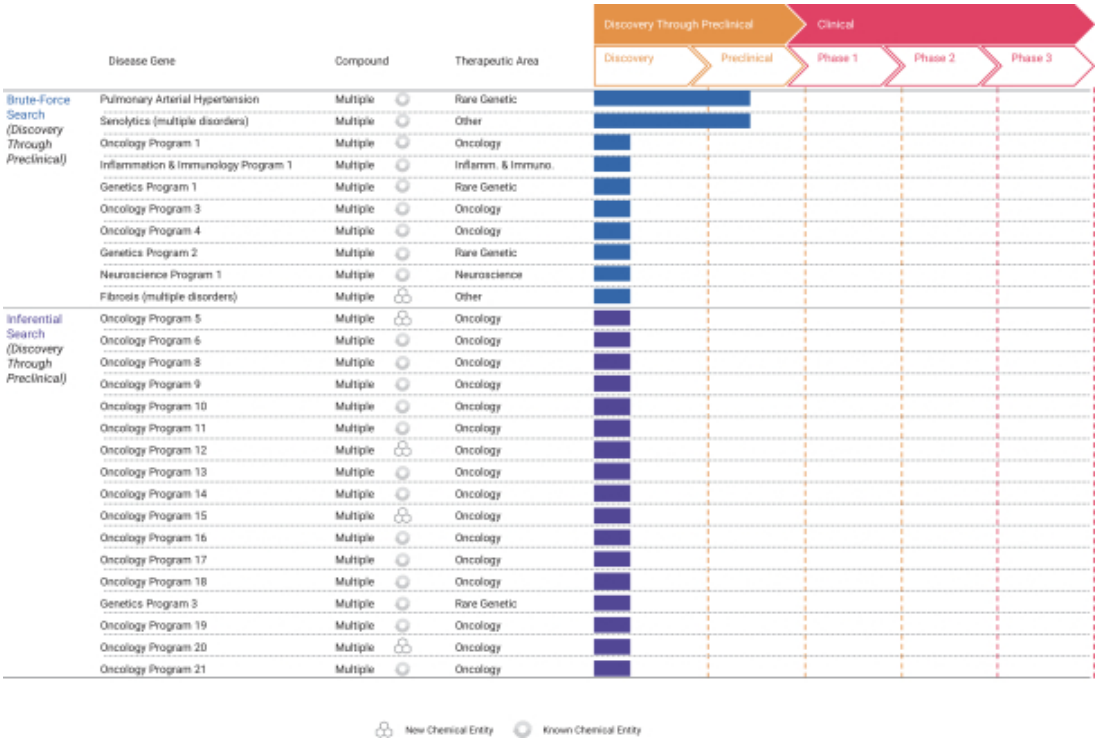


Figure 8. Our large and diverse set of additional research programs. Additional programs in active development cover a number of therapeutic areas, from cancer to inflammation to rare genetic disorders. All of these programs were discovered and developed using our Recursion OS.

Our Partnerships

We are not alone in our mission to industrialize drug discovery and improve patient lives. Using our Recursion OS, we have and will continue to collaborate with leading biopharmaceutical companies that have the resources and experience to help us broadly explore diverse disease domains (e.g., fibrosis, neuroscience, oncology, immunology, and inflammation) and rapidly identify novel therapeutic candidates.

In August 2020, we entered into a multi-year, strategic partnership with Bayer AG, or Bayer, in the area of fibrosis. Under the collaboration, the parties agreed to initiate approximately 10 discovery projects over a five-year period to identify novel therapeutics for devastating and complex fibrotic diseases across multiple organ systems—including lung, liver, and heart. Bayer contributed approximately 500,000 compounds from its proprietary library and will contribute deep scientific expertise throughout the collaboration.

While our partnerships to date have focused on small molecule research, future partnerships may extend into large molecule research and novel therapeutic modalities including gene therapies and cell therapies.

Our Strategy for Value Creation

We are a biotechnology company scaling more like a technology company. The near to medium-term elements of our business strategy align with our three key value-drivers. We intend to:

Develop the Current Pipeline of Assets While Delivering Super-Linear Pipeline Growth.

- Rapidly advance our Notable Products through development and toward regulatory submission.
- Super-linearly expand and advance our pipeline.
- Mitigate portfolio risk through therapeutic and mechanistic diversification and select asset partnerships.
- Demonstrate that our time and costs at each stage of discovery and development are lower than industry averages.
- Demonstrate that the level of technical success for our clinical programs is greater than industry average.
- Continue growing the Recursion Data Universe and improve the Recursion Map as we believe that the assets that will drive the most value for Recursion and society are those still to come.

Execute On Strategic Partnerships to Maximize the Potential Value of Our Platform.

- Execute partnerships with industry-leading companies addressing broad therapeutic areas or additional therapeutic modalities, such as large molecules or RNA therapeutics, where we can leverage our tools and our partners' expertise and resources to advance programs rapidly.
- Deliver on our strategic partnership with Bayer in the field of fibrosis.

Explore New Extensions and Business Opportunities Arising from the Recursion Map Through Induction Labs.

- Maximize the value of existing and planned investments in infrastructure, tools and people by exploring tangential business verticals (e.g., additional therapeutic modalities, diagnostics, finance, agriculture, and veterinary medicine).

If we are successful in our pursuit to industrialize drug discovery, we may have the opportunity to pioneer how and where value is allocated within the biopharmaceutical industry by i) commanding more value while partnering programs much earlier in the discovery and development process, ii) addressing disease areas of high unmet need that are otherwise considered too small or unprofitable for traditional drug development, and iii) competing on innovation and speed-to-market in major therapeutic areas, commanding a leadership position. We believe that success in these endeavors may lead to a lasting, positive, and transformative impact on patients' lives and the biopharmaceutical industry as a whole.

The Digital Biology Opportunity

Drug Discovery of the Past and Present

The traditional drug discovery and development process is characterized by substantial financial risks, with increasing and long-term capital outlays for development programs that often fail to reach patients as marketed products. Historically, it has taken over ten years and an average capitalized R&D cost of approximately $2 billion per approved medicine to move a drug discovery project from

early discovery to an approved therapeutic. Such productivity outcomes have culminated in an industry success rate of 8% to 14% from discovery to commercialization, yielding a rapidly declining IRR for the industry, from 10% in 2010 to 2% in 2019.[3-7]

Historical Biopharma R&D Metrics

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

Figure 9. Historical biopharmaceutical industry R&D metrics. The primary driver of the cost to discover and develop a new medicine is clinical failure. Less than 4% of drug discovery programs that are initiated result in an approved therapeutic, resulting in a risk-adjusted cost per new drug launched of between $1.8 and $2.6 billion[3-7]

These sobering metrics point to the need for a more efficient drug discovery process. Traditional drug discovery relies on basic research discoveries from the scientific community for disease relevant pathways and targets to interrogate. Historically, the extent of biology's complexity has forced the industry to rely on reductionist hypotheses of the critical drivers of complex diseases, which can create a 'herd mentality' as multiple parties chase a limited number of therapeutic targets, aggravated by normal human bias (e.g., confirmation bias and sunk-cost fallacy). Accentuating this problem, the sequential nature of current drug discovery activities results in long timelines to discharge the scientific risk of such hypotheses and costly late-stage clinical failures. In addition, there is inherent uncertainty in clinical development and no guarantee of regulatory or commercial success in the drug development industry.

(3) Alacrita Consulting. Pharmaceutical Probability of Success. (2018)
(4) Deloitte. Ten years on: Measuring the return from pharmaceutical innovation (2019)
(5) DiMasi et al. Innovation in the pharmaceutical industry: New estimates of R&D costs. Journal of Health Economics. 47:20-33 (2016)
(6) Paul, et al. How to improve R&D productivity: the pharmaceutical industry's grand challenge. Nature Reviews Drug Discovery. 9: 203-214 (2010)
(7) Martin et al. Clinical trial cycle times continue to increase despite industry efforts. Nature Reviews Drug Discovery. 16:157 (2017)

Contemporaneously, technological innovations, such as ML, have transformed many industries by enabling efficiency and scale. The biopharmaceutical sector, however, has been slow to embrace such innovations except in very narrow areas. The result is that despite decades of accumulated knowledge, drug discovery can become almost artisanal, creating a major, albeit unintentional, hurdle for innovation. We are filling this innovation gap by building a new type of drug discovery engine, reengineering the end-to-end process from the ground up using technological advances that have become accessible within the past decade.

Our Radical New Approach to Drug Discovery

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

Recursion: A Biotechnology Company Scaling More Like a Technology Company

Technology companies generate reliable software that automates and improves manual and bespoke processes to bring value to customers at lower unit costs. The introduction of ML into these applications enables machines to learn from data and perform complex tasks beyond human abilities.

Traditional approaches to drug discovery typically begin with a specific indication and a human-derived target hypothesis. Bespoke assays are subsequently built, and data generated, to identify therapeutic candidates against the proposed target. In contrast, we empirically generate large datasets encompassing a broad range of indications, with data across hundreds of thousands of biological and chemical perturbations. We combine this data within our Recursion Data Universe, with the proprietary suite of advanced computational tools in our Recursion Map, to initiate and advance new therapeutic programs. Mutually reinforcing advances in ML algorithms and an ever-growing body of knowledge through continuous data generation create a flywheel of novel insights, increasing the efficiency and output of our pipeline.

With one of the largest biological and chemical datasets over seven petabytes which is growing by up to 1.5 million experiments' worth of data each week *and* a suite of software applications within the Recursion Map, we are well positioned to automate and accelerate basic science and drug discovery tasks to enable scientific teams to quickly and iteratively evaluate therapeutic candidates. Cumulatively, these advances may redefine R&D productivity, as technology has disrupted many other industries, and we believe they will generate forward program growth as they have led to forward revenue growth in the context of technology companies.

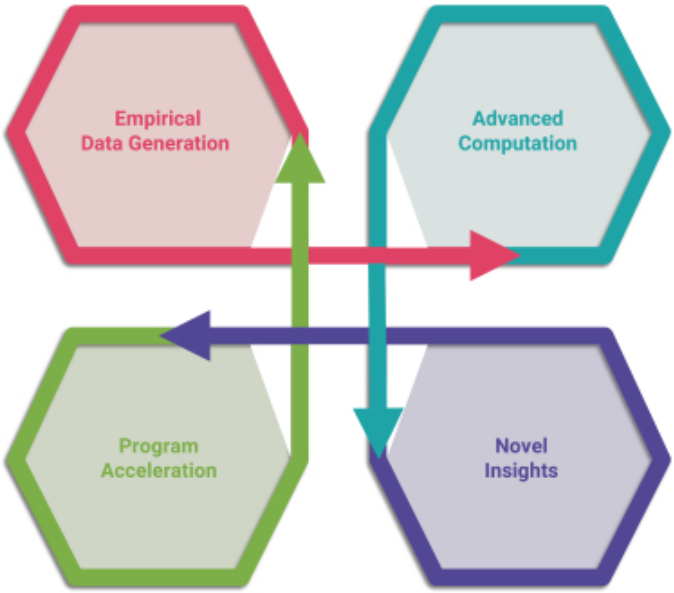


Figure 10. Our integrated approach creates a closed-loop, virtuous cycle of iterative learning. The combination of our proprietary data generation, the Recursion Data Universe, and advanced computational tools, the Recursion Map, enables us to generate novel insights to initiate or accelerate therapeutic programs. We iterate on this approach to create a virtuous cycle of learning within our system and progress programs at each stage of discovery and development.

By applying the Recursion OS to drug discovery, Recursion expects to turn drug discovery from sequential trial-and-error into a search problem.

The Recursion OS

The Recursion OS is an integrated, multi-layer system for generating, analyzing, and deriving insights from biological and chemical datasets. It consists of three parts:

- ***Infrastructure Layer****:* A synchronized network of highly scalable enabling hardware and software used to design and execute diverse biological experiments and subsequently store our ever-growing datasets.
- ***The Recursion Data Universe****:* As of February 19, 2021, over seven petabytes of highly relatable biological and chemical data spanning phenomics, orthogonomics, InVivomics, and bespoke bioassay data.
- ***The Recursion Map****:* A suite of in-house software tools, algorithms and machine learning approaches designed to process and translate data from the Recursion Data Universe into actionable insights for our research and development teams.

- ***The Recursion Data Universe. Over seven petabytes of highly-relatable accumulated biological and chemical data spanning phenomics, orthogonomics, InVivomics, and bespoke bioassay data.***

The combination of wet-lab biology used to generate our proprietary dataset and *in silico* tools in our closed-loop system sets us apart in the field of tech-enabled drug discovery. Many companies in this space may: i) leverage disparate, noisy, and often irreproducible third-party datasets, which are poorly suited for ML, or ii) build tools "as a service" for others, which may limit their upside and impact over time. More importantly, our repetition of wet-lab validation and *in silico* predictions creates a flywheel effect, where data generation and learning accelerate side-by-side and further strengthen our drug discovery platform. While emerging competitors and large well-resourced incumbents may pursue a similar strategy, we have two advantages as a first mover: i) no amount of resources can compress the time it takes to observe naturally-occurring biological processes, and ii) the ever-growing Recursion Data Universe creates compounding network effects that may make it difficult to close the competitive gap.

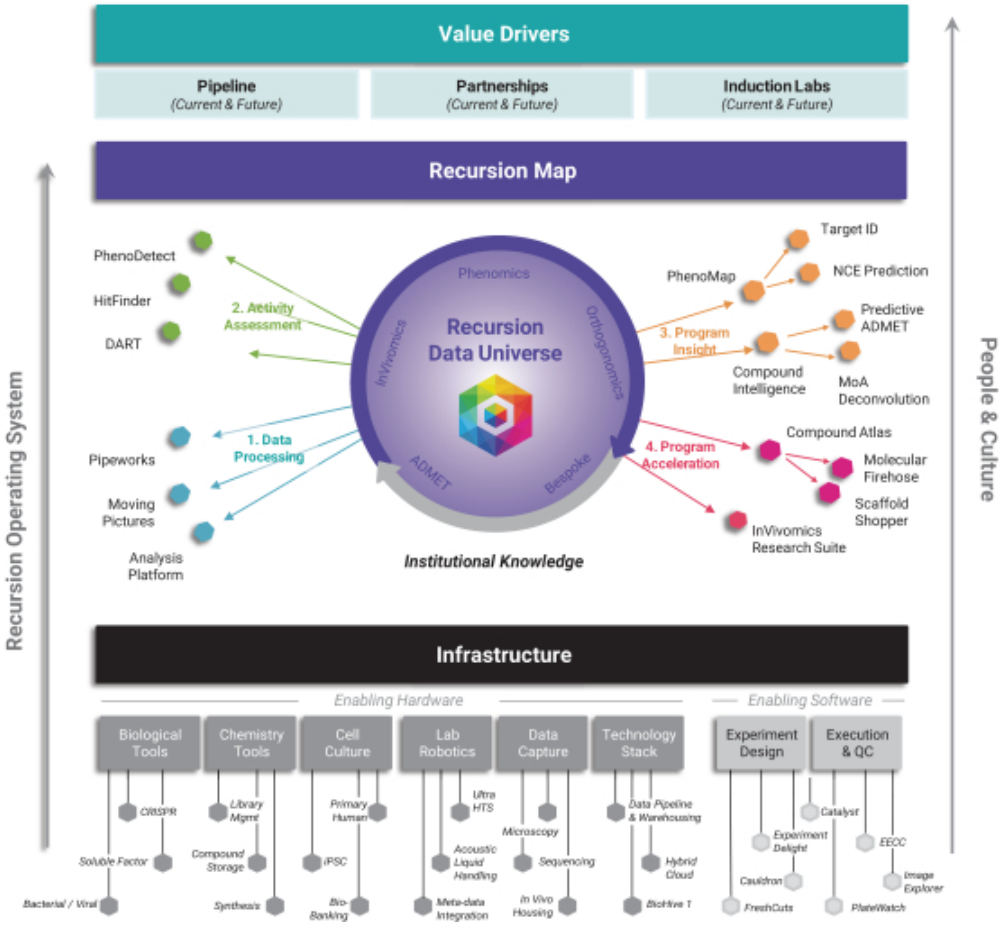


Figure 11. The Recursion OS for drug discovery (expanded). The Recursion OS is an integrated, multi-faceted system for generating, analyzing, and deriving insight from massive biological and chemical datasets to industrialize drug discovery. It is composed of an Infrastructure Layer of enabling

hardware and software, the Recursion Data Universe, which houses our diverse and expansive datasets, and the Recursion Map, a suite of our proprietary discovery, design, and development tools.

The Infrastructure Layer

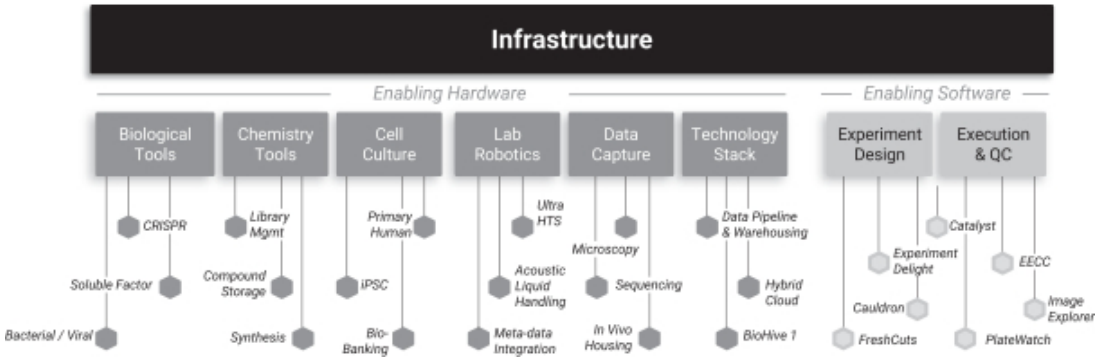


Figure 12. The Infrastructure Layer generates the proprietary data within our massive Recursion Data Universe. The Infrastructure Layer is the backbone upon which the Recursion OS operates and comprises diverse and highly advanced enabling hardware (dark grey) and software systems (light grey) working in concert.

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

Biological Tools

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

Genetics Module. We have developed our proprietary protocols using CRISPR gene editing to model gene deficiency of every gene in the human genome in an arrayed and high-throughput format. We have iterated on the design of these CRISPR reagents, see FreshCuts in the Recursion Map for detail, and created our proprietary, whole-genome arrayed guide RNA library known as the N-Assay-Ready Whole-genome Human Arrayed Library, or NARWHAL. We continue to build new extensions of these tools to broaden our genetic toolbox, including gain-of-function and novel CRISPR gene editing applications. Collectively, these tools enable us to broadly interrogate human genetics, ranging from Mendelian genetic diseases to precision therapeutics targeting tumor suppressor biology.

Soluble Factor Module. We have developed our proprietary protocols using soluble factors such as cytokines and chemokines underlying a broad range of immune-related diseases. Using these approaches, we can readily combine multiple soluble factors within the same experiment to model more complex disease biology, such as cocktails associated with macrophage polarization states or cytokine storm. Our immune modulation tools enable us to interrogate challenging and poorly understood areas such as neuroimmunology, inflammasome biology, and immuno-oncology.

Infectious Disease Module. We have developed our proprietary protocols using diverse biological pathogens driving a broad range of infectious diseases. For example, we used different toxins produced by *C. difficile* bacteria to model the disease and subsequently identified lead molecules for our late-stage preclinical *C. difficile* colitis program. In the first half of 2020, we used the live SARS-CoV-2 virus to establish a disease model, set up an end-to-end screening protocol, and test 1,670 FDA-approved and reference compounds for efficacy against COVID-19 in less than 4 weeks. We routinely use agents involved in the innate immune response (e.g., LPS, cyclic dinucleotides, etc.) to generate additional models relevant to infectious disease research. This module enables us to broadly explore infectious disease biology and identify therapeutics working against both pathogen- and host-directed targets.

Fibrosis Module. We are developing our proprietary models and protocols in partnership with Bayer to study fibrotic diseases, including cell co-culture systems. Our emerging tools enable us to tackle this complex disease space where traditional, target-based approaches have proven challenging.

Complex Multicellular Disease Tools. We are developing and expanding the use of advanced co-culture models to explore multifactorial diseases where cell-cell crosstalk is a critical driver of the disease states. These approaches are particularly relevant in immunology, where regulation between adaptive immune cells (i.e., T cells, B cells) and innate immune cells (i.e., monocytes, macrophages) is critical to understanding the full breadth of immunological responses.

Patient-Derived Tools. We are actively developing new techniques to improve the translatability and speed at which we validate and translate early discoveries. We are actively sourcing patient cells (nearly 400 individual lines across more than 65 diseases sourced to-date), reprogramming them to induced pluripotent stem cells, or iPSCs, and banking the resulting lines so that we can rapidly differentiate these cells into multiple tissue-specific states for downstream validation when needed. We plan to scale these efforts by an order of magnitude or more in the next 18 months.

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

Chemistry Tools

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

Known Chemical Entity Library. One component of our strategy is to identify new uses for existing preclinical and clinical, but not marketed, small molecules. These compounds often have existing data packages that we can leverage to rapidly initiate new clinical studies, accelerating the path to patients and simultaneously increasing program returns. Such molecules are particularly attractive candidates for rare disease indications thanks to the Orphan Drug Act, which provides additional industry incentives and protections for rare disease programs, which may otherwise have too many hurdles to garner commercial interest. Additionally, these molecules typically have well-understood mechanisms of action, or MoA, which, using our tools within our Recursion Map, we can use to uncover the MoA for unknown compounds or launch new NCE discovery efforts.

To this end, we have curated what we believe is one of the most comprehensive KCE libraries in the world, currently comprised of over 6,000 compounds covering approximately 2,500 unique mechanisms. We actively add new molecules to this library as they are disclosed in public forums or filings, synthesizing molecules that are not commercially available. Our pharmaceutical partners may also contribute compounds to this library, further expanding its size and chemical diversity.

NCE Starting Point Library. In addition, we have access to over 700,000 small molecule starting points from a combination of commercial, semi-proprietary, and proprietary sources and use this library to identify new chemical starting points for small molecule discovery campaigns. Approximately 200,000 of these compounds reside within our NCE library, curated by our medicinal chemists and designed for highly druggable chemical properties while avoiding undesirable chemical properties, such as poor solubility and permeability. While this library has been constructed to maximize chemical diversity, we have ensured that several analogs of many compound cores are included to help identify emergent structure activity relationships for early hits and enable rapid hit expansion into readily available analogs. Under our strategic partnership with Bayer, we received an additional 500,000 small molecule starting points and use these combined libraries as the starting substrate for our fibrosis collaboration.

Using our foundational ‘brute-force’ approaches, screening increasingly larger chemical libraries across all disease models would necessitate an exponential increase in platform throughput. As we transition to ‘inference-based’ discovery approaches, we can onboard and profile far larger compound libraries in multiple cellular contexts with only incremental increases in bandwidth, an important advantage of the Recursion OS. As such, we plan to substantially increase the size and diversity of our NCE library over the coming years through a combination of internal investment and partnerships as well as nascent plans to explore automated microsynthesis systems within Induction Lab. We believe we have the potential to meet or surpass the scale of large pharmaceutical companies that have between approximately 1.4 and 4 million compounds.

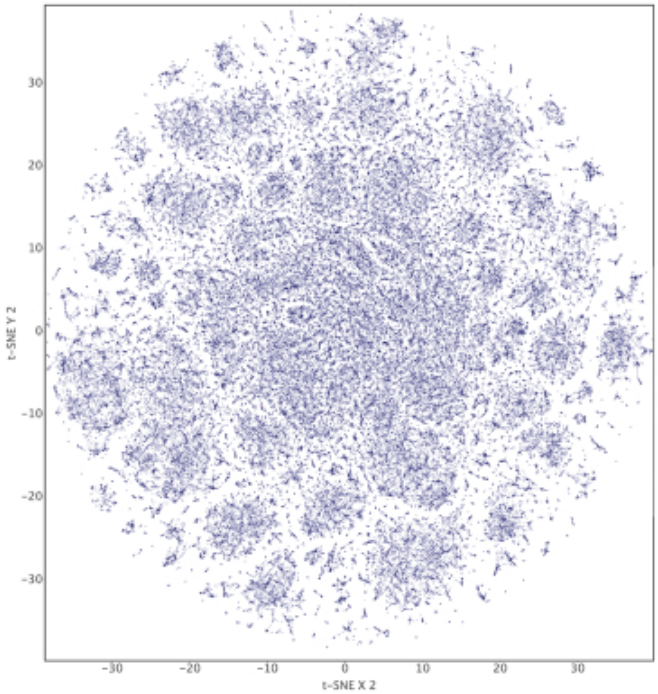


Figure 13. Our internal chemical libraries are highly diverse. This visualization of the structural diversity of approximately 200,000 compounds from our small molecule NCE library, where compounds are clustered based on descriptors using t-distributed stochastic neighbor embedding, demonstrates the evenly distributed and diverse nature of our compounds. This diversity increases the probability that we capture useful biochemical interactions across a broad range of biology.

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

Medicinal Chemistry/CMC Outsourcing. Our internal team of experienced medicinal chemists execute all drug design activities in-house but outsource drug synthesis and select ADMET assays to a network of reputable CROs with whom we have built well-established relationships. External CROs provide easily scalable and project-specific resource flexibility, access to diverse chemistry expertise, and rapid turnaround as we iterate on SAR. As of February 2021, in addition to our 216 employees, we had over 115 full-time equivalents, or FTEs, across multiple vendors working to expand the KCE library and advance six programs at various stages. As programs advance into more advanced preclinical stages where synthesis at scale is of higher priority, our medicinal chemists work ever-closer with our CROs and internal CMC group to craft detailed material plans for preclinical, IND-enabling and clinical supplies.

Analytical and Bioanalytical Chemistry. We have built an analytical laboratory equipped with state-of-the-art liquid chromatography-mass spectrometry equipment. Our lab performs analytical work to assess compound purity and identification for quality controls, bioanalytical work measuring compound levels in plasma and tissue samples from *in vivo* ADME and efficacy studies, and plasma protein binding and permeability studies. Furthermore, this team carries out biomarker identification and validation activities in support of preclinical and clinical translational efforts.

Cell Culture

We have built a state-of-the-art cell culture facility to consistently produce high-quality, mammalian cells, such as vein, kidney, lung, liver, skin, and blood cell subsets, that go into each experiment run on our platform and in subsequent validation. We utilize a toolbox of *in vitro* cell culture techniques to scale production while driving down costs. This includes the graduated use of small scale flasks, with a 25 cm^2 growth surface area, to large-scale, single-use bioreactors, with a 375,000 cm^2 growth surface area, that enable us to generate ten billion normal human cells, which is enough for up to 5,000 1,536 well plates, per batch. We are actively onboarding cutting-edge innovations such as microcarrier suspension culture systems to scale our work further.

Primary cells	Abbr.	Cell lines	Abbr.	iPSC-derived cell types
Normal Human Dermal Fibroblast	NHDF	Adenocarcinoma human alveolar basal epithelial cells	A549	iPSC-derived cardiomyocytes
Renal Primary Proximal Tubule Epithelial Cells	R-PTEC	Human Cardiomyocyte Cell Line	AC16	iPSC-derived neurons
Human Mesenchymal Stem Cells	hMSC	Spontaneous Immortalized Retinal Pigment Epithelial	ARPE-19	iPSC-derived astrocytes
Hepatic Progenitor Cells	HepaRG	Lung adenocarcinoma	Calu-3	
Skeletal Muscle Myoblasts	SKMM-Ad	Immortal Human Keratinocytes	HaCaT	
Human Renal Cortical Epithelial Cells	HRCE	Human Liver Carcinoma	HepG2	
Human Cardiac Microvascular Endothelial Cells	HMVEC-C	Breast cancer cell line	MCF7	
Human Pulmonary Artery Endothelial Cells	HPAEC	Human colon adenocarcinoma	Caco-2	
Human Umbilical Vein Endothelial Cells	HUVEC	Human primary pancreatic adenocarcinoma	BXPC3	
Normal Human Epidermal Keratinocytes	NHEK	Neuroblastoma cell line	SH-SY5Y	
Macrophages (from Apheresis, Leukopacs)	Macrophages	Monocytic cell line	THP-1	
Peripheral Blood Mononuclear Cells	PBMC	Human bone osteocarcoma epithelial cells	U2OS	
Adult Retinal Pigment Epithelial Cells	RPE-Ad	Mammary gland/breast; derived from metastitic site	AU565	
Renal Primary Proximal Tubule Epithelial Cells	R-PTEC	Human Hepatocellular Carcinoma	Huh7	
Small Airway Epithelial Cells	SAEC			
Normal Human Bronchial Epithelial Cells	NHBE			
Normal Human Lung Fibroblasts	NHLF			
Purified Monocytes (from Apheresis, Leukopacs)	Monocytes			

Table 2. Numerous and diverse cell types onboarded to our platform enable us to broadly interrogate biology. Over 30 human cell types have been onboarded to our high-throughput discovery systems to date, spanning primary cells, cell lines, and cells derived from iPSCs.

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

Lab Robotics

We have assembled and synchronized robotic components, such as liquid dispensers, plate washers, and incubation stations, that enable us to efficiently execute up to 1.5 million experiments per week with only a small team overseeing the process at any given time. These robotic systems are modular by design and easily configurable to allow us to create complex and variable workflows. This flexibility is essential for executing experiments using our diverse biological tools (e.g., genetic and soluble factor) and chemical libraries at scale and with high quality.

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

Figure 14. **Our high-throughput automation platform looks more like a sophisticated manufacturing facility than a biology R&D laboratory.** Our platform can execute up to 1.5 million experiments each week with high-quality to enable downstream analyses.

Our laboratory operates approximately 50 weeks each year. Since 2017, we have at least doubled our throughput every year, and we expect that we will at least double our throughput again in 2021, while meeting our quality benchmarks. We have achieved this level of operational excellence by integrating state-of-the-art technology and adopting lean manufacturing principles.

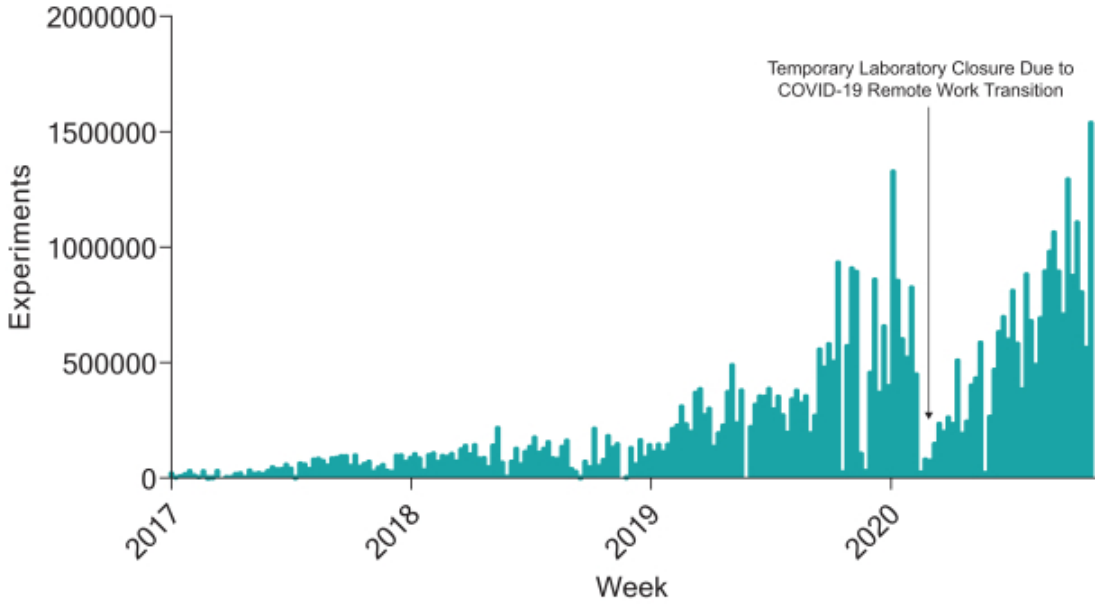


Figure 15. **The experimental throughput of our high-dimensional phenomics assay has scaled significantly over time.** The capabilities of our phenomics assay have grown throughout 2021 with quick recovery following a COVID-19-induced, full-office closure in early 2020.

Data Capture

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

High-Throughput Microscopy. Central to the Recursion Data Universe is our image-based dataset. As of December 2020, we had a large installation of 17 ImageExpress microscopes in our labs. These microscopes run approximately continuously, capturing over 99,000 fluorescent microscopy images every hour across six imaging channels. Alerts are automatically triggered if quality issues are detected, enabling our teams to quickly reimage our experimental conditions to obtain higher quality data. Upon imaging, our digital data pipeline immediately uploads these images to the cloud where they are processed within seconds. On a weekly basis, our pipeline captures, uploads and processes up to 80 terabytes of imaging data to add to the Recursion Data Universe.

High-Throughput Sequencing. In 2020, we purchased and integrated our first sequencing system into our lab. This equipment enables us to capture whole-transcriptome measurements in-house. Over time, we intend to increase our investments in high-throughput sequencing and integrate larger-scale production systems to add another, rapidly growing, complementary data stream to the Recursion Data Universe.

*In Vivo Data Collection***.** We use our proprietary cage hardware and continuous, high-resolution video systems to collect InVivomic data at scale. As of December 2020, we had seven cage systems operational and actively surveying a total of 343 possible *in vivo* subjects undergoing pharmacokinetics, efficacy, and safety studies of our drug candidates. This data is uploaded to the cloud in ten-minute segments where it is integrated into our Recursion Data Universe.

Figure 16. Our proprietary, scalable Smart Housing System for *in vivo* studies automatically collects and analyzes video and sensor data from all cages continuously.

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

Technology Stack

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

- *Public Cloud.* The public cloud is our default choice for production workloads and applications. The scale, elasticity of compute and storage, and economies of scale offered by public cloud computing providers enable us to cost-effectively execute our strategy.
- *Private Cloud.* The private cloud, or edge computing, is used to integrate our lab data flows, including the upload of data to the public cloud.
- *BioHive-1 and High Performance Computing in a Private Cloud*. In December 2020, we made a significant investment to expand our compute power, purchasing a world-class supercomputer named BioHive-1. With 320 GPUs and 200 peak AI petaflops, BioHive-1 is estimated to rank number 66 on the TOP500 list of the world's most powerful supercomputers as of January 2021. This new compute power will allow us to iterate on new neural network architectures faster and more efficiently, accelerating our deep learning models and empowering our growing workforce of ML experts. Deep learning projects that take a week to run on our existing cluster will take under a day on the new cluster.

Figure 17. We believe BioHive-1 is one of the most powerful supercomputers dedicated wholly to drug discovery for a single company. BioHive-1 consists of 40 NVIDIA DGX A100 640GB nodes which further expands our capability to rapidly improve ML models.

Enabling Software Tools

Alongside our infrastructure, we have built a suite of tools that empower our scientists to accurately design, execute, and verify the quality of up to 1.5 million diverse experiments each week, spanning phenomic, orthogonomic, and ADMET assays. Our tools, which take into account real-time onsite reagent supplies, enable consistent control strategies and design standards that make each week's data relatable across time. Additionally, these tools automatically flag experiments or processes which miss quality requirements or stall at some point in the process and notify the appropriate Recursionaut, providing them the tooling needed for manual intervention.

Experiment Design Tools

Cauldron. Cauldron is our proprietary Laboratory Information Management System developed to track reagent inventory and facilitate the rapid and flexible selection of compounds from our library, biological reagents, and cell types/lines. Cauldron is seamlessly integrated with our laboratory equipment and operations so that real-time inventory can be viewed and accounted for during experiment design.

Experiment Delight. Experiment Delight is a custom software application developed to enable biologists and chemists to create large and sophisticated experimental designs (e.g., millions of perturbation conditions) with ease using internally validated constructs that minimize experimental artifacts and noise while maximizing signal and relatability. Experiment Delight automatically randomizes perturbations to massive plate layouts, includes appropriate controls, creates reagent pick-lists, and automatically conducts basic quality assurance, better ensuring that experiment meta-data is managed within a single system.

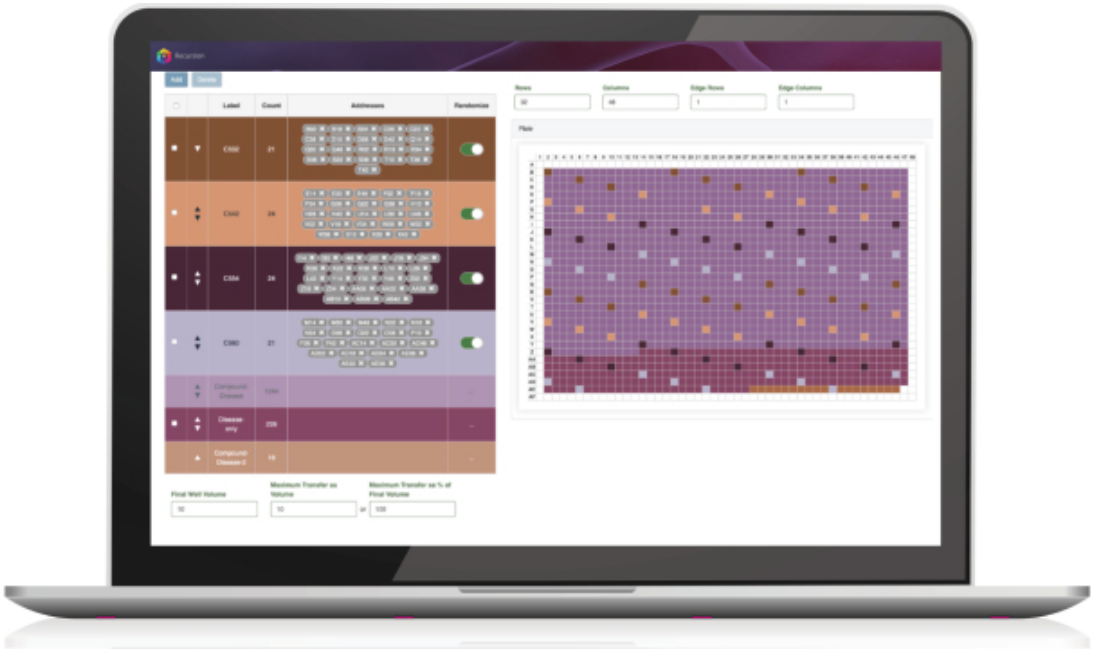


Figure 18. Experiment Delight allows our biologists to design massive experiments while complying with our complex proprietary rules for layout. Experiment Delight is our internal experiment design tool used to rapidly create large-scale experiment sets with high flexibility, while integrating our proprietary rules for experiment layout learned over approximately a decade of iterative improvement. The graphical interface facilitates experiment plate layout specification.

FreshCuts. FreshCuts is our proprietary algorithm for designing CRISPR gene editing guide RNAs for maximal knockout efficiency. The algorithm is custom designed for our needs including high accuracy and specificity and is based on our internal knockout efficiency sequencing data, generated from our own primary cell types used in our core phenomics platform. FreshCuts is the design algorithm used to create NARWHAL, our proprietary, whole-genome arrayed CRISPR gene editing library used in Recursion's PhenoMap.

Experiment Execution and QC tools

Experiment Execution Command Center. The Experiment Execution Command Center, or EECC, is a suite of tools and dashboards we developed that automatically executes and continuously monitors experimental protocols designed by our researchers. EECC automatically compares meta-data from experiment designs and executed actions to confirm proper execution. Additionally, EECC allows users to monitor the progress of an experiment through various execution states and provides

dashboards with clear metrics on our reliable experiment execution. This system is a mainstay for our teams responsible for reliable and consistent execution of our phenomics platform at scale.

Image Explorer. Image Explorer is a custom web application that enables our scientists to view and interact with microscopy images from our phenomics platform, including: isolating particular stains, filtering images in an experiment down to those with particular biological or chemical perturbations, and viewing meta-data associated with each image and experimental condition. Image Explorer is a critical tool for quality control and experimental debugging.

Iconographer. Iconographer is our proprietary tool used to capture image-level quality control metrics and identify systematic errors as images are streamed from our platform to the cloud. These measures include summary statistics on channel intensities, quantifications of image focus, cell counts, and meta-data about the image capture. Iconographer integrates with other tools that examine trends across images, such as PlateWatch and components of the Experiment Execution Command Center.

PlateWatch. PlateWatch is a custom application used to detect plate-level quality issues. Due to the arrayed nature of our experimental conditions across microtiter plates, these experiments can sometimes be affected by confounding spatial intraplate effects, such as radial patterns. While our laboratory controls and robotics work cells reduce the noise and variation naturally associated with biological experiments, PlateWatch flags any anomalies so that issues can be resolved and, if needed, removed from the Recursion Data Universe.

Figure 19. PlateWatch enables our team to identify potential irregularities and ensure high-quality data enters the Recursion Data Universe. PlateWatch automatically generates plate-level metrics and figures to assist our technicians in providing quality control for all phenomics experiments, rapidly identifying possible problematic plates and ensuring high-quality data enters the Recursion Data Universe. In this case, a set of plates that did *not* pass QC due to plate effects across various parameters were automatically flagged for further review.

The Recursion Data Universe

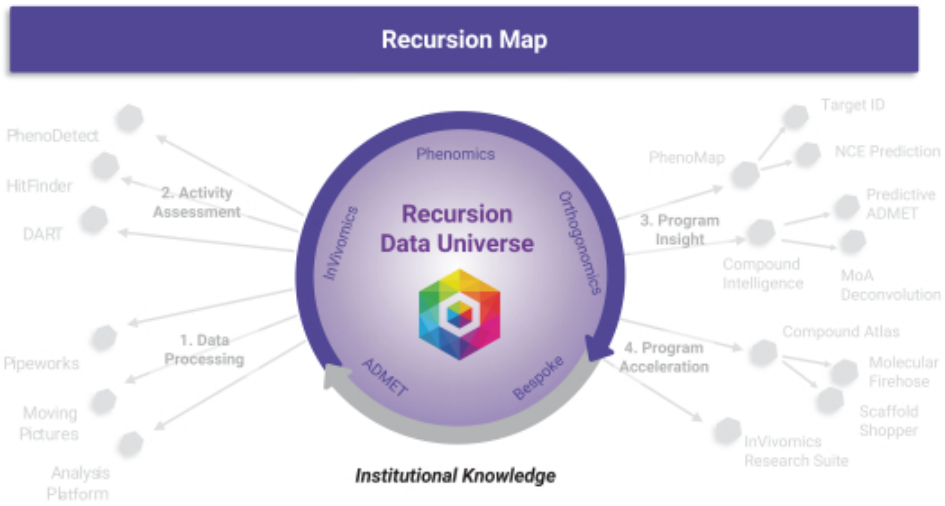


Figure 20. The Recursion Data Universe at the core of the Recursion Map. The central asset of the Recursion Map is the Recursion Data Universe, encompassing multiple data types that compound together, the whole providing greater insight than the sum-of-the-parts.

The Recursion Data Universe comprises over seven petabytes of highly relatable biological and chemical data including: phenomics, orthogonomics, ADMET assays, InVivomics, and bespoke bioassay data. These different data modalities are highly complementary as we advance drug discovery and development programs. Phenomic data provides a broad, foundational layer of biological and chemical data, while other datasets provide greater translational insights. The size of the Recursion Data Universe has grown by more than three-fold since 2018 and has continued to grow at an accelerating rate.

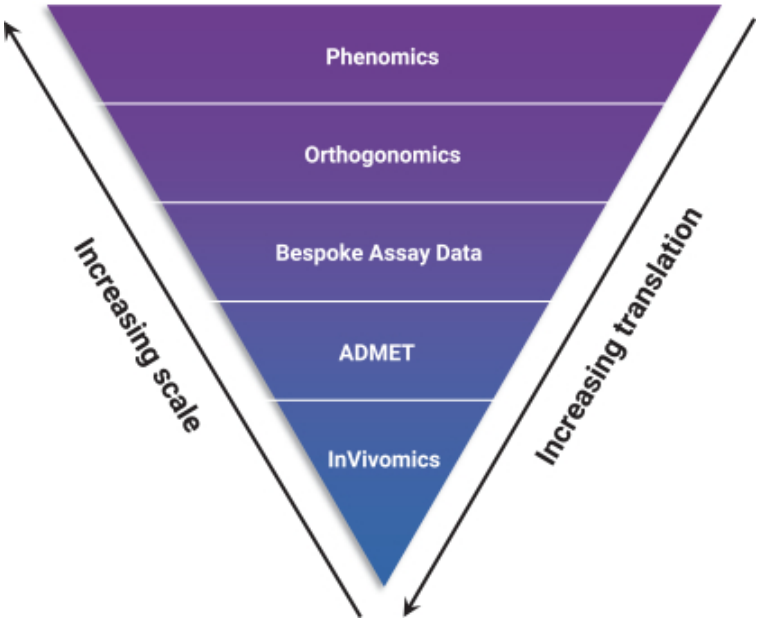


Figure 21. Diverse datasets within the Recursion Data Universe are highly complementary. The Recursion Data Universe consists of complementary datasets spanning multiple data modalities. While phenomics data can be generated cost-effectively and at scale, other datasets such as transcriptomics, proteomics, and InVivomics offer increasing insight as we translate programs from early discovery through development.

Phenomics

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

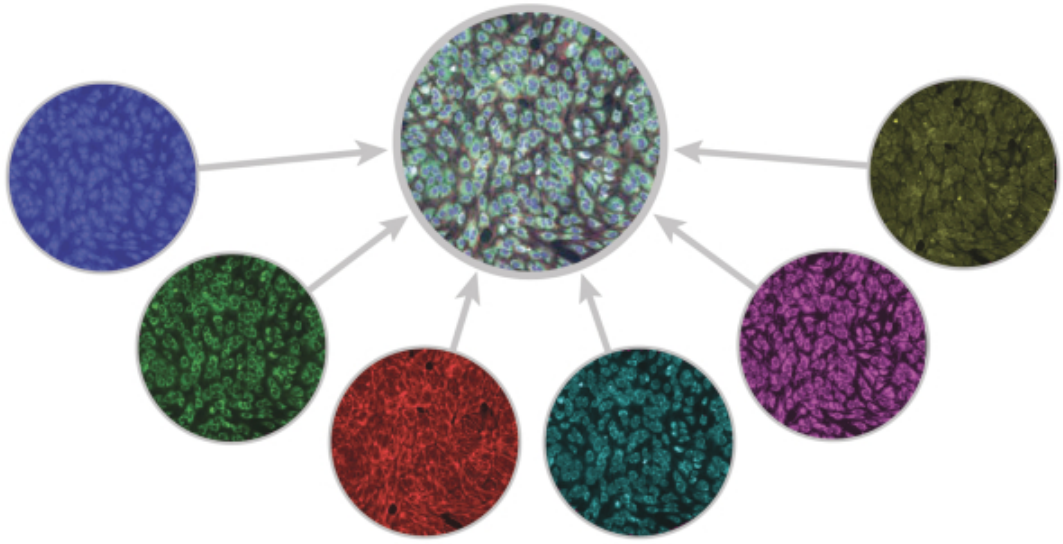


Figure 22. Our fluorescent staining protocol images multiple large cellular structures to capture a holistic assessment of cellular state. We use fluorescent dyes to stain a set of common cellular substructures that are subsequently captured using fluorescent microscopy imaging. Combined with tools from the Recursion Map, this complex and rich biological data modality can be used to solve a host of scientific questions. The top image is a composite of the 6 channels. It is followed by each of the 6 individual channel faux-colored images of HUVEC cells: nuclei in blue, endoplasmic reticula in green, actin in red, nucleoli in cyan, mitochondria in magenta, and Golgi apparatus in yellow. The overlap in channel content is due in part to the lack of complete spectral separation between fluorescent stains.

Cellular morphology is a holistic measure of cellular state that integrates changes from underlying layers of cell biology, including gene expression, protein production and modification, and cell signaling, into a single, powerful readout. Images are also two-to-four orders of magnitude more data-dense per dollar than other -omics datasets that focus on these more proximal readouts, enabling us to generate far more data per dollar spent to inform our drug discovery efforts. Indeed, since 2017 we have approximately doubled the capacity of our phenomics platform each year and currently generate up to nine million images or 80 terabytes of new data to the Recursion Data Universe per week across up to 1.5 million experiments. We expect to again double this capacity in 2021.

Lastly, our phenomics approach builds on the recent explosion of powerful computer vision and ML approaches driven by the technology industry over the last half decade. Modern ML tools can be trained to identify the most salient features of images without relying on any pre-selected, disease-specific subject matter expertise, even if these features are imperceptible to the human eye. Using these tools, we can capture the aggregate cellular response induced by a disease-causing perturbation or therapeutic, and quantify these changes in an unbiased manner, freeing us from human bias. In contrast, traditional drug discovery relies on presumptive target hypotheses and bespoke biological signaling assays, that only capture narrow, pre-determined biology limiting the scope of biological exploration.

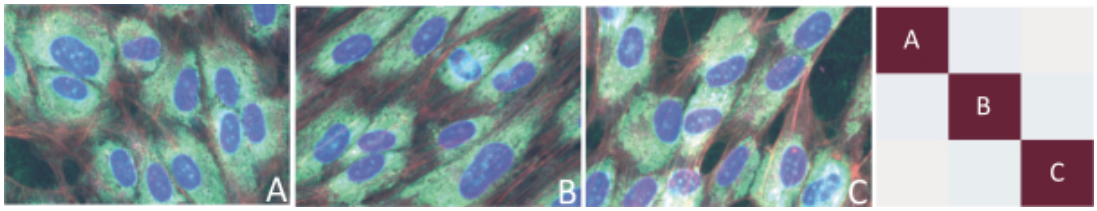


Figure 23. ML algorithms can detect cellular phenotypes that are indistinguishable to the human eye. Most morphological differences within our images are too subtle for the human eye to detect; however, ML algorithms like those we deploy in our Recursion Map can readily distinguish between them. The heatmap of similarities shown here between learned embeddings of these images shows clear separation of highly similar cellular changes.

Orthogonomics

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

Scaled Transcriptomics. We have developed an in-house laboratory process capable of profiling over 20,000 genes from samples drawn from any of our biological modules. We routinely run this process on hundreds of samples per week and, as of February 2021, have amassed whole transcriptome data for 5,760 different individual perturbations. Taking our learnings from scaling phenomics, we are actively increasing throughput and driving down sample costs to scale this approach by orders of magnitude.

Scaled Proteomics. In January 2021, we entered into an agreement with SomaLogic, a proteomics vendor, to measure protein-level changes across thousands of analytes for thousands of samples in order to accelerate our functional validation and mechanistic deconvolution efforts. In parallel, we are co-developing custom proteomics panels to enable measurement of post-translational modifications as well as scaled and more cost-effective multiplex proteomics panels. In small pilot

proteomics studies to date (with approximately 166 protein analytes in one study and over 4,500 protein analytes in another), we have demonstrated that the resulting “proteoprints” can help inform and guide program validation by identifying pathways and specific proteins affected by both disease-causing perturbations and therapeutic compounds identified by our platform.

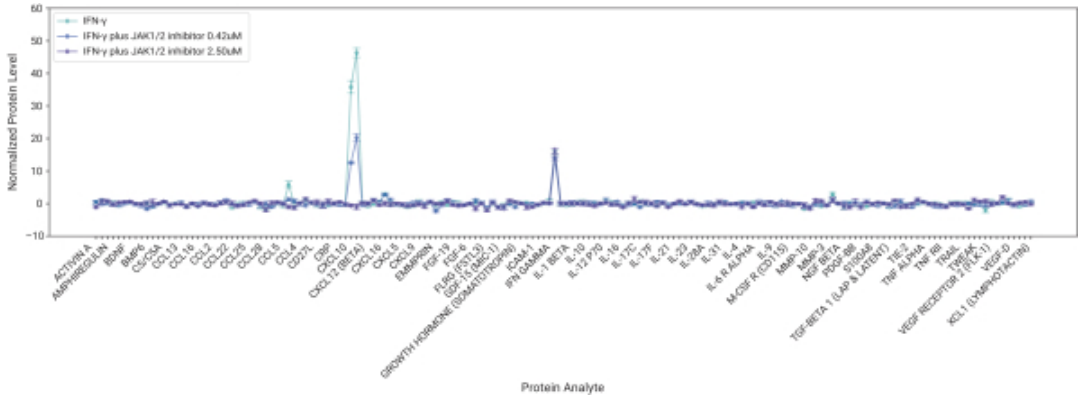


Figure 24. Proteomic capabilities add a rich volume of functional data that is complementary to our phenomics dataset. Demonstration of a small molecule JAK1/2 inhibitor rescuing the complex proteomics signature induced in primary human cells by IFN-g. Integrating additional modalities like proteomics increases the diversity of data available in the Recursion Data Universe.

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

ADMET Assays

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

To train predictive ADMET models, our team has built large-format ADMET datasets spanning various compound liabilities including CYP inhibition, which can indicate risk of complication from drug-drug interactions and hERG liabilities, which may suggest a heightened risk for heart arrhythmias. In addition, we developed a cardiomyocyte-spheroid beating assay to serve as an *in vitro* proxy of cardiotoxicity. All such ADMET data, generated using our in-house compound libraries, resides within the Recursion Data Universe. Importantly, unlike conventional ADMET data that is often created only for single-program use, our ADMET data is generated under highly controlled and standardized assay conditions to enable high-fidelity predictive models.

As discussed in subsequent sections, this ADMET data has been combined with phenomic and compound structure data to create early predictive models, winnowing those drug candidates with higher likelihood of potential liabilities before investing time and resources.

InVivomics

In vivo studies are an important tool for providing an assessment of the efficacy and safety of a compound within the context of a complete, complex biological system. Similar to other steps within the

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

Bespoke One-Off Assays

In addition to the large format datasets described above, our team is experienced at developing custom assays needed for program-specific validation at smaller scale. These assays encompass diverse biomolecules, including nucleic acids, proteins, and lipids, allowing for complete coverage across diverse therapeutic areas. Representative examples of these bespoke assays include:

- High-content protein translocation readers and multiplexed readers to measure protein changes
- qPCR or bead-based technologies to measure panels of transcript changes
- Mass spectrometry to measure more challenging biomolecules (e.g., low abundance proteins, lipids and metabolites)
- Electric cell-substrate impedance sensing, live-cell imaging and other functional readouts
- Flow cytometry to measure distinct cellular subpopulations

As this data is generated, it is included in the Recursion Knowledge Store, our data warehousing system that connects one-off experimental assays with the rest of the Recursion Data Universe.

Recursion Map

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

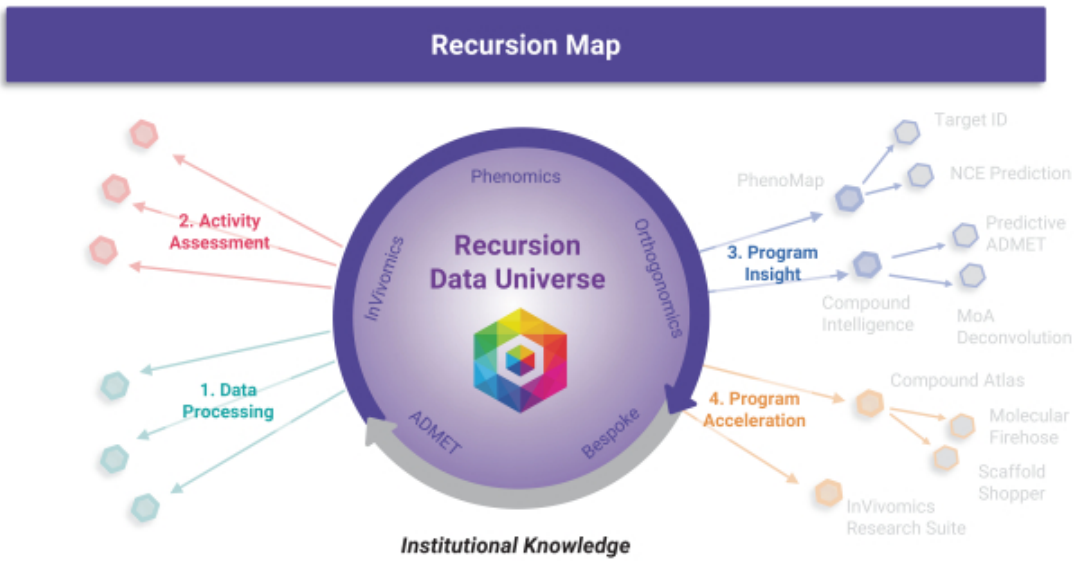


Figure 25. The Recursion Map. The Recursion Map is a combination of massive biological and chemical datasets, or the Recursion Data Universe, and a suite of proprietary data generation, discovery, and development tools that transform data into actionable insights. The combination of our proprietary data generation and software tools provides the basis for data-driven decision making.

Data Processing Tools

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

Moving Pictures. Moving Pictures is our proprietary application for securely and efficiently *moving* massive image data from our phenomics platform to the cloud environment, a non-trivial and highly-critical step in our data processing pipeline. On a weekly basis, this data transfer may approach 80 terabytes across approximately 1.5 million experiments. Moving Pictures is tightly integrated with both our hardware and other software systems and highly fault-tolerant.

Pipeworks. Pipeworks is our proprietary in-house system for handling and *orchestrating* diverse image-level processing activities across millions of images generated weekly on our phenomics platform. Using Pipeworks, we can apply complex computer vision algorithms to extract signals from our high-dimensional images and subsequently run deep convolutional neural networks, trained on our

large microscopy image repository, to create high-dimensional abstract feature representations from these images.

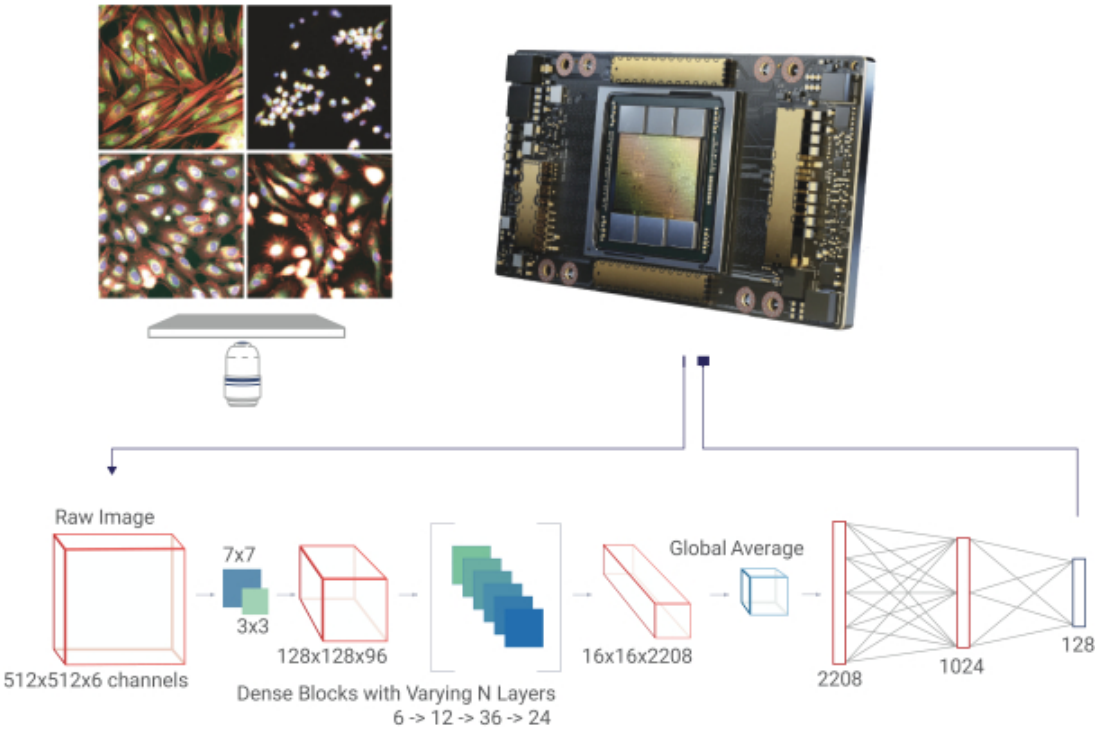


Figure 26. The Pipeworks process converts raw images into a list of features that allows cross-image comparison. Microscopy images are run through a deep convolutional network with an architecture similar to the one above, as orchestrated by Pipeworks. The network is trained on our phenomics data so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

Analysis Platform. Our Analysis Platform is responsible for executing defined tasks using the feature representations created by Pipeworks, experiment meta-data from design tools, and analysis parameters as defined by our scientific team members. These tasks may include performing biological and chemical activity assessments, preparing data for use in our inference-based screens, and evaluating the quality of our feature representations. Data scientists routinely add more analyses to the system that scientists can then select. Analysis Platform is robust, reproducible, and highly flexible, enabling us to quickly onboard different disease models and experiment types.

Biological and Chemical Activity Assessment

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

PhenoDetect. PhenoDetect is our proprietary application for *confirming the statistical significance* of disease phenotypes generated on our platform through the introduction of one or more

biological perturbations. This step is critical for mapping a given biological perturbation (e.g., CRISPR genetic knockout) to its high-dimensional and reproducible changes in cellular morphology. These phenotypes are the primary input into downstream analyses, including predicted gene-gene and gene-molecule relationships.

HitFinder. HitFinder is our software tool for evaluating the activity of therapeutic candidates (small or large molecule) within a high-dimensional disease model. This process differs from traditional drug discovery approaches in several important ways. First, whereas traditional biochemical assays measure a compound's activity against a single hypothesized target of interest, HitFinder measures a compound's ability to reverse a disease phenotype induced by a disease-causative biological perturbation. This 'target-agnostic' assessment prevents us from injecting human bias into the process. Second, while traditional assays are low- or univariate measures, HitFinder assesses compound activity in a high-dimensional context, increasing the likelihood that activity we observe is unlikely due to random chance. Lastly, HitFinder is able to rapidly assess the activity of large and diverse chemical libraries, at a scale that surpasses most traditional methods.

Drug Activity Report Table. Drug Activity Report Table, or DART, is our proprietary software tool for summarizing and visualizing compound activity data. Importantly, within DART researchers can compare a compound's i) ability to reverse those morphological changes that were specifically induced by the biological perturbation used to model the disease of interest and ii) any new morphological changes induced by the compound, an early measure of potential off-target or deleterious on-target effects. Using DART, researchers can rapidly identify and prioritize molecules with those believed to have the greatest potential for both efficacy and safety for advancement.

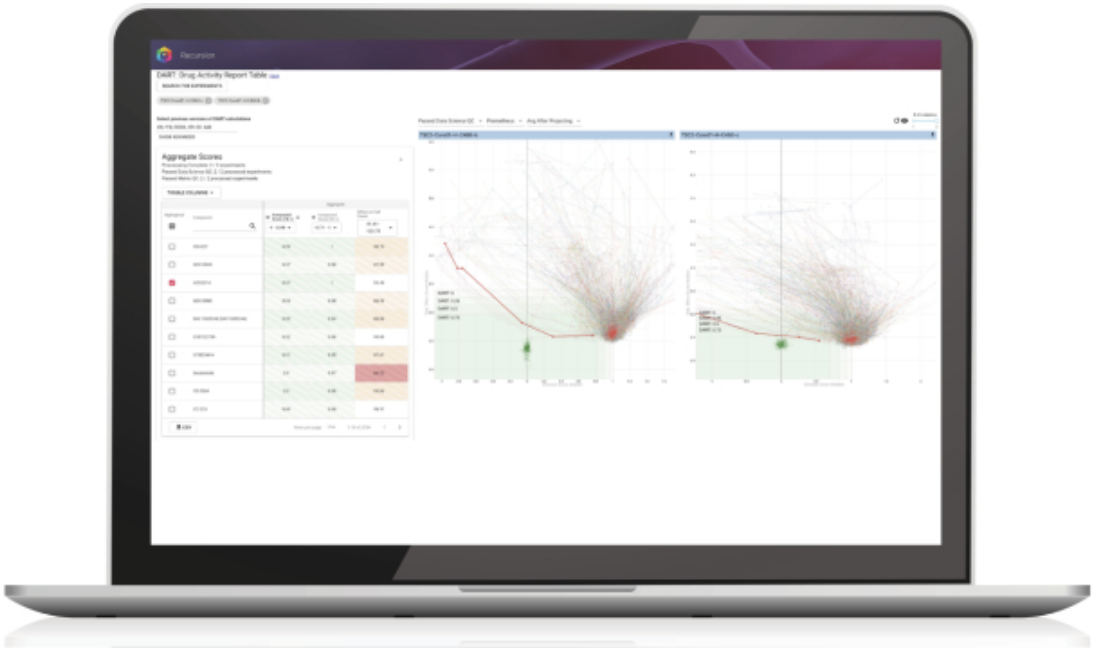


Figure 27. DART enables our biologists to rapidly identify compounds with maximum effect on a disease phenotype while minimizing other effects. The results from our empirical hit identification screens are presented in DART, our user interface that allows drug discovery teams to rapidly explore and understand results and focus on what is believed are the most promising compounds tested.

Program Insight

Our Program Insight tools translate processed data into actionable insights. These insights fall into two broad buckets: i) insights into underlying biology and early therapeutic starting points, or where to begin?, and ii) insights into the specific chemical substrate of interest, or which to advance and how?. We mine the Recursion Data Universe of biological and chemical data to predict therapeutic activity and behavior that may seed new NCE programs or new uses of known chemical entity programs. Compound Intelligence tools enable us to infer a compound's mechanism of action and potential ADMET liabilities based on measures of similarity to other high-dimensional landmarks in our dataset and predictive models incorporating images and chemical structure.

PhenoMap. PhenoMap is a massive relational database of biological and chemical perturbation phenotypes that allow us, based on phenotypic similarity, to infer the relationship between any two perturbations (or groups of perturbations) *in silico*. To date, we are able to infer nearly 18 billion relationships, which are generated solely by ML tools without any human bias and allow us to understand the mechanisms underpinning disease and how to manipulate those mechanisms to improve human health. For example, we can query the similarity (or dissimilarity) created by the CRISPR-engineered knockout of any two genes from our whole-genome arrayed CRISPR screen, revealing both known and novel drug targets never before described in scientific literature. We can query the similarity between any small molecule in our library and all genetic knockouts, uncovering a compound's mechanism of action and, most importantly, infer the activity of such molecules against high-value drug targets. Our ability to probe the relationships between any perturbation in our library (spanning the genome and approximately one hundred thousand small molecules) changes drug discovery from an iterative trial-and-error process into a computational driven 'search' problem.

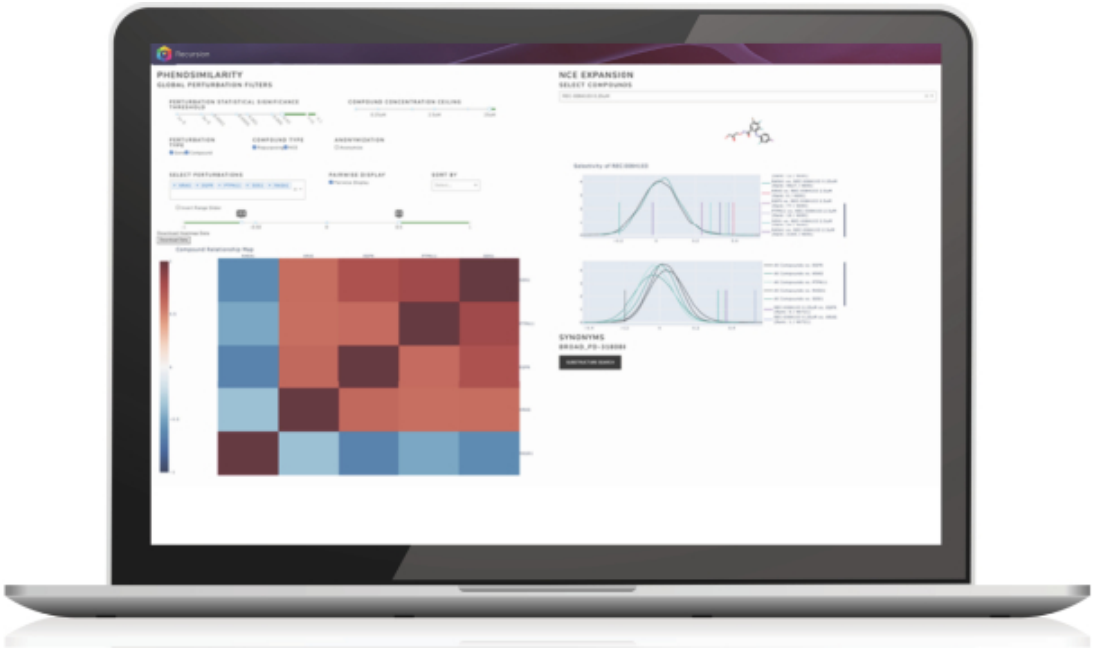


Figure 28. The PhenoMap allows our team to view multiple inferred comparisons side-by-side to rapidly identify relationships between genes and compounds. Our PhenoMap tooling enables us to rapidly explore inferred biological and chemical relationships in order to i) run target discovery, ii) predict active hits, iii) optimize for phenosimilarity and iv) predict mechanism of action.

In the future, we aim to include an ever-increasing array of insights from the full digital drug discovery pipeline stack: physicochemical and structural information about compounds in our physical libraries as well as predictions about synthesizable compounds not yet tested on our platform, ADMET assay readouts and predictions, and eventually even *in vivo* readouts and predictions.

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

Program Acceleration

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

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

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

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

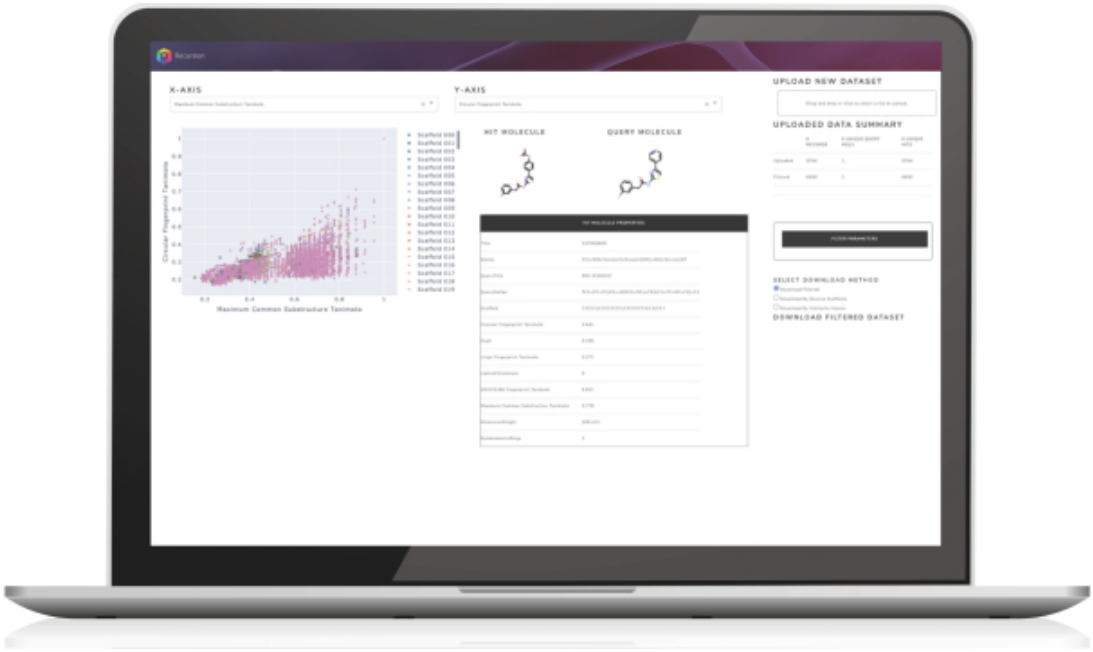


Figure 30. Molecular Firehose adds filtering capabilities along multiple properties to rapidly identify ideal compounds to synthesize. Molecular Firehose provides dynamic analysis and filtering of results from our large-scale chemical expansions, enabling our medicinal chemists to rapidly identify the next set of compounds to order and test on our platform.

InVivomics Research Suite

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

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

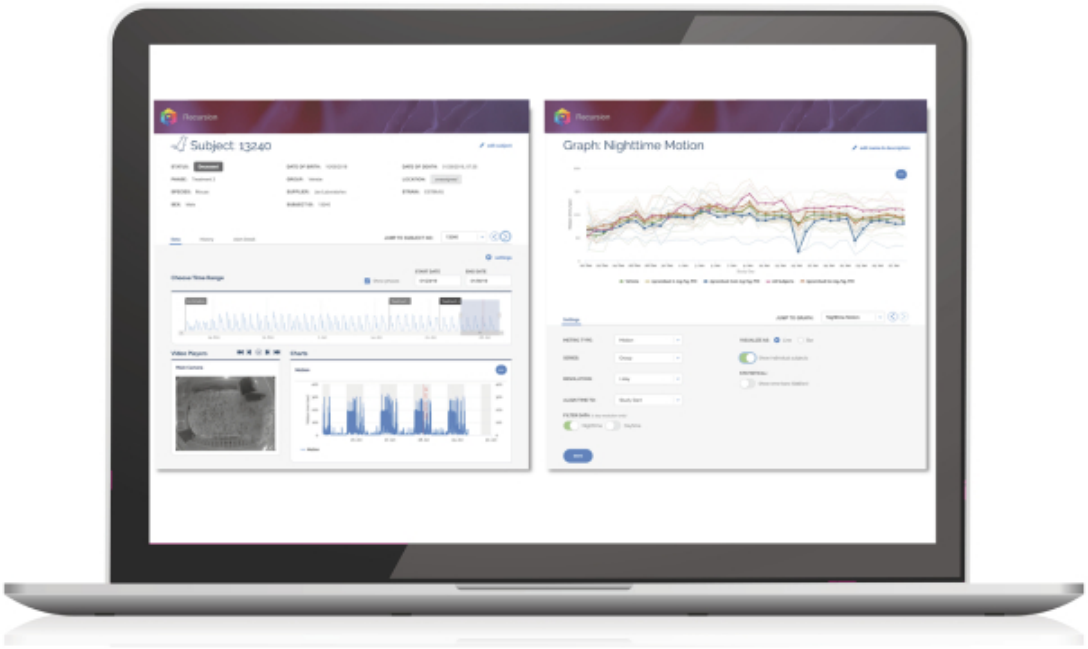


Figure 31. InVivomics Research Suite allows our team to track and analyze a broad swath of data in ongoing animal studies. The Research Suite enables our *in vivo* scientists to monitor individual subjects through near real-time video feed and data generation and review study level data.

Institutional Knowledge

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

Bridging from Recursion Map-based Insights to Program Advancement

Tools within the Recursion Map translate experimental results into actionable insights that our research and development teams can use to accelerate programs at each stage of the drug discovery and development process. While there is no ‘standard’ drug discovery program, most programs under our inferential search approach proceed as follows:

- We identify an early therapeutic starting point or novel biological target using the Recursion Map.
- We empirically validate compounds in a disease-relevant background.

- We predict the mechanism of action for compounds that demonstrate activity.
- We optimize compounds into viable drug candidates.
- We select and advance drug candidates into clinical development.

Step 1: Identify Early Therapeutic Starting Points and Novel Biological Targets. Using the Recursion Map, we can screen, and subsequently infer relationships among thousands of diverse biological perturbations, including CRISPR gene knockouts, soluble factors, viruses, bacterial toxins, and hundreds of thousands of small molecule perturbations *in silico,* based on the similarity (shades of red in the figure below) or dissimilarity (shades of blue in the figure below) of each perturbation's high-dimensional phenotype. Using these inferred relationships, we can elucidate both novel drug targets or early therapeutic compounds to start new drug discovery programs.

In order to identify novel program starting points, it is critical that the Recursion Map can accurately predict relationships across diverse domains of biology. To confirm the accuracy of our predictions, we have demonstrated that our approach recapitulates well-known biological pathways. In the example below, we used CRISPR gene editing tools to knock out genes in canonical biological pathways. In addition, we profiled small molecules that are known agonists or antagonists of these same pathways. Comparing the phenotypes induced by these perturbations to one another, we observed that i) each perturbation creates a unique phenotype but that ii) phenotypes form clusters that recapitulate well-understood biological pathways, including genes involved in:

- Bcl-2 signaling
- NF-κB signaling
- RAS signaling
- JAK/STAT signaling
- TGFß signaling

These findings not only validated the accuracy of our predictions, they suggest that we can use our inferential search approach to identify new drug targets or early therapeutic starting points to seed new drug discovery programs.

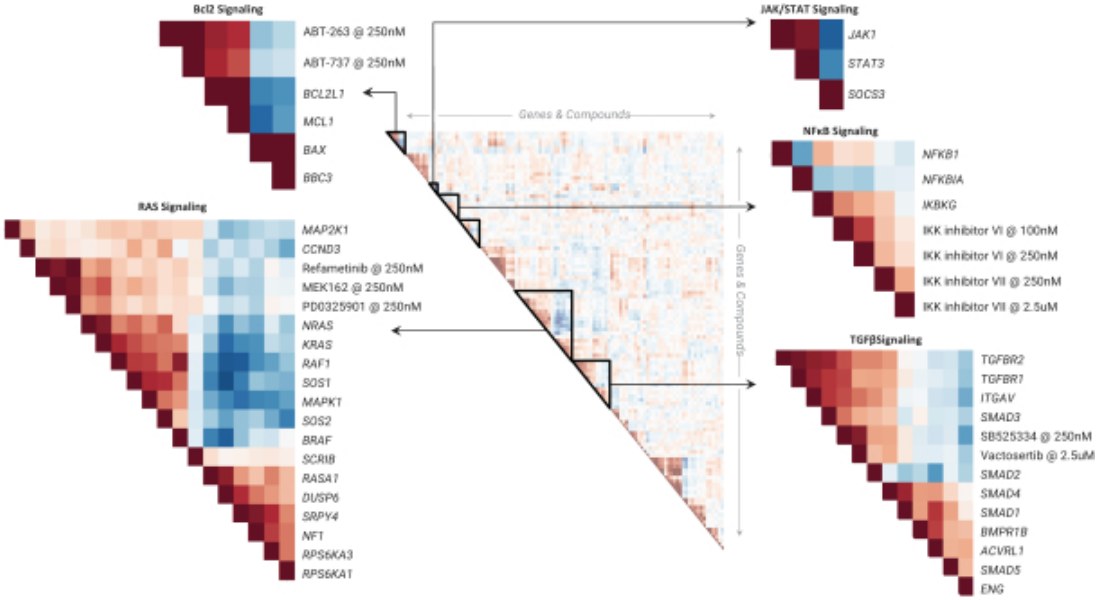


Figure 32. Inferred relationships between genes and small molecules reconstruct known biology. A small fraction of the nearly 18 billion inferred relationships produced by our Recursion Map are shown. Shades of red reflect an increasing degree of phenotypic similarity. Shades of blue reflect an increasing degree of phenotypic oppositeness. Highlighted sections of the Recursion Map reveal expected relationships along well-studied biological pathways.

Step 2: Empirically Validate Compounds in a Disease-Relevant Background. Having selected a compound of interest based on its *inferred* activity, we then *physically* screen candidate compounds in the disease-relevant background to confirm our predictions.

In order to prioritize candidates for advancement, it is critical that our platform can accurately measure the activity of compounds. To confirm the accuracy of our measurements, we have demonstrated that our models correctly rediscover compounds that are known to be active in human diseases, also known as positive controls. To date, we have executed over 200 studies reconfirming the activity of well-known positive controls. These experiments span:

- Small molecules and antibodies that have been previously studied and documented in scientific literature, are currently in clinical trials, and/or are marketed treatments.
- Dozens of different diseases and related biological pathways.
- Three different techniques we use to model disease, including soluble factors, CRISPR and BacMam genetic gain-of-function.

The table below summarizes a subset of the hundreds of established clinical and development drugs from across the industry that we have rediscovered on our platform.

CRISPR Loss-of-function Disease Models

Gene	Disease Or Pathway	Drug #	Class*	Drug Compound(s)**
BMPR2	Pulmonary hypertension	1	SRC	Saracatinib
LEMD3	Buschke-Ollendorff syndrome	4	ALK5	GW788388, EW-7197, LY21557299, SD-208
NF1	Neofibromatosis type 1	5	MEK	RO5126766, PD 184352, MEK162, Pimasertib, GDC0623
TP53	Li-Fraumeni Syndrome	1	p53	RITA
PTEN	Cowden syndrome	22 7 6	PI3K AKT mTOR	GDC-0980, AZD6482, IPI-145, Acalisib, Pilaralisib + 17 GSK690693, MK-2206, Triciribine, Afuresertib, AKTi-1/2 + 2 XL388, AZD2014, WYE-125132, CC-223, AZD8055 +1
SOCS3	Pathway biology	13	JAK	Solcitinib, Tofacitinib, Ruxolitini, Baricitinib, TPCA-1 +8
TSC2	Tuberous sclerosis	18	mTOR	Everolimus, Temsirolimus, PP242, CC-223, OSI-027 +13
VHL	Von Hippel-Lindau syndrome	1	HIF2α	PT2385

Soluble Factor Disease Models

SF	Disease Or Pathway	Drug #	Class*	Drug Compound(s)**
IFNα	Multiple inflammatory diseases	2 4 2 5	IFNα (a) PI3K IKK JAK	Anifrolumab (a), Sifalimumab (a) VS-5584, GDC-0980, Pilaralisib, PF-4989216 AZD-3264, TPCA-1 Tofacitinib, Baricitinib, Ruxolitinib, AZD1480, AZ960
IFNγ	Multiple inflammatory diseases	1 16	IFNγ (a) JAK	Emapalumab (a) Oclacitinib, Ruxolitinib, Tofacitinib, Peficitinib, AZD1480 +11
IL-1β	Multiple inflammatory diseases	1 5	IL-1b (a) IKK	Canakinumab IKK-1, ACHP, LY2409881, AZD-3264, TPCA-1
IL-4	Multiple inflammatory diseases	1 5	IL-4 (a) JAK	AMG317 (a) Ruxolitinib, Tofacitinib, TG 101209, TG 101348, NVP-BSK805
IL-6R	Multiple inflammatory	4	JAK	Baricitinib, Tofacitinib, Oclacitinib, Ruxolitinib
IL-13	Asthma and allergy	2 16	IL-13 (a) JAK	CNTO607 (a), Lebrikizumab (a) NVP-BSK805, Cerdulatinib, Tofacitinib, Solcitinib, CYT387 +12
TGFβ2	Fibrosis diseases & cancers	1 6	TGFb (a) ALK5	Fresolimumab (a) SD 208, SB 525334, GW 788388, Repsox, SB 431542 +1
TNFα	Many autoimmune diseases	3 5	TNFa (a) IKK	Adalimumab (a) Infliximab (a), Golimumab (a) TPCA-1, AZD 3264, ACHP, LY2409881, BMS 345541
VEGF	Angiogenic factor/tumor	23	VEGFR (a)	Bevacizumab (a), Sorafenib, Sunitinib, Ponatinib, Axitinib +18

Bacmam Gain-of-function Disease Models

Gene	Disease Or Pathway	Drug #	Class*	Drug Compound(s)
BRAF	Multiple cancers	1 1 1	ERK BRAF MEK	Ulixertinib Dabrafenib MEK162

Table 3. The Recursion Map accurately recovers activity of known positive controls. This table summarizes approximately 200 compounds that have shown activity in clinical trials and which our platform has accurately recovered using our brute-force approach. (*) Inhibitor family or (a) antibody target. (**) Small molecules and (a) antibodies.

Step 3: Predicting the Mechanism of Action. Having validated our predictions empirically, our medicinal chemists work to further understand the mechanism by which compounds are operating, traditionally the ‘Achilles heel’ of phenotypic drug discovery. Our KCE library contains thousands of compounds with well-annotated mechanisms of action. The phenotypes from these compounds, as well as thousands of genes that we have knocked out using our CRISPR-gene editing tools, are included in our Recursion Map. Using this information, our chemists can compare the phenotype of our validated compounds to these high-dimensional ‘landmarks’ and assess its degree of similarity.

In order to confidently predict a compound’s mechanism, it is critical that the Recursion Map can accurately capture mechanistic similarity of small molecules based on phenotypic relationships. We have demonstrated that, while all compounds create unique morphological changes in cells, compounds that share similar mechanisms of action show a higher degree of phenotypic similarity to one another. In the example below, we tested a large number of compounds with known mechanisms of action using our phenomics platform. When we plot the resulting phenotypes based on phenotypic similarity, we observe that i) they are highly varied but also ii) form hundreds of clusters based on mechanistic similarity. Furthermore, for many compounds with known targets of inhibition, we have shown that the Recursion Map is able to identify compound treatment as similar to genetic loss of the particular target or pathway (e.g., ABT-263 and ABT-737 vs their known target BCL2L1, and SB525334 and vactosertib against known target TGFBR1 and pathway member TGFBR2).

These results suggest that, given a compound of interest with an unknown mechanism, we may be able to compare it to our KCE library of well-annotated compounds and our library of genetic knockouts in the Recursion Map to predict its mechanism. We use such predictions to generate hypotheses of mechanism to be validated in follow-up wet-lab experiments.

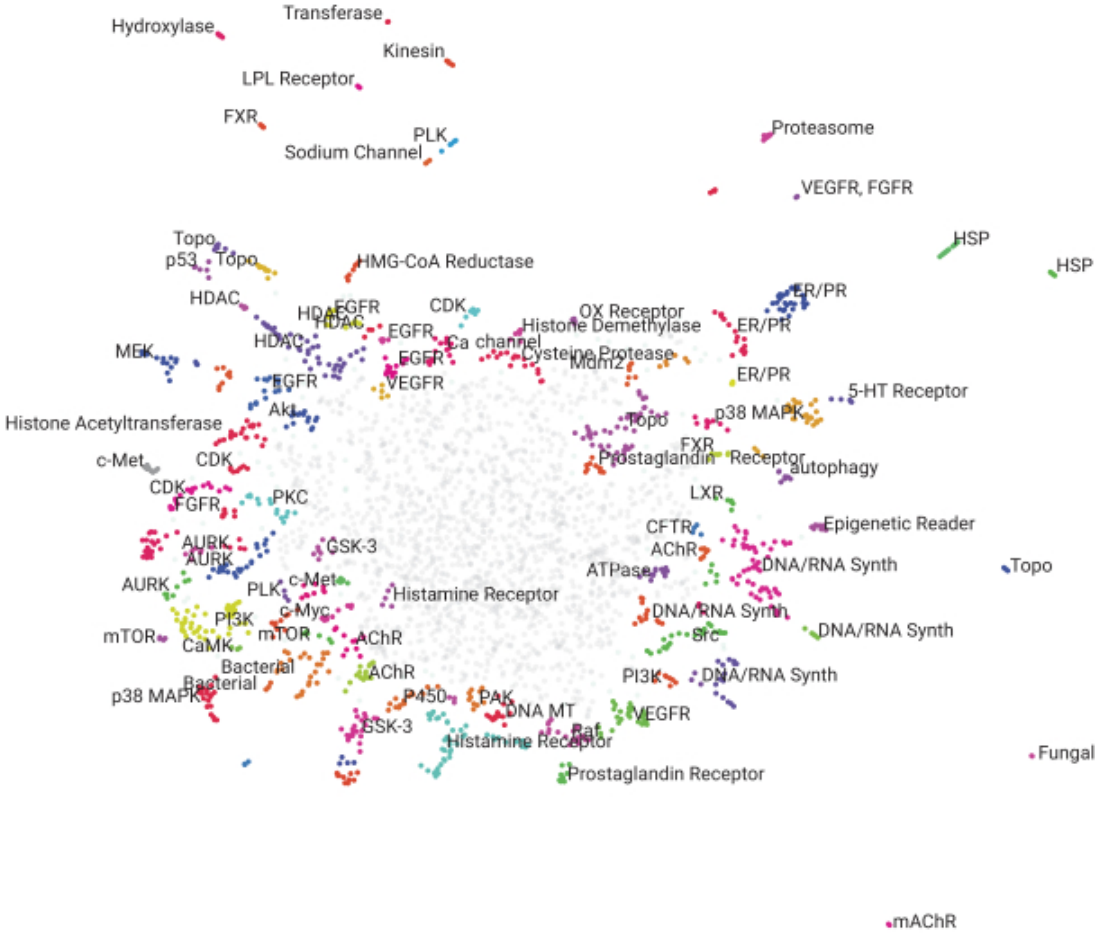


Figure 33. Compounds with the same mechanism cluster together phenotypically. A UMAP plot where each dot represents a different compound. Compounds that are phenotypically similar reside closer together and recapitulate mechanistic similarities (as labeled).

Step 4: Optimize Validated Compounds into Viable Drug Candidates. While a compound may be active in our screens, most early therapeutic starting points have low potency and undesirable drug properties and must be optimized before advancing into *in vivo* and ultimately human studies. During the lead optimization process, our chemists rely upon our phenomics platform to repeatedly measure changes in compound potency that result from changes in compound structure.

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

In the example below, we ran four separate experiments of a HIF2a inhibitor known to be active against our *VHL* disease model over a period of three months. Dose-response curves across all four runs demonstrate a high degree of overlap, including highly similar EC50s and max-effect. Our calculated minimum significance ratio from this study, a common industry metric of *in vitro* assay reproducibility over time, is 1.076, highly robust by industry benchmarks[5]. These results demonstrate the stability of our assay and the ability to use our phenomic platform as a basis for SAR as we progress programs.

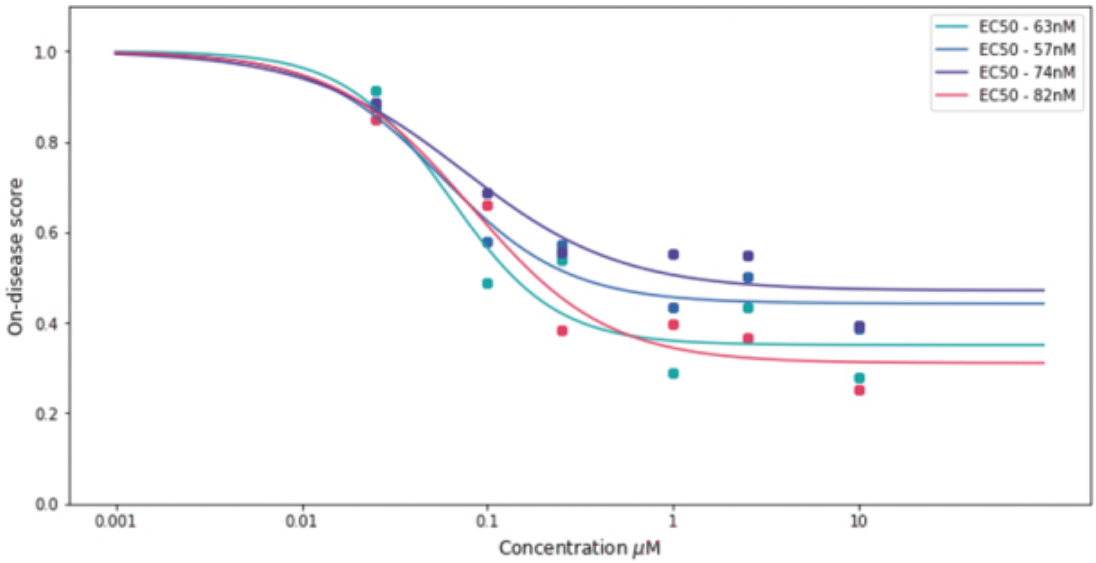


Figure 34. Compound activity is reproducible across experimental runs. Dose response curves from multiple runs of the same tool compound against our disease model for *VHL* loss-of-function shows high consistency, with a calculated tool compound minimum significance ratio of 1.076.

Step 5: Select and Advance Drug Candidates into Clinical Trials. After optimizing early therapeutic starting points into viable drug candidates, we select those compounds that have the best chemical properties to advance as development and ultimately clinical candidates. We have built the internal capabilities to drive clinical candidates through IND-enabling studies, regulatory approval processes, and into human clinical studies. Collectively, members of our development team have been involved in over 100 clinical studies, including recently completing our first SAD in 2019 and MAD studies in 2020. Additionally, we work closely with a team of external consultants across regulatory, CMC, and clinical operations to ensure execution success.

Our People and Culture

We operate at the intersection of multiple fields of cutting-edge science and technology, creating an environment where empirical data, statistical rigor and creative thinking are brought to bear on decisions. Our diverse team of Recursionauts, now composed of more than 200 full time employees, is united by our growth-mindset, mission-driven commitment and an inclusive culture. Our cross-disciplinary workforce is balanced across biology, drug-hunting and chemistry (approximately 40% of our employees) alongside experts in software engineering, automation engineering and data science

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

(approximately 35% of our employees). Our project teams are cross-functional whenever and wherever appropriate. Our value “One Recursion” reinforces this important, company-first, function-second mindset that is essential to maximize the effectiveness of the Infrastructure Layer, and effectiveness of the Recursion OS as a whole.

Given the rate at which the Recursion OS advances, combined with the growth trajectory of the company, an environment of learning and teaching is critical to our success. Our people systems, processes, and rituals have been designed to specifically reinforce these behaviors. For example, our performance and development system is anchored around three questions to assess performance that are tied to our Values: i) What was Delivered, ii) What was Learned, and iii) What was the Impact on Others? Another cultural dimension that is a critical enabler of the Infrastructure Layer and Recursion OS overall is our willingness to be bold and ambitious, captured in our value “Act Boldly with Integrity”. Underlying this value has long been an approach of taking bold bets in pursuit of our mission, to accelerate progress; we lean into change that will propel us, with regularity.

Our Culture

Culture is our character and personality; it is the sum of our values, traditions, beliefs, behaviors, and attitudes. We have intentionally sought extraordinary talent and created an environment where our Recursionauts can do their best work. Our deliberate approach is critical to our future success because of the audacity of our mission and building an industry-defining company headquartered in Salt Lake City. Our culture is defined by an incredibly diverse, committed, ambitious, purpose-driven, and talented group of people that come to the table with curiosity, humility, kindness, and respect. People systems and company rituals reinforce the behaviors that bring our culture to life. Ultimately our greatest strength is in our differences: expertise, gender, race, disciplines, experience, and perspectives.

Our Values. Values are the core behaviors that define our culture. Our values are incredibly important to us because they are the simplest definition of how we will achieve our mission.

Figure 35. Our Five Value Pillars. Our values are the core behaviors that define our culture.

We Care. We care about our drug candidates, our Recursionauts, their families, each other, the communities in which we live and work, and we care deeply about the patients we aim to serve and their loved ones. We also care about our work; we operate with an owner's mindset. We care so much that we are willing to do and say the hard things to make each other and the company better. An example of our caring is we pay 100% of the health premiums for all Recursionauts and their families and provide substantial mental health benefits, believing that everyone should have fair access to healthcare so they can be well and in turn work towards serving our mission.

We Learn. Learning from the diverse expertise and perspectives of our fellow Recursionauts, and from failure, is an essential part of how we make progress. We seek to create cross-functional teams so that we can teach and learn about the myriad ways to approach the problems we tackle. We expect everyone to be learning at the rate of growth of the company. We have never been static, nor should we be. This value is exemplified by the time we make for journal clubs and even a '101' lecture series where some of our brightest and most accomplished Recursionauts regularly teach introductory classes on their field to new employees (or any employee who wants to brush up their skills).

We Deliver. We are unapologetic that our expectations for delivery are extraordinarily high. We have the potential to radically improve the lives of millions of people, and we do not want any of them to wait a day longer than is necessary. There is urgency to our existence. The deep caring for our people is an enabler for them to rise to these expectations. This value is exemplified by this document and all we have built since our founding in November 2013.

We Act Boldly with Integrity. No company changes the world or reinvents an industry without being bold. Part of being bold is creating a culture where failure is embraced if it leads to learning and growth. We dare greatly, rather than celebrate the more moderate successes that could be within our reach if we relaxed our ambition. Boldness, however, must be balanced; not by timidity, but by acting with integrity and doing the right thing even when no one is looking. We lead with data, optimize relationships for the long-term, and aim for the highest levels of integrity in everything we do. The best example of this value is the breadth of our mission, the progress we have made against it, and the data we have to back-up that progress and our claims. Another strong example of our high integrity approach stems from when we updated our new hire equity guidelines last year. Rather than act on a go-forward basis, we went back to 'make whole' every single Recursionaut whose new hire grant was less than the new guidelines.

We Are One Recursion. We operate with a 'company first, functions second' mentality. We do what is best for the mission, regardless of whether it is the optimal outcome for ourselves or our functional team. Our success comes from working as one interdisciplinary team. This value is exemplified by leaders and employees being consistently willing to 'give-up' power, control or responsibility in favor of another when it means the mission can be advanced.

Other Key Drivers of our Culture. Being Utah-based has a positive impact on our culture, marrying loyalty, grit, kindness, and respect with the relentless pursuit of our ambitions, all outside of traditional echo-chambers. This powerful combination fuels a durable commitment to our values and is an accelerator towards our mission. In our latest employee engagement survey, we achieved 83% engagement which was more than ten points higher than the Tech, Science, and Research benchmark we use. Engagement, akin to motivation, is an industry standard index score that research shows is a driver of performance and business results. As a company, we target a high but balanced engagement score of 75-85% so that we can be confident in the health of our organization, while acknowledging some amount of friction as we move and change at a relentless pace. Over-indexing on engagement above 85% could come at the cost of delivering for other stakeholders in the business such as our partners, shareholders or the patients we aim to serve.

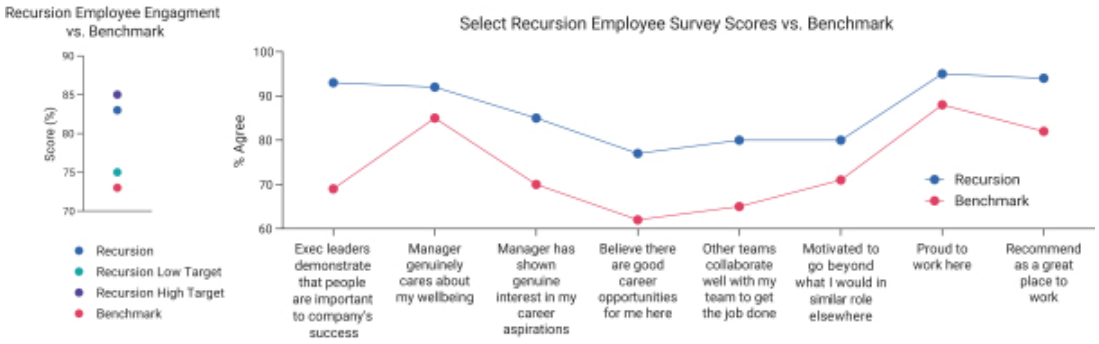


Figure 36. Our employee engagement survey scores exceed industry benchmarks.[6]

To harness the power of our diversity, we put an emphasis on building an equitable and inclusive culture and environment. From onboarding to training to all-hands meetings, we invest in skill-building and use storytelling to foster an inclusive workplace that can be a shared home for our many differences. We make it a point to keep ourselves aware, educated and empathetic to those around us. In a 2020 survey we conducted, 91% of Recursionauts agree that we foster a high integrity environment and 83% felt they could express a contrary viewpoint and still be respected, well above benchmarks to many similarly positioned companies. Hiring, promotion, and pay equity are important to us and we invest in process, training, and analysis to maximize equitable outcomes so that differences are based on the value each employee delivers to the business.

Lastly, the most singular unifying force in our culture is our mission. We bring it to life through Vision Talks by our CEO to every new employee, which all current Recursionauts are always invited to attend, photos of patients that we have gotten to know around our facility, invited lectures by leading scientists, patients, patient advocates, and other stakeholders, and more. We are a mix of professionals that have chosen a professional path of meaning, some earlier, and some later, in their careers. 2020 only amplified our collective desire for purpose and it highlighted the importance of healthcare in our lives and in the economy and the profound recognition that new approaches are necessary. This fuels us, and our future Recursionauts.

Our People

As of February 17, 2021, we employed 216 people and are growing rapidly. Our team is highly educated and experienced with more than 25% having advanced technical degrees (e.g., M.D. or Ph.D.) and collective experience contributing as core team members to 53 marketed drugs and 77

6 Our benchmark is derived from over 20,000 survey responses from comparable companies during the 12 months ended December 31, 2019.

clinical stage molecules. Our team is also highly cross-functional with about as many data scientists and engineers (approximately 35% of our employees) as biologists and chemists (approximately 40% of our employees). The majority of our employees work from our headquarters in downtown Salt Lake City. We also have an *in vivo* scientific team at our vivarium in Milpitas, California as well as a few remote employees, particularly in data science, ML, and computational chemistry. The team has diverse experience across best-in-class global corporations and institutions in life sciences, technology, and business.

As of January 14, 2021, more than 30% of our workforce had moved to Utah to join us, drawn by our mission, science, technology, and culture. Salt Lake City itself has been a draw for many new Recursionauts given its affordability, access to recreation, quality of life, and maturing diversity. We have employed creative means to identify and recruit some of the brightest minds including an ML competition based on the release of our first public dataset, RxRx1, that we hosted in affiliation with NeurIPS, a premier AI conference. In particular, we have been successful in attracting talent from the Bay Area which hosts a deep talent pool in both tech and biotech.

We are deeply committed to building a diverse organization. Numerous studies have concluded that diverse teams outperform homogeneous teams. Today our workforce is approximately 40% women, and we continue to strive to improve gender and racial diversity at all levels. We have values and processes that are designed to achieve our diversity, equity, and inclusion ambitions in the service of achieving our mission. For example, we have focused on including non-binary and BIPOC (Black, Indigenous or Person of Color) individuals and women in both the panel of interviewers and the slate of candidates for all new hires. Our progress has been noted locally as a three-time ‘Shatter Award’ recipient from the Women Tech Council of Utah.

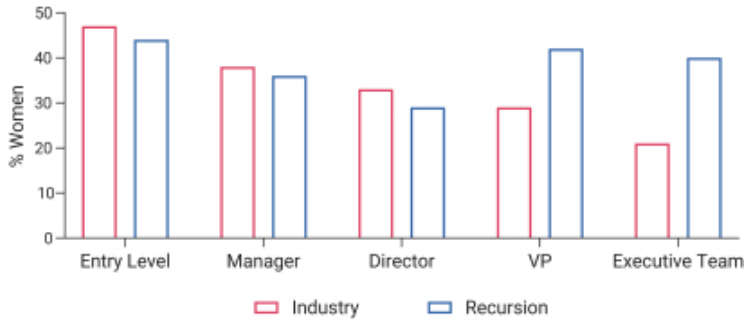


Figure 37. Representation of women by level at Recursion significantly outperforms the average corporate pipeline, in which female representation narrows at more senior levels.[7]

Lastly, despite incredible growth, we are intentional about developing our talent not just from external sources, but through promotion and mobility of our internal team. The inherent complexity and evolution of the Recursion OS results in value being placed on the institutional knowledge that comes with time at Recursion. Part of the value proposition of being a Recursionaut is that your career will grow. Notably, 20% of our executive team are products of internal mobility, having joined as individual contributors and grown into executive roles with the company. In 2020, we had 38 employees move into new roles with more responsibility.

Programs

We have used the Recursion OS to generate advancement of 37 internally-developed programs. Our programs target diseases spanning several therapeutic areas where: i) the cause of the disease is

7 Adapted from 2020 Lean In McKinsey Women in the Workplace Report.

well-defined and ii) there is high unmet need, there are no approved therapies, or there are significant shortcomings with existing treatment paradigms. Several of our programs target indications with market opportunities in excess of $1 billion in annual sales and we are preparing four pipeline programs to enter Phase 2 clinical trials within the next four to five quarters.

The majority of our late-stage programs were created using ‘brute-force search’ approaches, where we physically test each combination of disease model and drug candidate in our library using our automated wet-lab infrastructure. In mid-2020, we began transitioning towards a more efficient and more powerful ‘inferential search’ approach. Under this new paradigm, we independently profile thousands of disease models and hundreds of thousands of drug candidates and then infer tens of billions of biological and chemical relationships *in silico*, prioritizing the most promising candidates for follow-on validation. The majority of our emerging, early discovery stage programs were created using inferential search tools and, moving forward, we expect this approach will generate the vast majority of new programs for us.

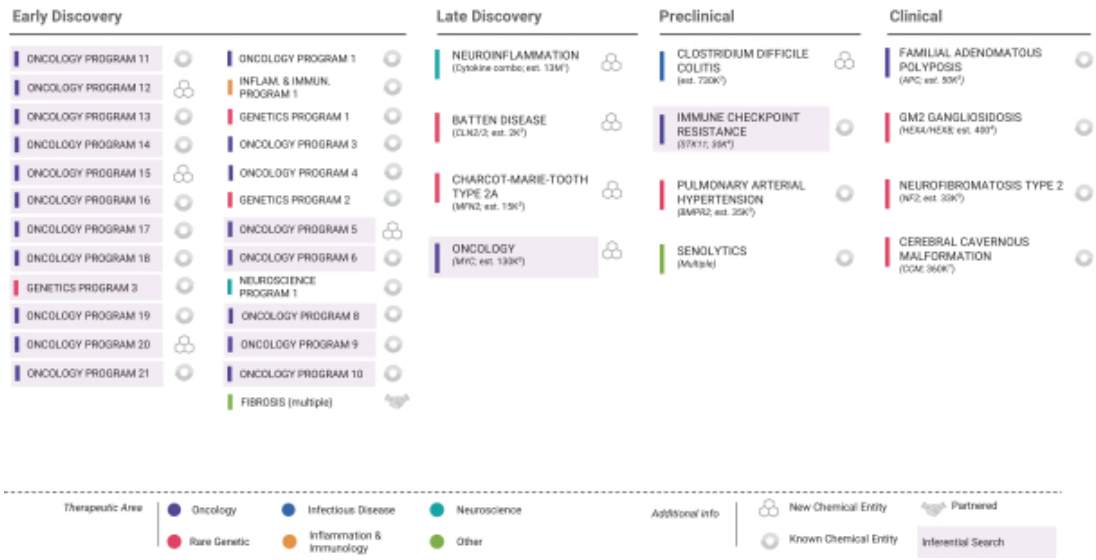


Figure 38. The power of the Recursion OS is exemplified by the breadth of active research and development programs. 37 programs spanning multiple therapeutic areas and consisting of both new uses for existing compounds and NCEs under active research and development. (1)Our program has the potential to address a number of indications within neuroinflammation, including multiple neurodegenerative diseases totaling at least 13 million patients in the US and EU5 (EU5 is defined as France, Germany, Italy, Spain, and the United Kingdom). We intend to pursue a select subset of these indications in the future. (2) Annual incidence in US and EU5. Initial clinical studies will focus on subsets of the total population with high rates of recurrent infection. (3)Annual US and EU5 prevalence. (4) Annual US and EU5 incidence. (5) Annual US and EU5 incidence for all *NF2*-driven meningiomas (6) Our program has the potential to address a number of indications driven by *MYC* alterations, totaling 130,000 patients in the US and EU5 annually. We have not finalized a target product for a specific indication. (7). Hereditary and sporadic symptomatic population.

Notable Programs

We consider ten ‘Notable Programs’ to be key, near-term value-drivers.

Eight of our Notable Programs were discovered using our brute-force search approach:

- REC-4881 for the treatment of familial adenomatous polyposis, or, FAP—expected Phase 2 initiation within the next four to five quarters
- REC-3599 for the treatment of GM2 gangliosidosis, or GM2—expected Phase 2 initiation within the next four to five quarters
- REC-2282 for the treatment of neurofibromatosis Type 2, or NF2—expected Phase 2 initiation within the next four to five quarters
- REC-994 for the treatment of cerebral cavernous malformation, or CCM—expected Phase 2 initiation within the next four to five quarters
- Lead molecules for the treatment of *C. difficile* colitis—preclinical
- Lead molecules for the treatment of neuroinflammation—late discovery
- Lead molecules for the treatment of Batten disease—late discovery
- Lead molecules for the treatment of Charcot-Marie Tooth type 2a disease, or CMT2A—late discovery

Following closely are two Notable Programs discovered and rapidly advancing using our inferential search approach:

- REC-64151 for the treatment of STK11 immune checkpoint resistance in STK11-mutant non-small cell lung cancer—preclinical
- MYC inhibitory molecules for the treatment of solid and hematological malignancies—late discovery

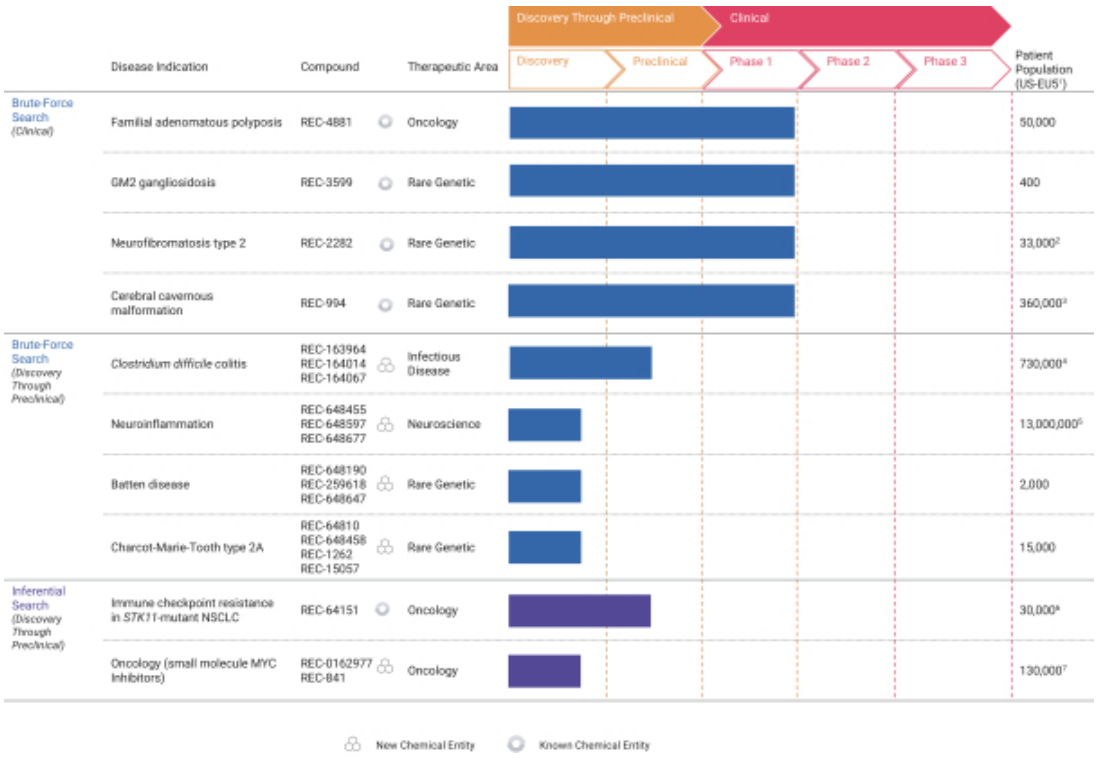


Figure 39. Notable Programs. Notable Programs are key, near-term value drivers for us given their market opportunities and the validation that they provide. Our four lead programs are poised to enroll

patients in Phase 2 clinical trials in 2021 while preclinical programs are rapidly progressing. (1)EU5 is defined as France, Germany, Italy, Spain and the United Kingdom. All numbers are prevalence unless otherwise noted. (2)Annual US-EU5 incidence for all NF2-driven meningiomas. (3)Hereditary and sporadic symptomatic population. (4)730,000 annual incidence in US-EU5. Initial clinical studies will focus on subsets of the total population with high rates of recurrent infection. (5)Our program has the potential to address a number of indications within neuroinflammation, including multiple neurodegenerative diseases totaling at least 13 million patients in the US and EU5. We intend to pursue a select subset of these indications in the future. (6)Annual US-EU5 incidence. (7)Our program has the potential to address a number of indications driven by *MYC* alterations, totaling 130,000 patients in the US and EU5 annually. We have not finalized a target product profile for a specific indication.

REC-4881: Familial Adenomatous Polyposis

Summary

REC-4881 is an orally bioavailable, non-ATP-competitive allosteric small molecule inhibitor of MEK1 and MEK2 being developed to reduce tumor size in FAP patients and patients with somatic *APC*-mutant tumors. REC-4881 has been well tolerated consistent with the intended use and a gut-localized PK-profile in humans that is highly advantageous for FAP, and *APC*-driven gastrointestinal tumors. We expect to enroll the first patient in a Phase 2, double-blind, randomized, placebo-controlled trial within the next four to five quarters.

Disease Overview

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

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

Product Concept

Our REC-4881 candidate is an orally bioavailable, non-ATP-competitive allosteric small molecule inhibitor of MEK1 and MEK2 (IC50 2-3 nM and 3-5 nM, respectively) that has demonstrated potent reduction in polyps and dysplastic adenomas, compared to the NSAID celecoxib, in the *Apc^{min}* mouse model of FAP. In a previous Phase 1 study run by Millennium Pharmaceuticals, 51 patients with solid

tumors were treated with REC-4881 and did not demonstrate the typical ocular toxicities associated with this class. REC-4881 exhibits extremely low hepatic metabolism and its primary route of elimination is through biliary excretion and gastrointestinal elimination, which may allow it to achieve preferential exposure at tumor sites in the duodenum and lower gastrointestinal tract with reduced systemic exposures and toxicity. We obtained a global license for REC-4881 from Takeda Pharmaceuticals in May 2020. We plan to seek orphan drug designation for REC-4881 in FAP and *APC*-driven tumors.

Preclinical

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

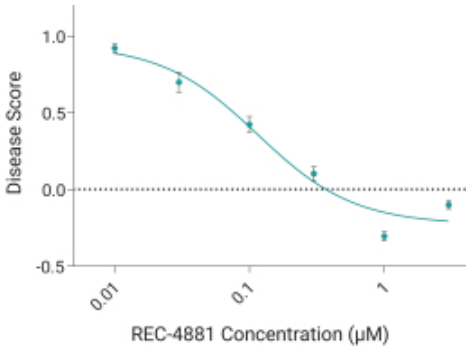


Figure 40. Impact of REC-4881 on *APC* model. REC-4881 reversed the effects of knockdown of *APC* in human cells using our phenomics assay.

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

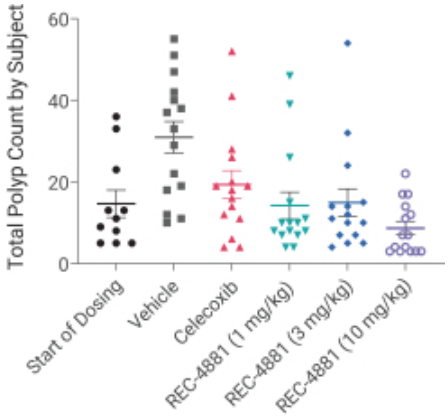


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Figure 41. REC-4881 reduces GI polyp count in the *Apc^{min}* mouse model of FAP. GI polyp count after oral administration of indicated dose of REC-4881, celecoxib, or vehicle control for 8 weeks. Polyp count at start of dosing reflects animals sacrificed at the start of study (15 weeks of age). *P* < 0.001 for all REC-4881 treatment groups versus vehicle control.

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

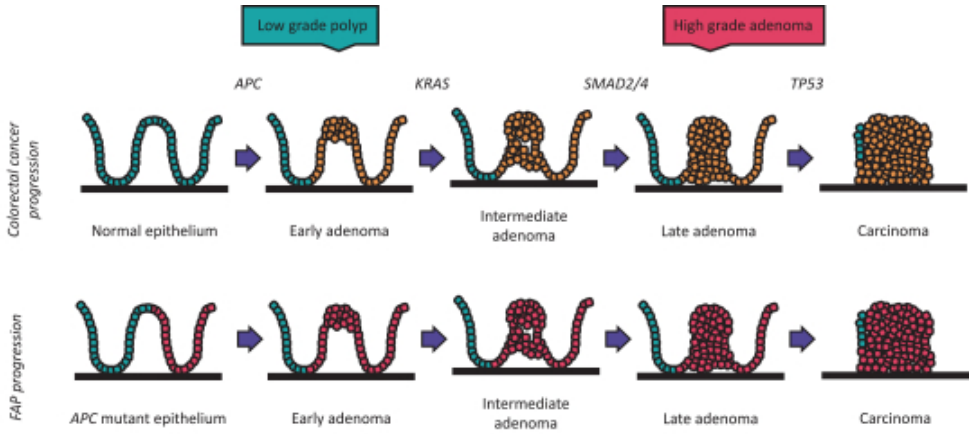
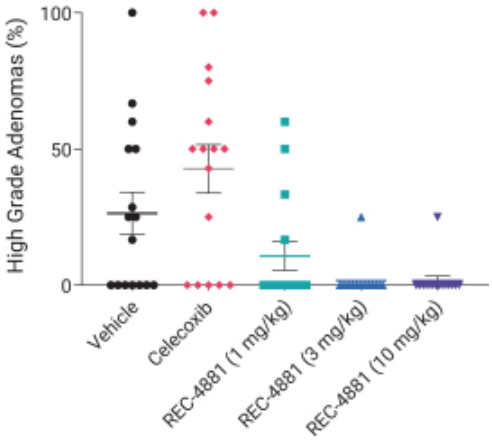


Figure 42. Disease progression of FAP begins with mutations in *APC*. Progression of benign *APC*-mutant polyps to high-grade adenomas and eventually malignant tumors occurs following the accumulation of additional genetic alterations[8].



8 Adapted from http://syscol-project.eu/about-syscol/

Figure 43. REC-4881 reduces high-grade adenomas in the *Apc*$_{min}$ mouse model of FAP. Quantification of high grade adenomas versus total polyps based on blinded histological review by a pathologist. While celecoxib reduces benign polyps, the majority of remaining lesions are high grade adenomas. By contrast, REC-4881 reduces both polyps and high grade adenomas.

REC-4881 is a non-ATP-competitive and specific allosteric small molecule inhibitor of MEK1 and MEK2. Studies have shown that mitogen-activated protein kinase signaling, or MEK, and extracellular signal-regulated kinase, or ERK signaling is activated in adenoma epithelial cells and tumor stromal cells, including fibroblasts and vascular endothelial cells. In addition, genomic events resulting in alteration of mitogen-activated protein kinase signaling, or MAPK, such as activating mutations in *KRAS*, are frequent somatic events that promote the growth of adenomas in FAP. Therefore, suppression of aberrant MAPK signaling in adenomas of FAP with REC-4881 has the potential to regress or slow the growth of these tumors by acting on core pathways driving their growth.

Clinical

We plan to initiate a Phase 2 clinical trial in FAP within the next four to five quarters.

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

We plan to initiate a Phase 2, randomized, double-blind, placebo-controlled study to evaluate efficacy and safety of REC-4881 in classical FAP patients and non-FAP patients with upper and lower gastrointestinal polyposis with confirmed somatic APC mutations. We expect to initiate a Phase 2 clinical trial within the next four to five quarters.

- The study will be conducted in classical FAP or non-FAP patients with tumors with somatic APC mutation who are at or over 18 years of age at the time of enrollment.
- Patients will be randomized into two active and one placebo group and treated for 24 weeks with an extension period of 24 weeks.
- The study will assess tumor response endpoints in patients treated with REC-4881 versus placebo.

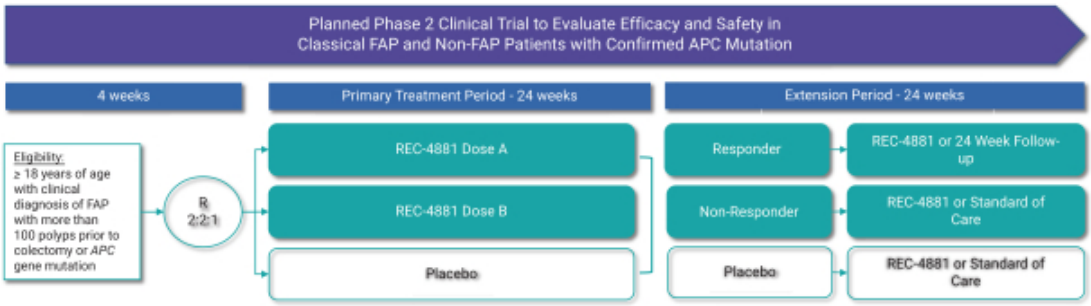


Figure 44. Clinical trial schematic for REC-4881. Planned Phase 2 clinical trial to assess the efficacy and safety of REC-4881 in patients with classical FAP and non-FAP patients with upper and lower gastrointestinal polyposis.

Key Competitors

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

- Guselkumab is an IL-23 human monoclonal antibody, or mAb, in Phase 2 development by Janssen Pharmaceuticals which is hypothesized to reduce cytokine production, inflammation, and tumor polyp development.
- Eicosapentaenoic acid-free fatty acid is a polyunsaturated fatty acid currently in Phase 3 development for FAP by S.L.A. Pharma AG. Eicosapentaenoic acid-free fatty acid is hypothesized to reduce polyp formation due to its activity as a competitive inhibitor of arachidonic acid oxidation.
- A combination of Eflornithine and sulindac is in development by Cancer Prevention Pharma for FAP and, in a recent Phase 3 study, the incidence of disease progression with the combination was not significantly lower than either drug alone.
- Encapsulated rapamycin, or eRAPA, is currently in Phase 2 development for FAP and is hypothesized to reduce tumor formation through its inhibitory effect on the mTOR pathway.

In contrast to other active clinical studies in FAP, our REC-4881 program will include patients with both benign polyps and dysplastic adenomas as supported by preclinical data demonstrating benefit in preventing growth of both types of tumors.

REC-3599: GM2 Gangliosidosis

Summary

REC-3599 is an orally bioavailable, selective, potent small molecule inhibitor of Protein Kinase C, or PKC, and GSK3ß being developed for the treatment of GM2. REC-3599 has demonstrated strong reduction of pathogenic biomarkers GM2 and lipofuscin levels in cells derived from patients with multiple different mutations in either *HEXA* or *HEXB,* referred to as Tay-Sachs or Sandhoff Disease, respectively. We are currently generating additional pharmacodynamic data in an animal model of *GM2* at the request of the FDA in anticipation of enrolling the first patient in an open-label Phase 2 trial within the next four to five quarters.

Disease Overview

GM2 is a lysosomal storage disease affecting approximately 400 patients in the US and EU5. The disease is caused by mutations in either *HEXA* or *HEXB* genes which encode subunits of the lysosomal beta-hexosaminidase enzyme. GM2 presents during infancy, childhood, or later in life depending upon the degree of genetic deficiency and is classified by the period of onset: Infantile onset, Juvenile onset, and Late-onset Tay-Sachs or Sandhoff Disease. Patients with infantile GM2 are diagnosed in the first year of life and exhibit rapidly progressing neurological decline, associated with neuronal lysosomal dysfunction and GM2 accumulation, resulting in complete neurological disability and premature death in the first few years of life. Some of the earliest observed signs include retinal

abnormalities and exaggerated startle reflex within the first six-months after birth. Affected infants may achieve some motor milestones at close to expected normal developmental age up to about 12-months; however, they will ultimately lose any gained motor skills, including basic skills such as the ability to turn over, sit, crawl, and swallow, by the age of 18-24 months and usually succumb to their disease prior to age four. There are no approved disease modifying treatments for the disease. Standard of care for these patients is supportive interventions, including seizure control with anticonvulsants, assisted feeding through a nasogastric tube, or percutaneous endoscopic gastrostomy, and, ultimately, ventilatory support. While progression of the disease remains rapid, supportive care can provide some improvement in survival of patients with infantile GM2.

Product Concept

We are developing a small molecule therapeutic as monotherapy or in combination with gene therapy to slow progression of neurological decline in patients with GM2. REC-3599 is an orally bioavailable, CNS-penetrant small molecule inhibitor of PKCß with additional inhibitory activity on GSK3ß. In preclinical studies, REC-3599 demonstrated potent reduction of GM2-ganglioside accumulation and sphingolipid-associated autofluorescence in patient-derived fibroblast models at IC50s suitable for human dosing of infantile GM2-harboring *HEXA* and *HEXB* mutations. REC-3599 is hypothesized to play a dual role in modulating lysosomal biogenesis through inhibition of GSK3ß while also stimulating cellular autophagy through inhibition of PKCß. Eli Lilly previously studied REC-3599, then referred to as ruboxistaurin, in diabetic retinopathy, including a Phase 3 clinical trial. The compound has been dosed in over 2,500 adult human subjects with treatment durations as long as two years. REC-3599 has been well tolerated in adult human subjects, supporting its evaluation in this rare and devastating infantile neurological disease. We are currently executing the relevant *in vivo* pharmacodynamic study and juvenile rodent toxicology studies at the request of the FDA to help bridge entry into pediatric populations. In 2015, Eli Lilly out-licensed the rights for ruboxistaurin to Chromaderm; we subsequently licensed the global rights to ruboxistaurin from Chromaderm for all systemic uses in December 2019, which we are developing as REC-3599. We obtained pediatric rare disease designation for REC-3599 in GM2 in 2020. We plan to seek orphan drug designation for REC-3599 in GM2.

Preclinical

The novel use of REC-3599 for GM2 was discovered using our brute-force search approach leveraging knockout of the GM2 disease gene *HEXB* in human cells.

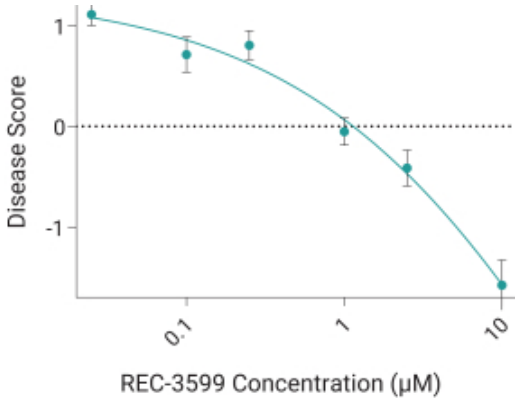


Figure 45. **Impact of REC-3599 on *HEXB* model**. REC-3599 reversed the effects of knockout of *HEXB* in human cells using our phenomics assay.

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

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

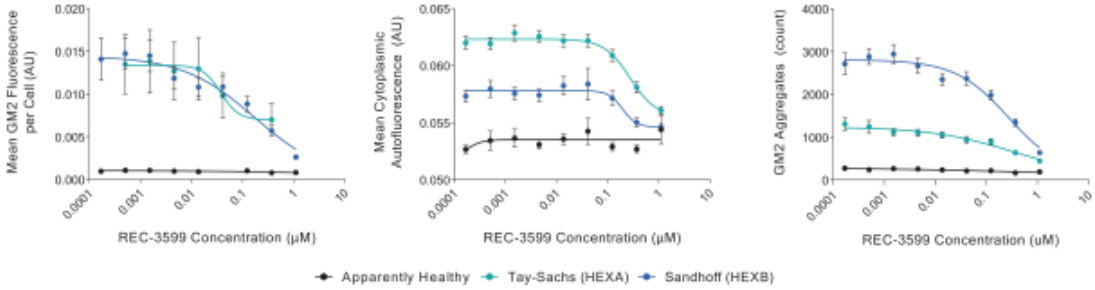


Figure 46. Patient cells show reduced disease-specific activity when treated with increasing REC-3599. Tay-Sachs and Sandhoff disease patient fibroblasts exhibit higher: mean GM2 fluorescence (left panel), aggregate counts (middle panel), and autofluorescent substrate accumulation (right panel).

Clinical

We are planning to initiate a Phase 2 clinical trial in Infantile GM2 within the next four to five quarters.

Previous clinical work conducted by Eli Lilly includes considerable human exposure to REC-3599, previously referred to as ruboxistaurin. A total of 26 studies in adult human subjects conducted in the United States, Europe, and Asia have established the absorption, distribution, metabolism, excretion, pharmacodynamics, and tolerability of REC-3599. A total of 3,521 patients were included in the primary safety database (placebo: 1408, REC-3599: 2113) at daily doses of 4, 8, 16, 32, and 64 mg. Of these, 937 patients (placebo: 401, REC-3599: 536) were part of the diabetic retinopathy safety database. The safety of REC-3599 was also evaluated in at least 250 adult subjects in an integrated database of at least 20 clinical pharmacology studies and 86 adult subjects in a thorough QT interval study. In these clinical pharmacology studies, single doses of REC-3599 up to 256 mg and multiple daily doses up to 128 mg given over two weeks were taken by healthy subjects in clinical trials and has been well tolerated by patients on 32 mg REC-3599 with chronic dosing.

Safety information provided in Eli Lilly's NDA 22005 supports the safety profile of REC-3599 in adult patients. The summary of safety conclusions was as follows: Most adverse events were noted to be mild to moderate severity and did not lead to discontinuation of study drug; the safety profile of

REC-3599 was similar regardless of age, gender, ethnicity, and type of diabetes; the incidence of patients with at least 1 serious adverse event, or SAE, was lower in 32 mg REC-3599 treated patients compared with placebo; the pattern of SAEs did not suggest any organ-specific or systemic toxicity. Analyses of laboratory measures, vital signs, and ophthalmic safety assessments revealed no clinically significant safety concerns.

Upon satisfactory completion of in vivo pharmacodynamic studies in the *HEXB* mouse model, we expect to initiate an open-label Phase 2 study evaluating the efficacy, safety and tolerability of daily dosing with REC-3599 in patients with Infantile GM2. We expect to initiate a Phase 2 clinical trial within the next four to five quarters.

- The study will be conducted in infantile patients with confirmed diagnosis of infantile GM2 and the patient will have achieved at least one specific developmental milestone.
- The study will consist of four periods: screening, dose escalation, treatment and follow-up. The overall study duration is anticipated to be 15 months.
- We will track achievement of development milestones, neurological function and quality of life using established and validated composite scales.

Figure 47. Phase 2 clinical trial schematic for REC-3599. Planned Phase 2 clinical trial to assess the efficacy and safety of REC-3599 in patients with Infantile GM2.

Key Competitors

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

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

Two companies are developing small molecule substrate reduction therapies:

- Sanofi is developing Venglustat as an orally bioavailable small molecule hypothesized to reduce substrate accumulation in GM2 and other lysosomal storage diseases. The program is currently in Phase 3 studies in patients with late-onset GM2.
- IntraBio is developing N-Acetyl-L-Leucine as an orally bioavailable amino-acid ester. The program is currently in Phase 2.

While restoration of gene function with gene therapies offers large potential therapeutic benefit for patients with genetic diseases such as GM2, results from other devastating neurological conditions

such as spinal muscle atrophy suggest that, even with an efficacious gene therapy, unmet need is expected to remain high. Thus, we anticipate that multiple disease modifying therapies administered in combination, including gene therapies, may offer the potential for greatest benefit for patients with severe neurological conditions, such as GM2.

REC-2282: Neurofibromatosis Type 2

Summary

REC-2282 is a small molecule HDAC inhibitor being developed for the treatment of NF2. The molecule has been well tolerated, including in patients dosed for multiple years, and potentially reduced cardiac toxicity that differentiates it from other HDAC inhibitors. In contrast to approved HDAC inhibitors, REC-2282 is both CNS-penetrant and orally bioavailable. We expect to enroll the first patient in a Phase 2, double-blind, randomized, placebo-controlled study within the next four to five quarters.

Disease Overview

NF2 is an autosomal dominant, inherited, rare, tumor syndrome caused by loss-of-function mutations in the NF2 tumor suppressor gene, which encodes the cell signaling regulator protein merlin. Loss of NF2, results in growth of the hallmark tumors that characterize this disease: vestibular schwannomas, or VS, and meningiomas. The tumor types of VS and meningiomas seen in NF2 are among the most common in neuro-oncology. In addition, *NF2* mutations give rise to spontaneous meningiomas, mesotheliomas, and underlie subsets of additional tumor types. Combined, we believe *NF2*-driven vestibular schwannomas and meningiomas occur in approximately 33,000 patients per year.

NF2 patients are diagnosed in their late teens or early 20s and present with hearing loss which is usually unilateral at the time of onset, focal neurological deficits, and symptoms relating to increasing intracranial pressure. Although the course of disease progression is highly variable, most patients are rendered deaf and many will eventually need wheelchair assistance due to progressive neurological decline. Standard of care is surgery or radiosurgery and patients may require multiple operative procedures during their lifetime. Although surgery or radiation can be effective in controlling tumor growth, most surgical procedures result in morbidity related to neurological deficits based on the location of the tumor. Hearing loss, facial nerve palsy, and moderate facial nerve dysfunction are also common surgical outcomes. Radiation can induce malignant transformation which in turn makes surgery more complex. In addition, tumors may recur post-surgical resection along with the growth of new tumors. NF2-associated tumors and treatment related morbidity can lead to earlier than expected mortality. If left untreated, *NF2*-driven tumors can result in death resulting from rising intracranial pressure.

Product Concept

We are developing an orally bioavailable small molecule therapeutic to inhibit the growth of *NF2*-driven meningiomas in patients with familial and sporadic disease. REC-2282, is an orally bioavailable, CNS-penetrating, pan-histone deacetylase, or HDAC, inhibitor with PI3K/AKT/mTOR pathway modulatory activity. By comparison to marketed HDAC inhibitors, REC-2282 is uniquely suited for patients with NF2, and *NF2*-mutant CNS tumors, due to its oral bioavailability and CNS-exposure. NF2 disease is driven by mutations in the *NF2* gene, which encodes an important cell signaling modulator, merlin. Loss of merlin results in activation of multiple signaling pathways converging on PI3K/AKT/

mTOR among others. Human clinical pharmacodynamic data supports the role of REC-2282 in inhibiting activity of multiple aberrant signaling pathways in *NF2*-deficient tumors. HDAC inhibitors induce growth arrest, differentiation, and apoptosis of cancer cells. We obtained a global license for REC-2282 from the Ohio State Innovation Foundation in December 2018. Orphan drug designation for REC-2282 in NF2 has been granted in the US and EU.

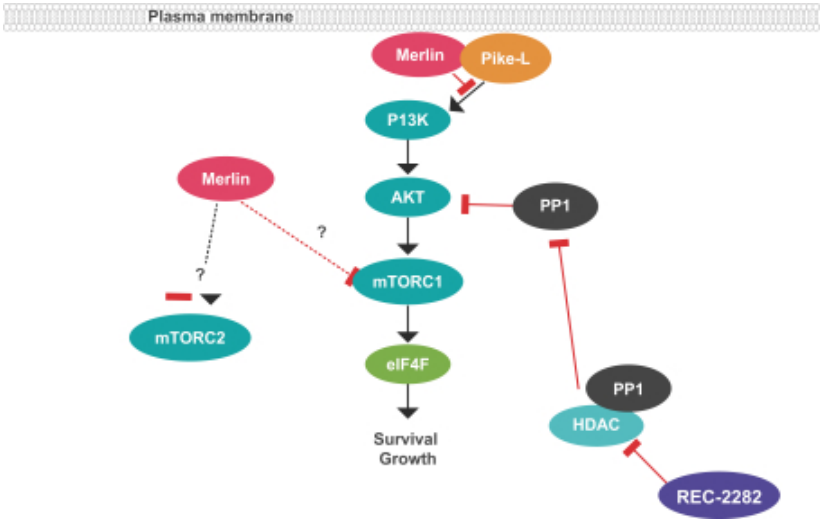


Figure 48. REC-2282 acts on an important pathway in tumor development to inhibit the growth of tumor cells. Mechanism of action of REC-2282 in NF2[9].

Preclinical

The novel use of REC-2282 for NF2 was discovered using our brute-force search approach leveraging the knock-down of the disease gene *NF2* in human cells.

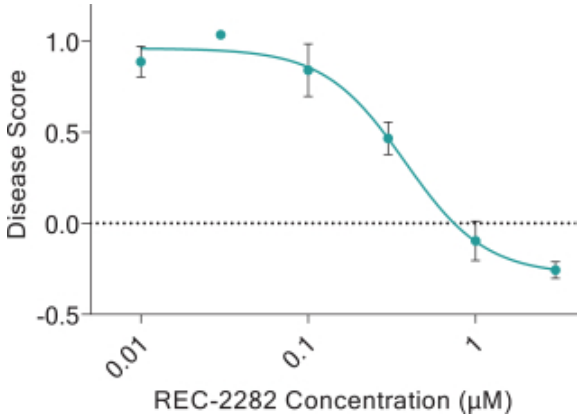


Figure 49. Impact of REC-2282 on *NF2* model. REC-2282 reversed the effects of knock-down of *NF2* in human cells using our phenomics assay.

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

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

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

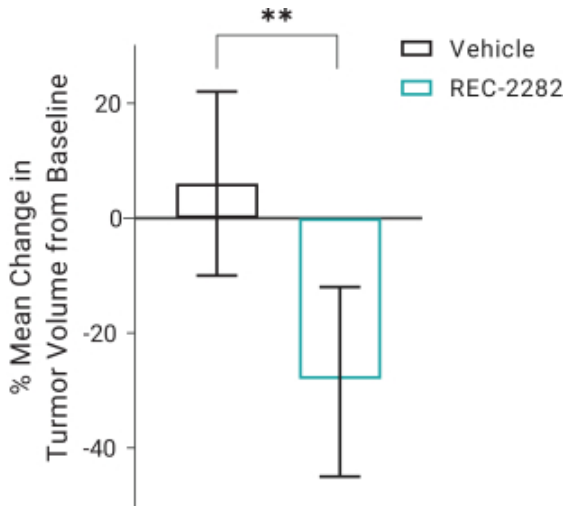


Figure 50. REC-2282 prevents tumor growth in Vestibular Schwannoma xenografts. REC-2282 significantly reduces the mean size of VS xenografts in SCID-ICR mice. Error bars shown are the 95% CI. P=0.006. Adapted from Jacob, 2011.

Clinical

We expect to initiate a Phase 2 clinical trial within the next four to five quarters.

Previous clinical work conducted in investigator-initiated trials and trials sponsored by Arno therapeutics includes human exposure to REC-2282, previously referred to as AR-42. A total of three completed studies in adult human subjects were conducted in the United States, in patients with solid or hematological malignancies. A total of 77 patients have been treated with REC-2282 in doses ranging from 20 mg to 80 mg three times a week for three weeks followed by one week off-treatment in four-week cycles. Multiple patients were treated for multiple years using this dosing regimen at the 60 mg dose and the longest recorded treatment duration is 4.4 years at the 40 mg dose. The majority of adverse events were transient cytopenia that did not result in dose reduction or stoppage. The MTD in patients with hematological malignancies and solid tumors was determined to be 40 mg and 60 mg, respectively. The REC-2282 plasma exposure in patients with hematological malignancies and solid tumors generally increased with increasing dose. There were no consistent signs of plasma REC-2282

accumulation across a 19-day administration period nor obvious differences in PK between hematologic and solid tumor patients.

In an Early Phase 1 pharmacodynamic study, REC-2282 suppressed aberrant activation of ERK, AKT, and S6 pathways in vestibular schwannomas resected from treated NF2 patients.

We are planning to initiate a Phase 2, randomized, double-blind, placebo-controlled study to evaluate the efficacy and safety of REC-2282 in patients with progressive meningiomas with underlying NF2 disease and sporadic meningiomas with documented *NF2* mutations. A Special Protocol Assessment, or SPA, has been submitted to the FDA, and we expect to initiate a Phase 2 trial within the next four to five quarters.

- The study will be conducted in patients with progressive meningioma with NF2 mutations, who are not candidates for surgery within the next three months from screening and who are at least 18 years of age at the time of enrollment.
- Patients will receive REC-2282 for a maximum of 13 cycles; each cycle being four weeks in duration with three weeks of treatment and one week off-treatment. Once a participant completes 13 cycles, they will be followed clinically. If there is progression, then the participant may choose to receive open label REC-2282, if the participant received REC-2282 in double blind period. We plan to conduct an interim and futility analysis at six months into the Phase 2 portion of the study.
- We will assess response to treatment based on objective response rate, or ORR, in target lesions.

Figure 51. Phase 2 clinical trial schematic for REC-2282. Planned Phase 2 clinical trial design looking at REC-2282 in patients with progressive meningiomas with underlying NF2 disease and sporadic meningiomas with documented *NF2* mutations.

Competitors

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

- Brigatinib, an approved ALK inhibitor for NSCLC from Takeda Pharmaceuticals, is in Phase 2 for meningioma, vestibular schwannoma and ependymoma.
- Crizotinib, an ALK/ROS1 inhibitor, is being studied in an investigator sponsored Phase 2 study in progressive vestibular schwannoma.
- Selumetinib, a MEK inhibitor from AstraZeneca, is being studied in a Phase 2 trial for *NF2* related tumors.

Vestibular schwannomas resected from patients treated with REC-2282 demonstrated suppressed activation of multiple aberrant pathways active in these tumors, including ERK and AKT. These results may be difficult to achieve with single pathway inhibitors of ALK or MEK.

REC-994: Cerebral Cavernous Malformation

Summary

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

Disease Overview

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

Product Concept

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

Preclinical

The novel use of REC-994 for CCM was discovered using our brute-force search approach leveraging knock-down of the disease gene *CCM2* in human cells. In secondary orthogonal assays,

REC-994 reversed defects in human endothelial cell-cell junctional integrity, a functional phenotype associated with the loss of *CCM2*.

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

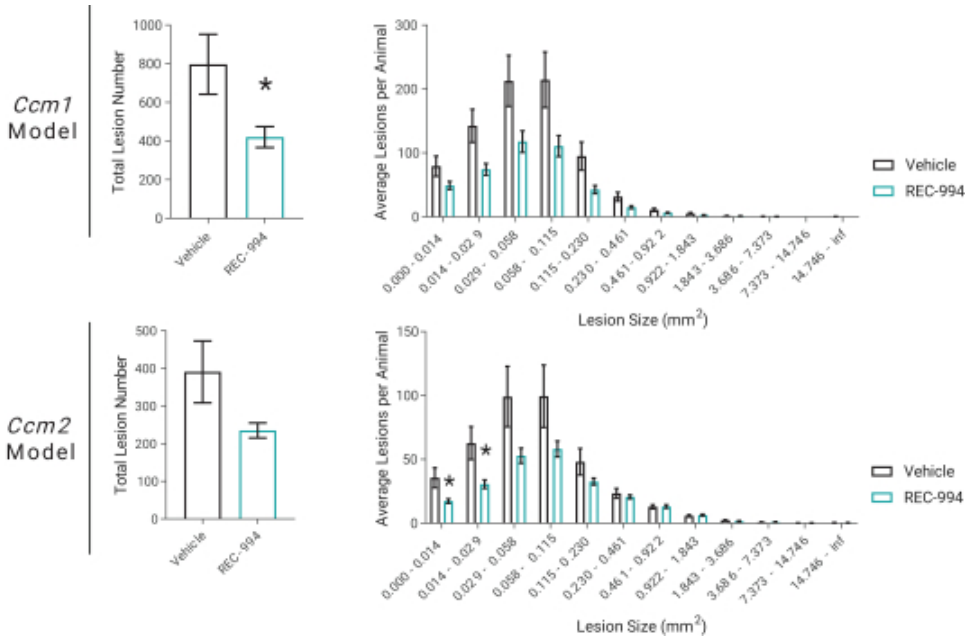


Figure 52. REC-994 reduces lesion severity in chronic mouse models of CCM Disease. Mice treated with REC-994 demonstrated a statistically significant decrease in the number of small-size lesions, with a trend toward decrease in the number of mid-size lesions.

Clinical

We completed Phase 1 SAD and MAD studies in healthy volunteers and expect to initiate a Phase 2 trial within the next four to five quarters.

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

The MAD study was conducted in 52 healthy human volunteers and was designed to investigate the safety, tolerability, and PK of multiple oral doses of REC-994, to bridge from the Powder-in-Bottle dosage form to a tablet dosage form, as well as to assess the effect of food on PK following a single

oral dose. Overall, multiple oral doses of REC-994 were well tolerated in healthy male and female subjects at each dose level administered in this study. There appeared to be no dose-related trends in TEAEs, vital signs, ECGs, pulse oximetry, physical examination findings, or neurological examination findings. Pharmacokinetic results support once-daily oral dosing with the tablet formulation.

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

Table 4. Summary Statistics for Plasma REC-994 Pharmacokinetic Parameters – Overall MAD Cohorts.

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

Table 5. Summary of Adverse Events from Phase 1 Multiple Ascending Dose Study. AE=adverse event; MAD=multiple ascending dose; SAE=serious adverse event; TEAE=treatment-emergent adverse event

We plan to initiate an exploratory Phase 2 double-blind placebo-controlled, safety and tolerability study of REC-994 in the treatment of symptomatic CCM.

- The study will enroll patients with symptomatic CCM at least 18 years of age with anatomic CCM lesions demonstrated by MRI.

- The primary objective of the Phase 2 study will be to assess the safety and tolerability of daily dosing of a low and high dose group of REC-994 over 12 months, compared to placebo, in patients with symptomatic CCM. Exploratory secondary endpoints will include assessment of patient reported outcomes as well as established composite scales for neurological signs and symptoms.
- Currently, there is no development or regulatory precedent or pathway for CCM drug development. We will undertake an exploratory Phase 2 to inform a pivotal trial design with guidance from the FDA. The Phase 2 will explore multiple clinical outcome assessments, including a CCM-specific patient reported outcome assessment developed by us in collaboration with the CCM patient advocacy group, the Angioma Alliance, and the University of Rochester.

Figure 53. Phase 2 clinical trial schematic for REC-994. Planned Phase 2 trial design to assess the efficacy and safety of REC-994 in patients with symptomatic CCM.

Competitors

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

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

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

Clostridium difficile Colitis

Summary

We have identified three lead NCEs (REC-163964, REC-164014 and REC-164067), with potential to be orally active, gut-biased, small molecule *C. difficile* toxin inhibitors, which we have shown to be inhibitors of glucosyl transferase. These molecules have the potential to prevent recurrent disease and be used as secondary prophylaxis therapy in high risk patients with *C. difficile* infections, a

leading cause of antibiotic-induced diarrhea and a major cause of morbidity and mortality. We are currently completing exploratory, non-clinical, safety studies to enable selection of a development candidate.

Disease Overview

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

Product Concept

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

Preclinical

We designed and produced three NCEs, including REC-163964, REC-164014, and REC-164067, discovered using our brute-force search approach leveraging human gut epithelial cells exposed to *C. difficile* Toxin B. The compounds are sub-structurally diverse and have properties which make them suitable for prophylactic therapy. All three molecules display nanomolar potency on our platform as well as in orthogonal functional validation assays including electric cell substrate impedance sensing, a measure of barrier integrity. We have shown in a target-based assay that all three molecules inhibit glucosyl transferase (IC50 = 1.2-10 nM), suggesting suppression of toxin-induced glycosylation of Rho-GTPases in host cells as the most likely mode of action. These molecules have negligible off-target activity, produce high gut/plasma ratios following oral dosing, low potential for drug-drug interaction, and are non-mutagenic. All three molecules improve survival in a hamster model of *C. difficile* infection.

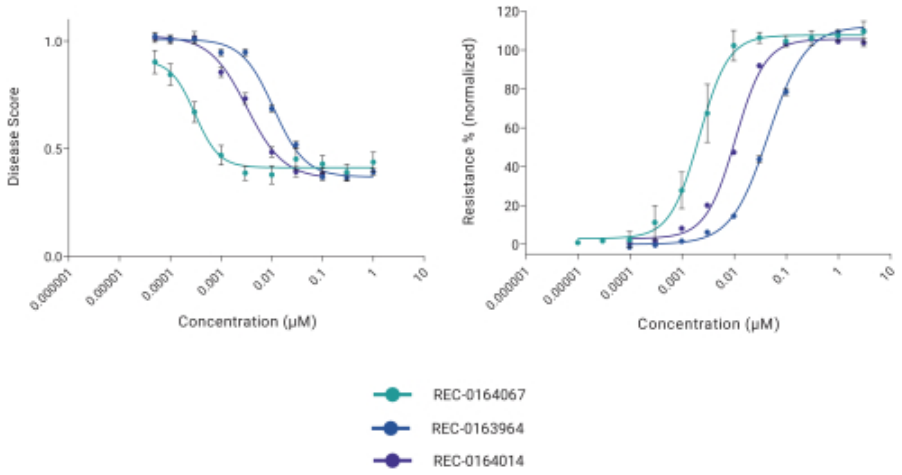


Figure 54. Lead compounds reversed Toxin B-induced phenotype and improved endothelial cell barrier integrity. Activity of lead compounds in the platform assay (left panel) and the ECIS assay (right panel). Left panel: A disease phenotype was induced by Toxin B, or TcdB, in HUVECs incubated with test compounds. Right panel: Transendothelial resistance was quantified with ECIS after incubation of HUVEC cells with 10ng/mL TcdB from *C. difficile* in the presence of test compounds. Data in both are presented as Mean ± SEM, N=>3 independent experiments.

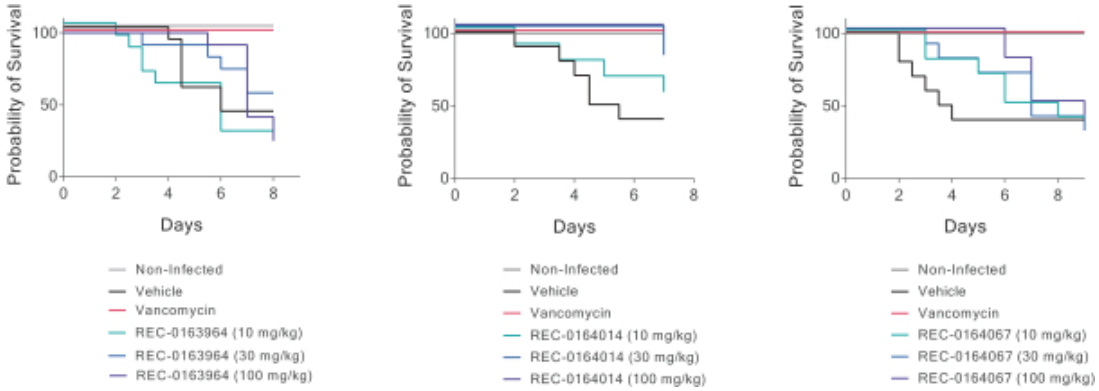


Figure 55. *C. difficile*-infected model hamsters treated with lead compounds survive longer than vehicle-treated animals. Test compounds were administered by oral gavage twice daily for 5

consecutive days along with groups for vehicle and vancomycin (50 mg/kg, QD). N=5 in untreated and vancomycin-treated animals and N=10 in vehicle and test-compound treated animals.

Clinical

The three lead candidates are being progressed into non-GLP, non-clinical safety studies. The molecule with the greatest safety margin will be advanced into IND-enabling safety studies.

Neuroinflammation

Summary

We have identified three lead NCEs (REC-648455, REC-648597, and REC-648677) with the potential to be an orally bioavailable, safe, CNS-penetrant, small molecule modulators of microglial activation. Microglial activation and neuroinflammation are hallmarks of neurodegenerative diseases such as Alzheimer's disease and Parkinson's disease, and CNS inflammatory diseases such as Multiple Sclerosis. Small molecule modulators of microglial activation have the potential to reduce neuronal death associated with proinflammatory processes in neurodegenerative diseases and inflammatory diseases of the CNS. The project is in the lead-optimization phase.

Disease Overview

Neuroinflammation is a hallmark of numerous diseases of the central nervous system, including neurodegeneration. More than 13 million people suffer from neurodegenerative diseases in the US and EU5, with prevalence expected to grow as the population ages. Most neurodegenerative diseases lack safe and effective, disease-modifying therapies. Microglia are a cell type specific to the CNS that, when activated chronically, release proinflammatory cytokines such as TNFa, IL-6, IL-1ß, MCP-1, which drive neuronal toxicity and disease progression.

Product Concept

We aim to identify orally bioavailable and safe, CNS-penetrant, small molecule modulators of microglial activation which inhibit the activity and/or release of TNFa, IL-6 and other proinflammatory cytokines. By contrast to known anti-inflammatory molecules, which act through well-established pathways such as NF-kB and JAK and which have known associated immune-related liabilities, the molecules we have developed for this program act through novel NF-kB- and JAK-independent mechanisms. We believe there are therapeutic opportunities within neurodegenerative diseases, as well as peripheral immuno-inflammatory diseases such as inflammatory bowel diseases and dermatological diseases (atopic dermatitis and psoriasis).

Preclinical

All three molecules, REC-648455, REC-648597, and REC-648677, were discovered using our brute-force search approach leveraging human endothelial cells treated with TNFa. These molecules also inhibit TNFa stimulated IL-6 secretion in HUVEC cells and LPS evoked IBA1 expression in mouse microglial cells. REC-648455, REC-648597, and REC-648677 had IC50s of 95, 75, and 230 nM, respectively in HUVEC cells and IC50s of 80, 78, and 210 nM, respectively, in microglial cells. Using our proteomics platform, we showed that REC-648455 ameliorated the effects of a TNFa-evoked high-dimensional cytokine signature in HUVEC cells including inhibition of key cytokines implicated in neuroinflammation such as IL-1, CCL2 (MCP-1), CXCL5, and CCL5.

The mechanism of action of these molecules appears to be unique and independent of NF-kB since, unlike IKK inhibitors, they do not inhibit TNFa-evoked NF-kB nuclear translocation in HEK 293 cells at concentrations which inhibit IL-6 release in HUVEC cells. These molecules also do not inhibit janus kinase. Our Recursion Map suggests that the high-dimensional phenotypic signature of these molecules cluster with a novel target that has not been tied to neuroinflammation in the literature and has not been explored clinically. All three molecules have properties consistent with favorable brain penetration and we are currently optimizing the metabolic stability and clearance properties of molecules in this series.

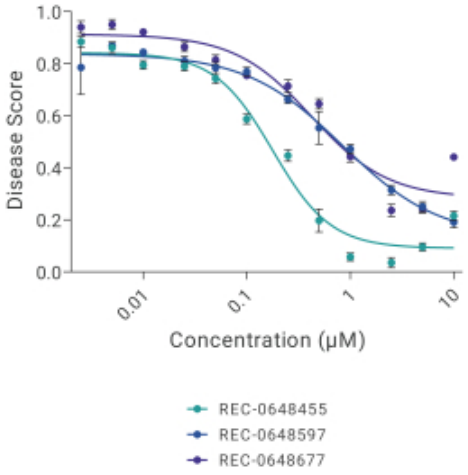


Figure 56. Impact of lead molecules on TNFa-evoked model. Three lead molecules reversed the effects of treatment of human cells with TNFa using our phenomics assay.

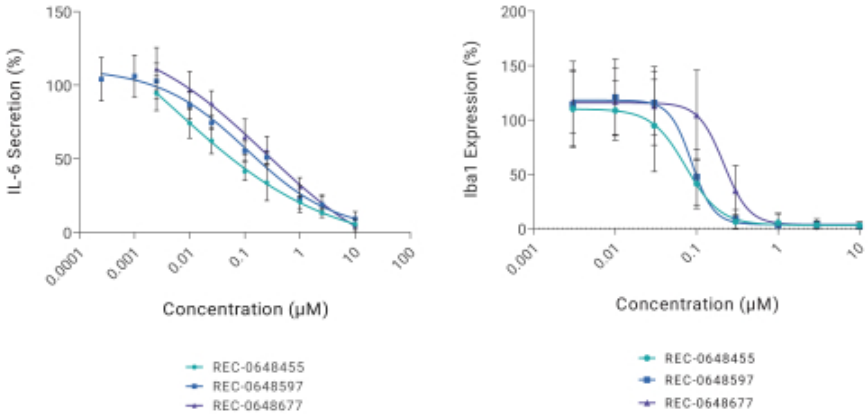


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Figure 57. Lead molecules reversed the impact of TNFa-evoked functional effects in HUVECs and mouse primary microglial cells. Left panel: Following incubation of HUVEC cells with test compounds, TNFa (25 ng/mL) was added, plates were incubated and supernatant was collected and analyzed for IL-6 using homogeneous time-resolved fluorescence. Right panel: Following incubation of mouse microglial cells with test compounds, LPS (100 mg/ml) was added, plates were incubated, cells were stained for Iba1 and imaged using an IXM work cell. Data are presented as Mean ± SD, N=10 (HUVEC) and N=5 (microglia).

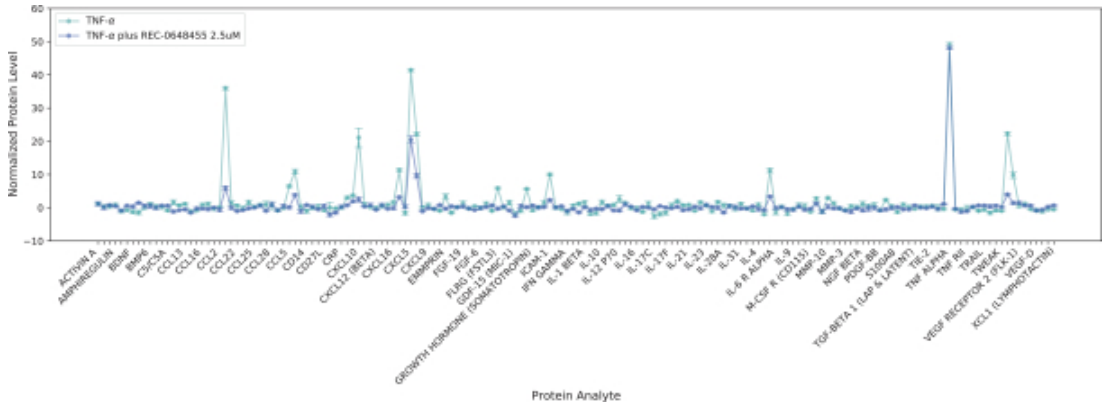

Figure 58. REC-648455 reversed the effects of a TNFa-evoked high-dimensional proteomics signature in HUVECs. HUVEC cells were pre-treated with compound, prior to stimulation with 1ng/mL of TNFa. Supernatants of treated samples were collected and processed by nPlex Biosciences, using miniaturized nELISA technology. Each condition was tested using 5 biological replicates.

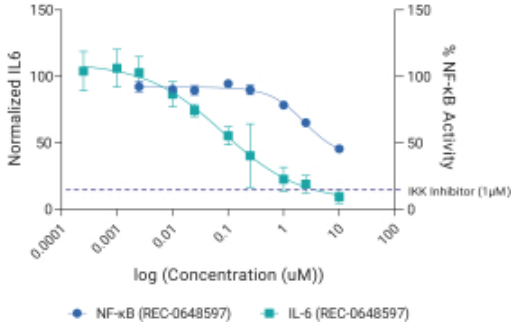

Figure 59. REC-648597 is less potent at inhibiting NF-kB nuclear translocation. Inhibition of NF-kB was measured using an NF-kB reporter assay, where the NF-kB promoter drives the expression of Green Fluorescent Protein (GFP) in a HEK293 reporter cell line. An NF-kB/293/GFP-LucTM cell line was incubated with test compound (REC-64857 or IKK-2 Inhibitor VI) and TNFa and activation of NF-kB was monitored by quantifying the amount of GFP expressed using an IncuCyte. Each concentration was tested at five replicates. Data are presented as Mean ± SD.

Batten Disease

Summary

We have identified three lead NCEs, namely REC-648190, REC-259618, and REC-648647, with the potential to be orally bioavailable, CNS-penetrant, disease modifying therapeutics for multiple subtypes of Batten disease. Batten disease is an autosomal recessive, neurodegenerative disease resulting from mutations in one of fourteen *CLN* genes. While rare, these disorders collectively represent the most prevalent pediatric neurodegenerative disease and demonstrate significant unmet need. The project is currently in the lead-optimization phase.

Disease Overview

Batten disease, also called neuronal ceroid lipofuscinoses, is an autosomal recessive, neurodegenerative lysosomal storage disorder resulting from mutations in one of fourteen CLN genes. The US and EU5 prevalence of *CLN2* and *CLN3* forms of the disease is estimated to be roughly 2,000 patients. While rare, these disorders collectively represent the most prevalent pediatric neurodegenerative disease. The disease leads to cognitive, perceptual, and motor coordination impairment ultimately ending in premature death. The age of onset varies depending on the specific mutation, and death can range from early childhood to early adulthood.

Product Concept

We aim to discover and develop an orally bioavailable, CNS-penetrant, disease modifying therapeutics for multiple subtypes of Batten disease, including *CLN2*, *CLN3*, and *CLN8*. A CNS-penetrant, disease-modifying, small molecule therapeutic would have the potential to treat both central and peripheral aspects of this neurodegenerative disease. The absence of known druggable targets and poor understanding of the underlying disease biology suggests a target agnostic approach for discovering new therapies may be useful.

Preclinical

We have identified three lead molecules, REC-648190, REC-259618, and REC-648647, from two chemical series using our brute-force search approach leveraging knock-down of the Batten disease gene *CLN8* in human endothelial cells. In addition, we have tested these molecules in a patient fibroblast functional assay in which we evaluated reduction of accumulation in ATP synthase subunit-c levels, a biomarker of lysosomal function, in *CLN2* Batten patient-derived fibroblasts. The project is in lead-optimization phase with the goal of improving potency, and oral and brain exposures.

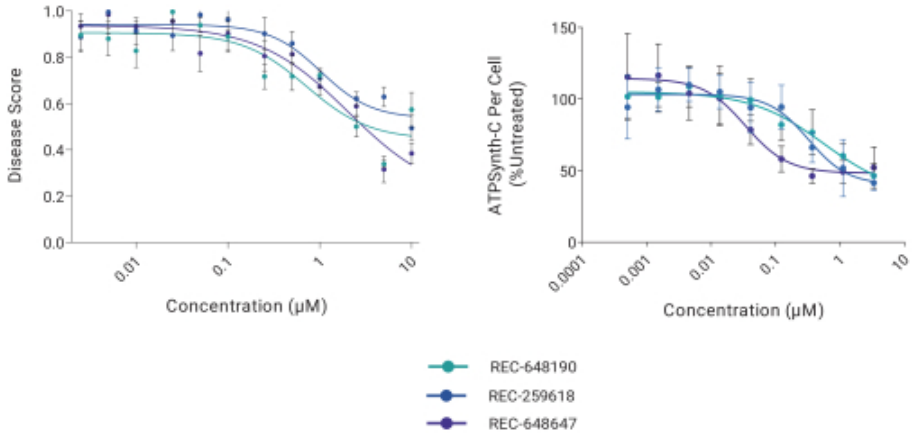

Figure 60. Multiple lead molecules reversed the effects of *CLN8* knockdown and show activity in patient fibroblast secondary assay. Left panel: Three lead molecules reversed the effects of knockdown of *CLN8 in* human cells using our phenomics assay. Right panel: *CLN2* Batten patient fibroblasts were treated with test compounds and accumulation of ATP synthase subunit-c, a relevant marker of disease-associated lysosomal dysfunction, were measured. Data are presented as Mean ± SEM, n=2.

Charcot-Marie-Tooth Disease, Type 2A

Early Discovery | Late Discovery | Preclinical | Phase 1 | Phase 2 | Phase 3

Summary

We have identified multiple lead molecules, including REC-64810, REC-648458, REC-1262, and REC-150357, with the potential to be an orally bioavailable, disease modifying molecules to slow or reverse the progression of the mitochondrial disease CMT2A. CMT2A is a rare, autosomal dominant, peripheral nerve degenerative disease caused by mutations in the *MFN2* gene which leads to progressive muscle atrophy in the lower legs and hands. There are no approved disease modifying therapies for CMT2A. This project is currently in the lead-optimization phase.

Disease Overview

CMT2A is a rare, autosomal dominant, peripheral nerve disease caused by mutations in the *MFN2* gene, which leads to progressive muscle atrophy in the lower legs and hands. CMT2A is the most common axonal neuropathic form of this disease and is estimated to affect approximately 15,000 patients in the United States and EU5. *MFN2* encodes the protein mitofusin-2 which plays a critical role in mitochondrial function and trafficking. Most patients develop symptoms in their early to late childhood and increasingly become more dependent on crutches or a wheelchair throughout their life.

Product Concept

We aim to discover and develop the first safe and efficacious, orally bioavailable small molecule disease-modifying therapy for CMT2A. The molecules we are developing for this program were designed to be peripheral nervous system-penetrant to achieve activity on the affected tissues. These molecules target a mechanism novel to this disease but with established clinical precedent that supports the target product profile for CMT2A.

Preclinical

We have identified four lead molecules, REC-64810, REC-648458, REC-1262, and REC-150357, from multiple chemical series using our brute-force search approach leveraging knock-down of the disease gene *MFN2* in human retinal pigment epithelial cells. The most potent of these molecules, REC-64810, was characterized further and shown to mitigate mitochondrial fragmentation, a key feature of CMT2A biology. REC-64810 has favorable blood-nerve-barrier penetration properties in rodents as evidenced by high drug exposure in sciatic nerve and dorsal root ganglion. Finally, REC-64810 increases ATP levels in iPSC-derived wild-type and patient neurons consistent with improvement in mitochondrial function. Our Recursion Map suggests that REC-64810 and the other three leads operate through a novel kinase mechanism which has previously not been implicated in this disease. This project is currently in the lead-optimization phase.

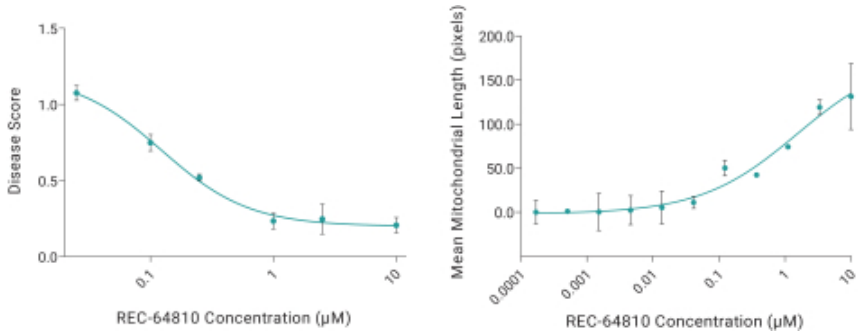

Figure 61. REC-64810 reversed the effects of the MFN2 disease model and shows activity in secondary orthogonal assay. Left panel: REC-64810 reversed the effects of knockdown of *MFN2* in human retinal pigment epithelial cells. Right panel: REC-64810 also impacted mitochondrial length, a key measure of mitochondrial health.

Infusion rate	Plasma 6 h(nM)	Brain (nM)	SN (nM)	DRG (nM)
0.25mg/kg.h	13.9±3.0	59±14	430±165	1692±724
1mg/kg.h	112±72	262±53	1122±237	13141±2181

Table 6. REC-64810 achieves high exposures in peripheral nerves. Rats were dosed with REC-64810 at two infusion rates to obtain steady-state levels. Exposure levels were determined after 6 hours in the indicated tissues.

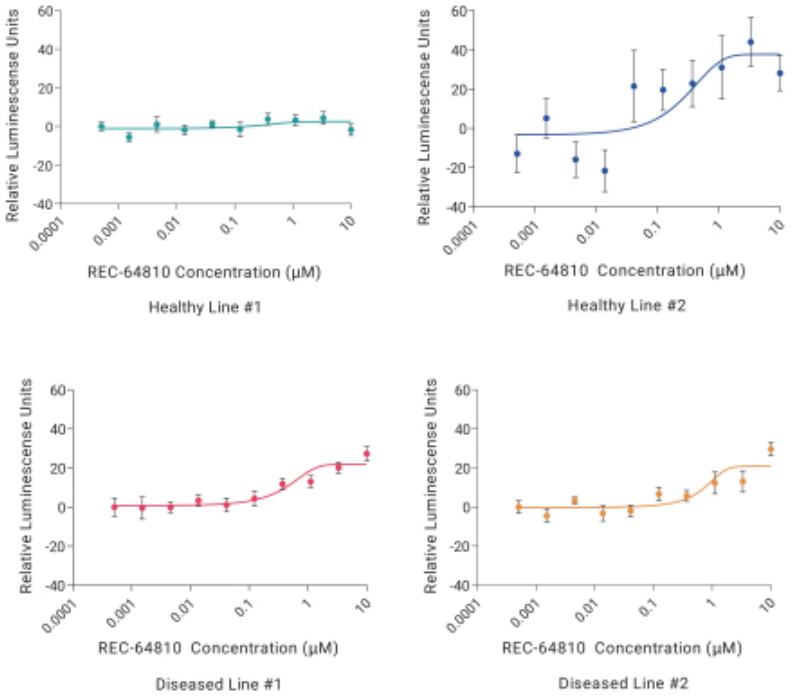

Figure 62. REC-64810 increases ATP production in iPSC neurons from both healthy subjects and CMT2A patients. Healthy (top panels) and CMT2A (bottom panels) patient iPSC-derived motor neuron samples were cultured for 5 days and then treated with REC-64810. A key measure of mitochondrial function, ATP levels, were measured. Data represents the mean of two independent experiments and is presented as % Relative Luminescence Units ± SEM.

Immune Checkpoint Resistance in STK11 mutant NSCLC

Early Discovery | Late Discovery | **Preclinical** | Phase 1 | Phase 2 | Phase 3

Summary

We have identified a novel use for a clinical-stage, orally bioavailable small molecule to restore and improve sensitivity to immune checkpoint inhibitors in tumors harboring mutations in the tumor suppressor gene *STK11*. There are approximately 30,000 cases of *STK11* mutant metastatic NSCLC per year in the US and EU5, and these mutations have been shown to predict poor prognosis and resistance to ICI, specifically anti-PD(L)-1 therapies. There are currently no approved therapies developed to specifically modulate tumor response in *STK11* mutant cancers. This program is currently in the dose-optimization phase.

Disease Overview

STK11 is a tumor suppressor gene that is involved in a variety of cellular processes including cell metabolism, apoptosis, cell polarity, and DNA damage response. Mutations in *STK11* are becoming widely recognized as a driver of resistance to immune checkpoint blockade, specifically in patients with NSCLC. Up to 30% of all NSCLC cases and approximately 14% of metastatic NSCLC cases harbor mutations in the *STK11* gene, and *STK11* deficiency is associated with reduced density of infiltrating

cytotoxic CD8+ T lymphocytes leading to poor prognosis and unfavorable outcomes in patients receiving anti-PD(L)-1 therapy. Only 7% of NSCLC patients are estimated to derive benefit from checkpoint inhibitors and there are no FDA approved treatments targeting patients with *STK11* mutations in metastatic NSCLC.

Product Concept

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

Preclinical

The novel use of REC-64151 for *STK11* mutant NSCLC was discovered in late July 2020 using our inferential-search approach. Based on inferences made by the Recursion Map, we initiated animal studies in early December 2020 to evaluate the combination of REC-64151 with anti-PD-1 in a built-for-purpose CT26 *STK11* tumor model. The compound demonstrated a statistically-significant reversal of immune checkpoint resistance and was advanced as a preclinical candidate in mid-December 2020. Ongoing pharmacologic studies will enable dose optimization and collect additional flow cytometry data to establish mechanism of action. REC-64151 is a known chemical entity with clinical precedent and, if dose-optimization studies in the rodent support efficacy at exposures achievable in humans, the molecule may be well-positioned to advance into Phase 1 studies.

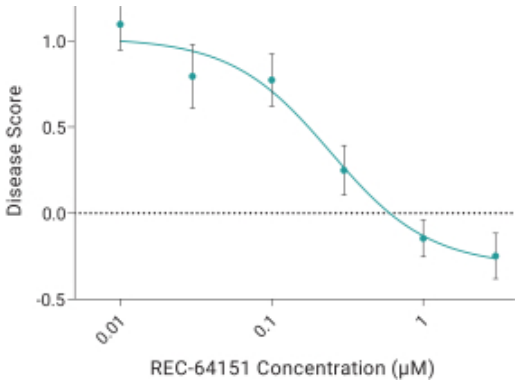

Figure 63. REC-64151 reversed the effects of the STK11 knockout disease model. REC-64151 produces potent reversal of the high-dimensional platform *STK11* knockout phenotype in HUVEC from a disease state back to a healthy cellular state with an EC50 of 244nM.

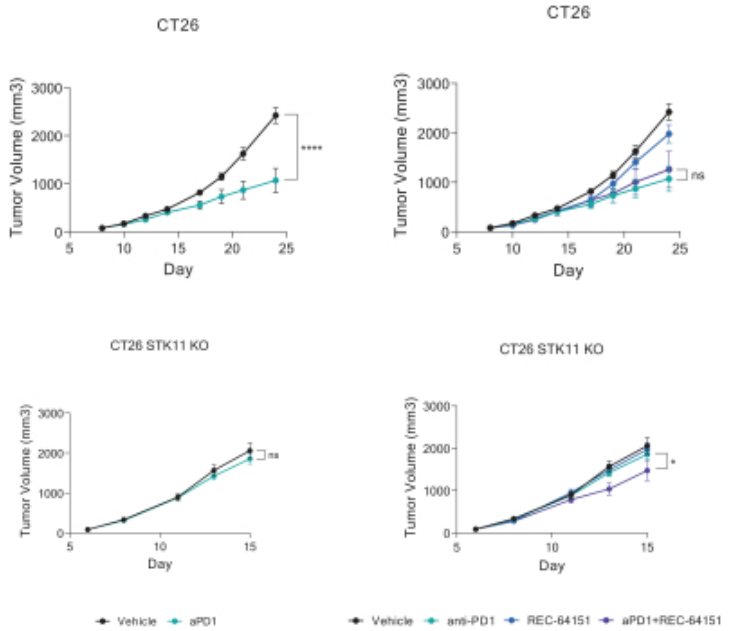

Figure 64. REC-64151 reverses immune checkpoint resistance in STK11-deficient CT26 tumors. CT26 parental and CT26 STK11 KO cells were injected into the subcutaneous flank of mice, allowed to size match, and mice were treated for 15d (CT26 *STK11* KO) or 21d (CT26) with either vehicle (black), anti-PD1 (10 mg/kg/day BIW), REC-0064151 (100 mg/kg/day QD), or anti-PD1 + REC-64151 (at same doses for each compound). Tumor volumes are represented as mean ± SEM.

Small molecule Myc inhibitors

Early Discovery | **Late Discovery** | Preclinical | Phase 1 | Phase 2 | Phase 3

Summary

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

Disease Overview

Gain-of-function alterations in *MYC* have been identified in more than 50% of human cancers[10], but efforts to pharmacologically inhibit this protein have been hampered by a protein structure lacking in traditional compound binding pockets. In addition, MYC pathway activation is observed in tumors harboring alterations in oncogenes and tumor suppressors of related pathways, such as WNT-Beta-catenin. Small molecules specifically efficacious in the context of tumors with gain-of-function *Myc* biology could be broadly efficacious across multiple solid tumors and hematological malignancies.

10 Chen, H., Liu, H. & Qing, G. Targeting oncogenic Myc as a strategy for cancer treatment. Sig Transduct Target Ther 3, 5 (2018). https://doi.org/10.1038/s41392-018-0008-7

Product Concept

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

Preclinical

In late September 2020, we identified several hit molecules, including REC-841, REC-136302, REC-163196, REC-120464, REC-145834, and REC-162977, from multiple chemical series using our inferential-search approach to predict molecules with the potential to inhibit the activation of MYC. Molecules targeting HSP90, which is known to modulate MYC transcriptional activity, were recovered as positive controls among other known tool molecules. In addition, REC-841, a molecule with activity on pathways involved in protein degradation was recovered as a potential starting point to design MYC-specific degrader molecules. Other hit molecules are predicted to operate via novel mechanisms. These predicted hits were validated in a cell-based luciferase MYC reporter assay in late November 2020. Hit series are currently being expanded using our digital chemistry tools.

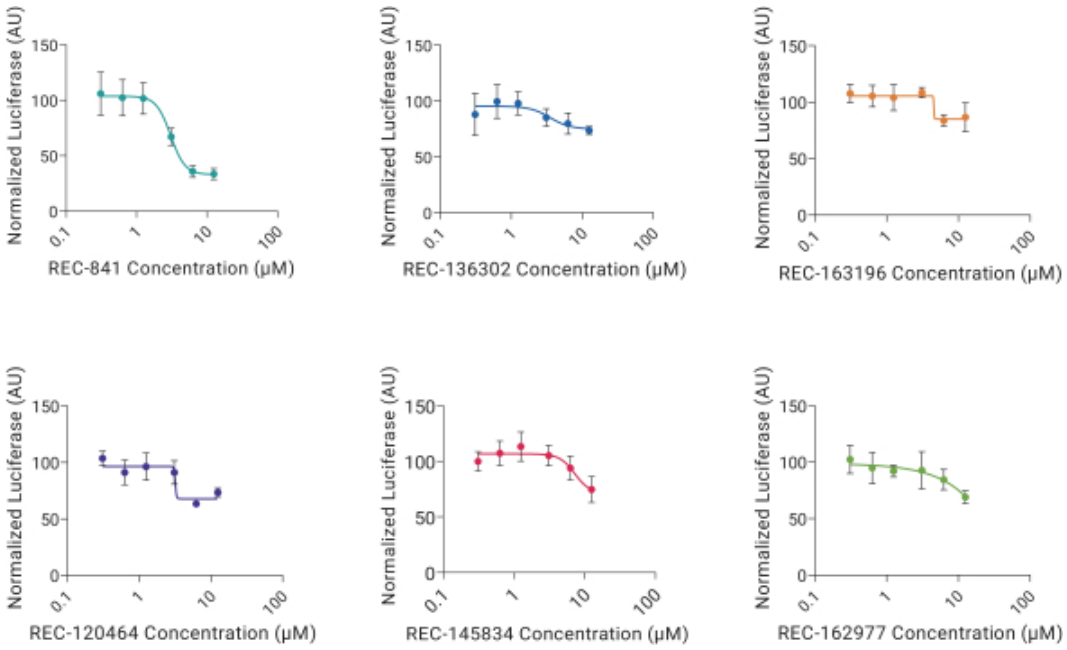

Figure 65. Inferred hits from our platform validate in orthogonal MYC transcriptional reporter assay. Inference-based hit selection recovers known and novel molecules implicated in MYC activity based on comparison of Phenotype similarity to *MYC* CRISPR knockout phenotypes. Phenomics profiles of novel molecules and known molecules cluster distinctly, though all show similarity to *MYC* knockout (Left). Phenomics-inferred MYC hits demonstrate concentration-dependent suppression of Myc transcriptional activity in an orthogonal Myc luciferase assay

Additional Programs

In addition to the Notable Programs highlighted above, we have 27 additional programs, which we believe will drive future opportunities for us. Fourteen of these programs, identified using our

inferential search approach, were discovered and validated since July 2020. Moving forward, we expect that the vast majority of new programs will be discovered using our inferential approach. We believe that the number of potential programs we can generate with our Recursion OS is key to the future of our company as a greater volume of validated programs has a higher likelihood of creating value.

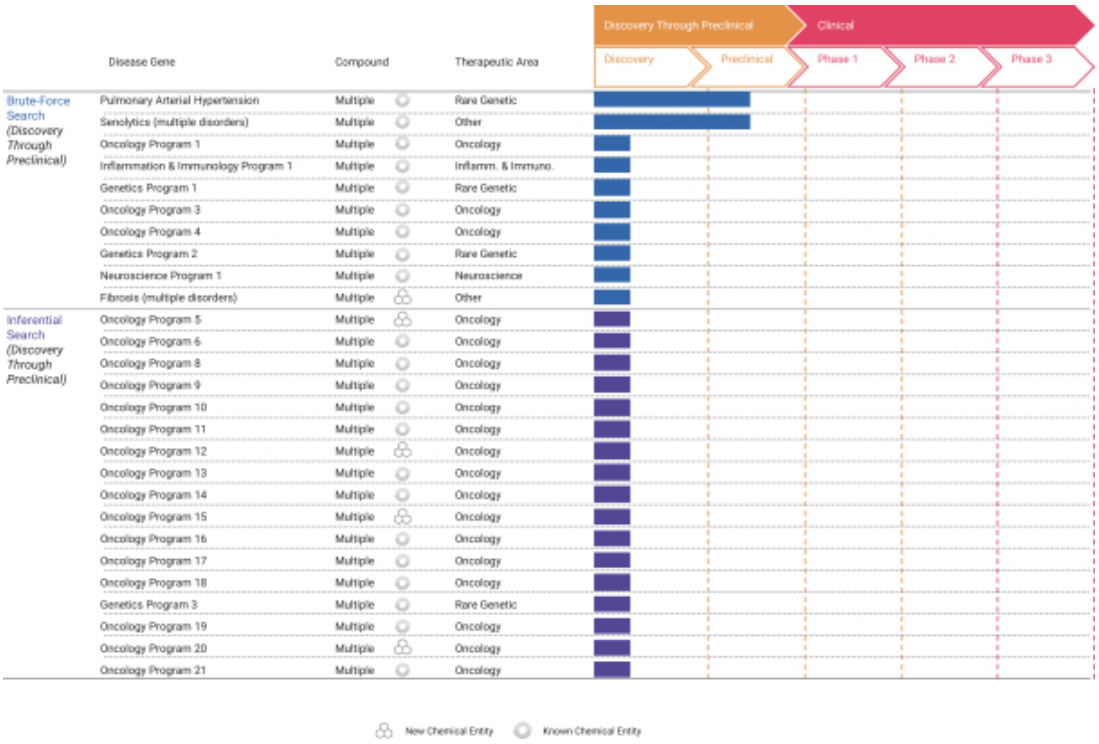

Figure 66. Our large and diverse set of additional research programs. Additional programs in active development cover a number of therapeutic areas, from cancer to inflammation to rare genetic disorders. All of these programs were discovered and developed using our Recursion OS.

Pulmonary Arterial Hypertension

Summary

We have identified a novel use for REC-1886, a known chemical entity with clinical precedent, as a potential orally bioavailable disease-modifying therapeutic for the treatment of pulmonary arterial hypertension, or PAH. PAH is a progressive disease that is characterized by high pressure in the pulmonary artery associated with high mortality and morbidity. This project has the potential to lead to an in-licensed clinical stage candidate or trigger an NCE project based on our understanding of REC-1886.

Disease Overview

PAH is characterized by abnormally high vascular resistance and blood pressure in the pulmonary artery resulting from increased vascular smooth muscle cell proliferation, hypertrophy, and

fibrosis leading to heart failure, and death. There are approximately 35,000 patients with PAH in the US and EU. PAH can be sporadic (idiopathic) or inherited (familial). Eighty percent of familial PAH is caused by mutations in the *BMPR2* gene. Disease onset is variable, but is typically observed between 30 and 40 years of age. Early symptoms include shortness of breath and fatigue. Without treatment the median survival is 2.8 years.

Product Concept

We aim to discover and develop a safe, orally bioavailable, small molecule, disease-modifying therapy that can reverse the underlying biology of PAH and improve survival. PAH is managed by multiple approved vasodilators which provide symptomatic benefit but do not modify the underlying course of disease. A novel disease modifying therapy that can improve survival in patients with PAH, would represent a major therapeutic benefit for these patients.

Preclinical

We have identified REC-1886, an orally bioavailable, known chemical entity with clinical precedent, using our brute-force search approach and leveraging CRISPR knockout of the PAH gene BMPR2 in human endothelial cells. In addition, REC-1886 reversed the effects of the cytokine-evoked endothelial to mesenchymal transition in primary human pulmonary arterial endothelial cells, which is a key biological driver of both pulmonary vascular smooth muscle proliferation and vascular remodeling in PAH.

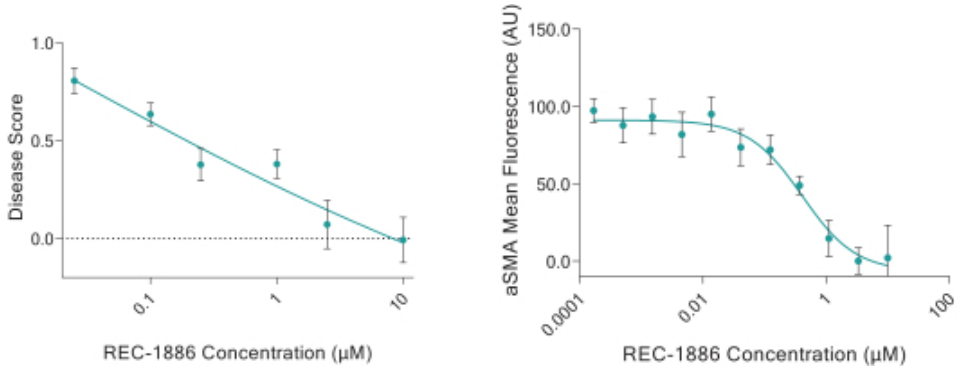

Figure 67. REC-1886 reversed the *BMPR2* knockout phenotype in the platform and secondary functional assay. Left panel: REC-1886 reversed the effects of the CRISPR-mediated gene knockout of *BMPR2* in HUVEC on our phenomics platform. Right panel: Human pulmonary arterial endothelial cells were treated with a cytokine cocktail to induce a relevant fibrotic disease state and expression of αSMA, a key smooth muscle marker of fibrosis, was quantified by immunofluorescence. Data is presented as Mean ± SEM, n = 3.

We have also evaluated REC-1886 in a monocrotaline rat model of PAH. In this study, REC-1886 at 15 mg/kg, BID, po normalized right ventricular systolic pressure and right ventricular weights consistent with improvement in pulmonary vascular disease. Macitentan, an endothelin receptor antagonist approved for PAH, modestly reduced right ventricular systolic pressure but had no effect on right ventricular weights.

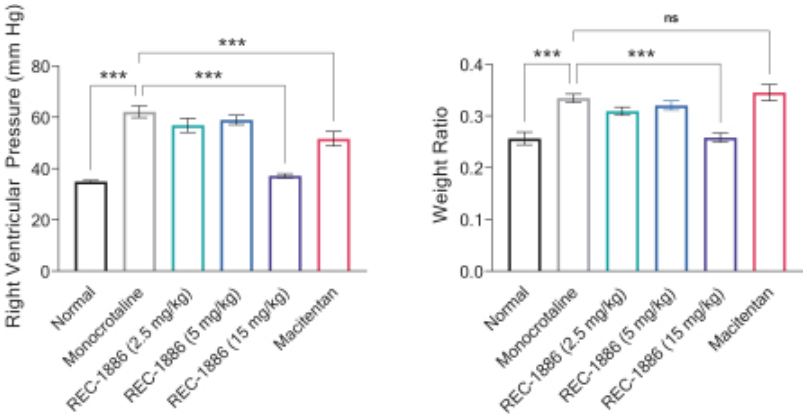

Figure 68. REC-1886 is efficacious in the rat monocrotaline model of PAH. Left panel: right ventricular systolic pressure. Right panel: The ratio of right ventricular weight to the sum of left ventricular plus interventricular septum weights RV/(LS+IVS). PAH was modeled in male Sprague-Dawley rats by injecting monocrotaline 60 mg/kg SC. Animals were dosed with vehicle, REC-1886 or macitentan (30 mg/kg, QD) for 28 days. At the end of the dosing phase, rats were placed under anesthesia for hemodynamic assessment following which lung tissues were harvested for histology measurements. Data is presented as Mean ± SEM, n = 10 per group.*** p<0.001 vs Monocrotaline.

Senolytics—Systemic sclerosis

Summary

We have identified REC-4249 using our brute-force approach as a lead molecule for an orally bioavailable senolytic to treat a range of senescent diseases. Senescence biology has been implicated in many age-related and chronic diseases. If successful, this project has the potential to lead to an in-licensed clinical stage candidate.

Disease Overview

Senescence is the process by which cells irreversibly stop dividing and enter a state of permanent growth arrest without undergoing cell death. The accumulation of senescent cells that chronically secrete pro-fibrotic/inflammatory cues in tissues is associated with many age-related and chronic diseases including systemic sclerosis and osteoarthritis. Diseases implicating cellular senescence such as pulmonary fibrosis, pulmonary hypertension, cardiac dysfunction, kidney failure carry high mortality rates. The pharmacological elimination of these pathogenic cells has the potential to slow or reverse disease progression and has been shown to increase lifespan in rodent models.

Product Concept

We aim to discover and develop a safe, orally bioavailable, small molecule senolytic to treat diseases involving cellular senescence. Senolytic therapies have the potential to be active in multiple indications involving cellular senescence. Initial preclinical models will be focused on the disabling

connective tissue disease scleroderma, but molecules from this program may be active in additional indications as well. Current therapies for diseases involving cellular senescence are directed at symptomatic relief and do not alter disease progression.

Preclinical

We have identified an orally bioavailable, known molecule with clinical precedent, REC-4249, using our brute-force search approach leveraging a model of endothelial senescence. REC-4249 was selected as a lead based on activity in both a cell-based high-dimensional phenomics assay and differential viability in a healthy vs senescent endothelial cell assay. REC-4249 significantly reduced levels of the senescent biomarker (p16) in liver tissues of aged mice. In addition, similar but not statistically significant trends were detected in kidney and lung tissues. The *in vivo* efficacy and safety of REC-4249 is being evaluated in a preclinical rodent scleroderma model.

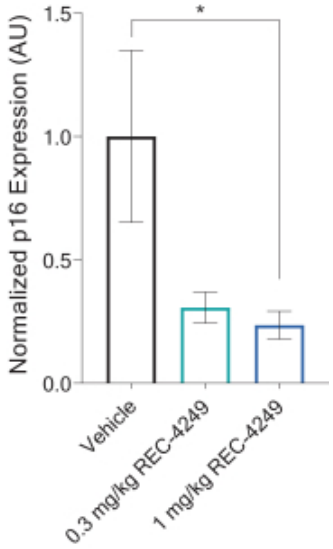

Figure 69. REC-4249 reduces the expression of a senescence marker in aged mice. Aged mice (23+ months) were treated with vehicle (black), 0.3 mg/kg/day REC-4249 (cyan) or 1.0 mg/kg/day REC-4249 (blue) for four days. P16 RNA expression levels were determined by RT-qPCR, normalized to 18s expression levels. Data is presented as mean ± SEM, n=8 per group. *p<0.01 vs Vehicle-treated group.

Our Strategy for Value Creation

Our Recursion OS has produced one of the largest and most diverse therapeutic pipelines within the healthcare industry for a company of our size and maturity. In addition to pipeline breadth, we are committed to advancing these programs from early discovery through clinical development and ultimately to patients as efficiently as possible. However, creating a deep and mature therapeutic pipeline is capital and personnel intensive. Therefore, we have deployed resources internally and externally to create a multi-pronged, capital efficient value creation strategy which will help facilitate greater integration as the company matures through time.

In the near and medium-term, we expect to continue to build and advance an internal pipeline of programs into the clinic which is primarily focused on genetically-driven diseases (including rare

diseases and genetically-defined oncology) and other areas of niche unmet need. A number of benefits are afforded to us by working in these areas, including special incentives granted by regulatory agencies that often shortens the time it takes to get a therapeutic to patients, therapeutics often commanding significant economics, possible market exclusivity for a period of time, tax credits on research and development costs, and clinical trials that may be prosecuted at a relatively low cost compared to larger indications.

Prosecuting large disease indications from early discovery through clinical trials and commercialization may be cost prohibitive for us to pursue completely independently at this stage of our company's growth and would risk distracting us from our longer-term value-creation strategy. Therefore, in the near and medium term, we expect to pursue partnerships with large pharmaceutical or biotechnology companies in these larger disease indications such as inflammation, neurodegeneration, senescence, large oncology indications, immuno-oncology, and infectious disease.

Our multi-pronged, capital-efficient value creation strategy is meant to advance business opportunities in the near and medium term and build towards the company's long-term vision and viability. By leading clinical prosecution of its internal therapeutic pipeline, we hone our execution expertise across a range of indications and regulatory protocols. By delivering against the objectives of our enterprise-scale partnerships, we not only garner operational excellence but gain experience with large intractable diseases and novel therapeutic modalities. By reinvesting proceeds from our enterprise-scale partnerships, we will further advance programs in our pipeline and continue to expand its breadth and depth. Moreover, we will build out greater technological and biological capabilities to drive integration and operating synergies. Over the medium-term, we will refine our business opportunities including internal development, subsidiary formation, partnerships and out-licensing.

The near to medium-term elements of our business strategy align with our three key value drivers. We intend to:

Develop the Current Pipeline of Assets While Delivering Super-Linear Pipeline Growth.

- Rapidly advance our Notable Products through development and toward regulatory submission.
- Super-linearly expand and advance our pipeline.
- Mitigate portfolio risk through therapeutic and mechanistic diversification and select asset partnerships.
- Demonstrate that our time and costs at each stage of discovery and development are lower than industry averages.
- Demonstrate that the level of technical success for our clinical programs is greater than industry average.
- Continue growing the Recursion Data Universe and improve the Recursion Map as we believe that the assets that will drive the most value for Recursion and society are those still to come.

Execute on Strategic Partnerships to Maximize the Potential Value of Our Platform.

- Execute partnerships with industry-leading companies addressing broad therapeutic aresas or additional therapeutic modalities, such as large molecules or RNA therapeutics, where we can leverage our tools and our partners' expertise and resources to advance programs rapidly.
- Deliver on our strategic partnership with Bayer in the field of fibrosis.

Explore New Extensions and Business Opportunities Arising from the Recursion Map Through Induction Labs.

- Maximize the value of existing and planned investments in infrastructure, tools, and people by exploring tangential business verticals (e.g., additional therapeutic modalities, diagnostics, finance, agriculture, veterinary medicine).

If we are successful in our pursuit to industrialize drug discovery, we may have the opportunity to pioneer how and where value is allocated within the biopharmaceutical industry by i) commanding more value while partnering programs much earlier in the discovery and development process, ii) addressing disease areas of high unmet need that are otherwise considered too small or unprofitable for traditional drug development, and iii) competing on innovation and speed-to-market in major therapeutic areas, commanding a leadership position. We believe that success in these endeavors may lead to a lasting, positive, and transformative impact on patients' lives and the biopharmaceutical industry.

Facilities

Headquarters. In 2018, we moved to our current headquarters which is located in downtown Salt Lake City, Utah. We lease 105,419 square feet of office, research, and laboratory space under a lease that expires in May 2028 and have entered into a lease for an additional 91,748 square feet of office, research and laboratory space that expires the earlier of 10 years after we take occupancy or March 2032. Our modern headquarters is a draw for

local, national and international talent and houses both traditional and automated laboratories for drug research. We have also entered into a lease for 25,000 to 55,000 square feet of industrial space near our headquarters with the intent to build chemistry laboratories and small molecule production capabilities.

Figure 70. **Our headquarters is centrally located in downtown Salt Lake City, Utah.** Images of our headquarters in Salt Lake City, Utah. We are a proud founding member of BioHive, the branding effort of the life science hub of Utah. Working with state and local government, we are helping to create a burgeoning move for local life science companies to a downtown cluster centered around our headquarters.

***Research Vivarium*.** We also lease a 24,974 square foot property that serves as a rodent vivarium in Milpitas, California under a lease that expires in May 2028. We use this facility to conduct drug-discovery enabling pharmacokinetic, pharmacodynamic and exploratory safety studies. The facility is equipped with proprietary, digitally-enabled cage technology we are developing.

***Manufacturing Facilities*.** In February 2021, we entered into a lease for at least 25,000 square feet of additional space in Salt Lake City, Utah. The lease will expire two years after the lease commences, which is expected to occur when preparations for the facilities have been completed. We intend to use these facilities to establish production capabilities for preclinical animal studies and early human clinical trials.

Corporate Social Responsibility

We derive our philosophy around corporate social responsibility from our mission: *Decoding Biology to Radically Improve Lives*. We take a generous position with regards to “radically improving lives”, considering the lives of patients and those who love them (impacted by our innovations), the lives of our employees and their families (impacted by our benefits, culture, opportunities to learn and grow and fair compensation), and importantly the lives of those in communities where we work, because a strong foundation helps us build for the long-term. From a community perspective, we focus on areas of impact that are aligned with our values and our strengths and this guides our philosophy for corporate social responsibility. Given that, we actively participate in, or sponsor, key community efforts within the following focus areas:

- Diversity, equity and inclusion in technology and biotechnology (e.g., we hosted a popular quarterly local Women-in-Science-and-Tech speaker series and sponsored the Silicon Slopes’ conference’s first Diversity & Inclusion track).
- The growth and sustainability of our local life science and technology ecosystems (e.g., we were a founding sponsor and member of BioHive, the branding effort around the life science industry in Utah, and re-purposed our prior headquarters to launch Altitude Labs, a biotech incubator/accelerator with an emphasis on supporting underrepresented founders).
- The promotion of sustainable environmental practices (e.g., we chose our current headquarters to maximize public transit utilization and received an award for being one of the most ‘bike-friendly’ startups in the country).

Recursion Foundation

The Recursion Foundation was established in 2019 as a vehicle through which we could drive our charitable and philanthropic efforts over time. In late 2020, our Board of Directors committed to putting 1% of our equity into the Recursion Foundation to help demonstrate the strong commitment we have to social responsibility and to ensure a sustainable future for our work in this arena.

Altitude Lab

Altitude Lab was the first effort of the Recursion Foundation. In partnership with the University of Utah, Altitude Lab was formed as a mixed incubator/accelerator model with a focus on creating a new generation of biotechnology founders in Utah including a special emphasis on underrepresented

founders. Altitude Lab commenced operations in the fall of 2020 and has already received applications from dozens of local, national and international startups, and admitted six of these startups. We seek to help these companies with early growth and fundraising while offering them access to laboratories and equipment that would otherwise be prohibitively expensive. Our goal is for these startups to grow permanently in Utah, in order to create a more sustainable life science ecosystem. Altitude Lab's early occupants include Y Combinator startup Known Medicines, 3Helix, NexEos Bio, Teiko, whose founder and CEO is the former CEO of Counsyl) and more.

Commercialization

We intend to retain significant development and commercial rights to some of our drug candidates and, if marketing approval is obtained, we may commercialize our drug candidates on our own, or potentially with a partner, in the United States and other geographies. We currently have no sales, marketing, or commercial product distribution capabilities. We may build the necessary infrastructure and capabilities over time for the United States, and potentially other regions, though like all things we do, we would seek to leverage technology to build these capabilities over time to be significantly more efficient than the industry average. Decisions to create this infrastructure and capability will be made following further advancement of our drug candidates and based on our assessment of our ability to build said capabilities and infrastructure with competitive advantage. Clinical data, the size of the addressable patient population, the size of the commercial infrastructure, manufacturing needs, and major trends as to how value is accrued in the industry may all influence or alter our commercialization plans.

Manufacturing

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

As we grow, we will continue to re-evaluate production capabilities and may establish in-house manufacturing. As a first step toward in-house manufacturing, we have entered into a lease agreement for manufacturing facilities in Salt Lake City, Utah that is being prepared so that we can establish production capabilities for preclinical animal studies and early human clinical trials. See also the section titled "— Manufacturing Facilities."

Intellectual Property

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

Our commercial success depends in part on our ability to obtain and maintain proprietary protection for drug candidates and any of our future drug candidates, novel discoveries, product development technologies and know how; to operate without infringing, misappropriating or otherwise violating the proprietary rights of others; and to prevent others from infringing, misappropriating or otherwise violating our proprietary rights. Our policy is to seek to protect our proprietary position by, among other methods, filing or in-licensing U.S. and foreign patents and patent applications related to

our proprietary technology, inventions and improvements that are important to the development and implementation of our business. We also rely on trademarks, trade secrets, know-how, continuing technological innovation and potential in licensing opportunities to develop and maintain our proprietary position.

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

Patents

As of January 2021, we own 42 issued U.S. patents, 29 pending U.S. patent applications, 24 pending U.S. provisional patent applications, 2 pending foreign patent applications, 6 pending PCT applications and we exclusively license 9 issued U.S. patents, 2 pending U.S. patents applications, 117 issued foreign patents and 19 pending foreign patent applications. These patents fall into 95 different patent families across 79 different jurisdictions worldwide.

- *Recursion OS IP*: Our Recursion OS is covered by several patent owned families, comprising 3 U.S. patents, 4 pending U.S. provisional applications, 9 pending U.S. non-provisional applications, five pending PCT applications and 2 pending foreign patent applications (in Germany and Taiwan). We also pursue a strategy of seeking patent protection on smaller discrete inventions throughout the breadth of our pipeline, ranging from experiment design, operations within our labs, data collection, and analysis (including deep learning insights); Our patents related to our Recursion Learning Platform System IP generally expire between 2038 and 2041, excluding any patent term adjustment or patent term extension.
- *InVivomics*: Additionally, through our acquisition of Vium, we obtained a collection of active patent families related to InVivomics, including 39 issued U.S. patents covering cage design, data collection, and data analysis, 19 pending U.S. non-provisional patent applications and 1 pending U.S. design application. Our patents related to our InVivomics generally expire between 2035 and 2040, excluding any patent term adjustment or patent term extension.
- *Compound IP*: Our Compound IP portfolio comprises 167 owned and exclusively licensed patents and applications of which we own 20 U.S. provisional patent applications, 1 pending PCT application, 9 U.S. patents, 1 pending U.S. patent application, 20 pending foreign patent applications and 116 foreign patents. A further breakdown of our Compound IP portfolio is below:
  - REC-2282: We exclusively license 3 issued U.S. patents, 1 pending U.S. patent application, 38 issued foreign patents (including patents in the UK, Germany, France, Spain, Italy, Canada, and Japan), and 3 pending foreign patent applications related to REC- from OSIF; this patent estate includes composition of matter IP for REC-2282. Our licensed patents related to REC-2282 generally expire between 2027 and 2036, excluding any patent term adjustment or patent term extension.
  - REC-3599: We own 3 U.S. provisional patent applications in connection with our REC-3599 product candidate in the treatment of GM2.
  - REC-994: We exclusively license 2 U.S. patents, 2 issued foreign patents (in Russia and Japan) and 9 pending foreign patent applications (including China, Japan, Korea, Mexico, and Canada) in connection with our REC-994 product candidate from UURF; this patent estate is targeted at the use of REC-994 for the treatment of CCM. Our licensed patents

related to REC-994 generally expire between 2035 and 2036, excluding any patent term adjustment or patent term extension.

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

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

Our issued patents and those that may issue in the future may be challenged, narrowed, circumvented, or invalidated, which could limit our ability to stop competitors from marketing related platforms or drug candidates or limit the length of the term of patent protection that we may have for our 31 drug candidates, and future drug candidates, and platforms. In addition, the rights granted under any issued patents may not provide us with complete protection or competitive advantages against competitors with similar technology. Furthermore, our competitors may independently develop similar technologies that achieve similar outcomes but with different approaches. For these reasons, we may have competition for our drug candidates. Moreover, the time required for development, testing, and regulatory review of our candidate products may shorten the length of effective patent protection following commercialization. For this and other risks related to our proprietary technology, inventions, improvements, platforms and drug candidates, please see the section titled "Risk Factors—Risks Related to Our Intellectual Property."

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

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

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

Trademarks

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

Trade Secrets

In addition to our reliance on patent protection for our inventions, drug candidates and programs, we also rely on trade secrets, know-how, confidentiality agreements, and continuing technological innovation to develop and maintain our competitive position. For example, some elements of manufacturing processes, proprietary assays, analytics techniques and processes, knowledge gained through clinical experience such as approaches to dosing and administration and management of patients, as well as computational-biological algorithms, and related processes and software, are based on unpatented trade secrets and know-how that are not publicly disclosed. Although we take steps to protect our proprietary information and trade secrets, including through contractual means with our employees, advisors and consultants, these agreements may be breached, and we may not have adequate remedies for any breach. In addition, third parties may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets or disclose our technology. As a result, we may not be able to meaningfully protect our trade secrets. It is our policy to require our employees, consultants, outside scientific collaborators, sponsored researchers, and other advisors to execute confidentiality agreements upon the commencement of employment or consulting relationships with us. These agreements provide that all confidential information concerning our business or financial affairs developed or made known to the individual or entity during the course of the party’s relationship with us is to be kept confidential and not disclosed to third parties except in specific circumstances. In the case of employees, the agreements provide that

all inventions conceived of by the individual during the course of employment, and which relate to or are reasonably capable or being used in our current or planned business or research and development are our exclusive property. In addition, we take other appropriate precautions, such as physical and technological security measures, to guard against misappropriation of our proprietary technology by third parties. However, such agreements and policies may be breached, and we may not have adequate remedies for such breaches. For more information regarding the risks related to our intellectual property, see “Risk Factors—Risks Related to Our Intellectual Property.”

Government Regulation

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

U.S. Drug Development

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

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

assure that the facilities, methods and controls are adequate to preserve the drug's identity, strength, quality and purity;

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

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

Preclinical Studies and IND

The preclinical developmental stage generally involves laboratory evaluations of drug chemistry, formulation, and stability, as well as studies to evaluate toxicity in animals, which support subsequent clinical testing. The sponsor must submit the results of the preclinical studies, together with manufacturing information, analytical data, any available clinical data or literature and a proposed clinical protocol, to the FDA as part of the IND. An IND is a request for authorization from the FDA to administer an investigational product to humans and must become effective before human clinical trials may begin.

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

Clinical Trials

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

are reasonable in relation to anticipated benefits. The IRB must also approve the informed consent form that must be provided to each clinical trial subject or his or her legal representative and must monitor the clinical trial until completed. There also are requirements governing the reporting of ongoing clinical trials and completed clinical trial results to public registries.

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

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

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

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

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

Phase 1, Phase 2, and Phase 3 clinical trials may not be completed successfully within any specified period, if at all. The FDA or the sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects or patients are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its

institution if the clinical trial is not being conducted in accordance with the IRB's requirements or if the drug has been associated with unexpected serious harm to patients. Additionally, some clinical trials are overseen by an independent group of qualified experts organized by the clinical trial sponsor, known as a data safety monitoring board or committee. This group provides authorization for whether a trial may move forward at designated check-points based on access to certain data from the trial.

Concurrent with clinical trials, companies usually complete additional animal safety studies and also must develop additional information about the chemistry and physical characteristics of the drug as well as finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process, as performed by the manufacturing facility, must be capable of consistently producing quality batches of our drug candidates. Additionally, appropriate packaging must be selected and tested, and stability studies must be conducted to demonstrate that our drug candidates do not undergo unacceptable deterioration over their labeled shelf life.

NDA Review Process

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

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

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

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

Before approving an NDA, the FDA will conduct a pre-approval inspection of the manufacturing facilities for the new product to determine whether they comply with cGMP requirements. The FDA will not approve the product unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product

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

Orphan Drugs

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

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

If a product that has orphan designation subsequently receives the first FDA approval for the disease or condition for which it has such designation, the product is entitled to orphan drug exclusivity, which means that the FDA may not approve any other applications to market the same drug for the same indication for seven years from the date of such approval, except in limited circumstances, such as a showing of clinical superiority to the product with orphan exclusivity by means of greater effectiveness, greater safety, or providing a major contribution to patient care or in instances of drug supply issues. However, competitors may receive approval of either a different product for the same indication or the same product for a different indication but that could be used off-label in the orphan indication. Orphan drug exclusivity also could block the approval of one of our products for seven years if a competitor obtains approval before we do for the same product, as defined by the FDA, for the same indication we are seeking approval, or if a drug candidate is determined to be contained within the scope of the competitor’s product for the same indication. If one of our products designated as an orphan drug receives marketing approval for an indication broader than that which is designated, it may not be entitled to orphan drug exclusivity. Orphan drug status in the European Union has similar, but not identical, requirements and benefits.

Expedited Development and Review Programs

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

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

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

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

Post-approval Requirements

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

The FDA may also place other conditions on approvals including the requirement for REMS, to assure the safe use of the product. A REMS could include medication guides, physician

communication plans or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of products. Product approvals may be withdrawn for non-compliance with regulatory standards or if problems occur following initial marketing.

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

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

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

FDA Regulation of Companion Diagnostics

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

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

510(k) clearance process

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

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

De novo classification process

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

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

PMA process

The PMA process, including the gathering of clinical and nonclinical data and the submission to and review by the FDA, can take several years or longer. The applicant must prepare and provide the FDA with reasonable assurance of the device's safety and effectiveness, including information about the device and its components regarding, among other things, device design, manufacturing, and labeling. PMA applications are subject to an application fee. In addition, PMAs for medical devices

must generally include the results from extensive preclinical and adequate and well-controlled clinical trials to establish the safety and effectiveness of the device for each indication for which FDA approval is sought. In particular, for a diagnostic, the applicant must demonstrate that the diagnostic produces reproducible results. As part of the PMA review, the FDA will typically inspect the manufacturer's facilities for compliance with the Quality System Regulation, or QSR, which imposes extensive testing, control, documentation, and other quality assurance and GMP requirements.

Other U.S. Regulatory Matters

- Our current and future arrangements with healthcare providers, third-party payors, customers, and others may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations, which may constrain the business or financial arrangements and relationships through which we research, as well as, sell, market, and distribute any products for which we obtain marketing approval. The applicable federal, state and foreign healthcare laws and regulations that may affect our ability to operate include, but are not limited to: the federal Anti-Kickback Statute, which makes it illegal for any person, including a prescription drug or medical device manufacturer (or a party acting on its behalf), to knowingly and willfully solicit, receive, offer or pay any remuneration that is intended to induce or reward referrals, including the purchase, recommendation, order or prescription of a particular drug, for which payment may be made under a federal healthcare program, such as Medicare or Medicaid. Moreover, the ACA (as defined below) provides that the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act;
- The federal false claims, including the civil False Claims Act that can be enforced by private citizens through civil whistleblower or qui tam actions, and civil monetary penalties prohibit individuals or entities from, among other things, knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government, and/or impose exclusions from federal health care programs and/or penalties for parties who engage in such prohibited conduct;
- The Federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, prohibits, among other things, executing or attempting to execute a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, and their implementing regulations also impose obligations on covered entities such as health insurance plans, healthcare clearinghouses, and certain health care providers and their respective business associates, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information;
- The federal Physician Payments Sunshine Act requires applicable manufacturers of covered drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program, with specific exceptions, to annually report to Centers for Medicare & Medicaid Services, or CMS, information regarding certain payments and other transfers of value to physicians and teaching hospitals as well as information regarding ownership and investment interests held by physicians and their immediate family members; and
- Analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws which may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private

insurers, state laws that require biotechnology companies to comply with the biotechnology industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government; state and local laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures and require the registration of their sales representatives, state laws that require biotechnology companies to report information on the pricing of certain drug products, and state and foreign laws that govern the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Pricing and rebate programs must also comply with the Medicaid rebate requirements of the U.S. Omnibus Budget Reconciliation Act of 1990 and more recent requirements in the ACA (as defined below). If products are made available to authorized users of the Federal Supply Schedule of the General Services Administration, additional laws and requirements apply. Manufacturing, sales, promotion, and other activities also are potentially subject to federal and state consumer protection and unfair competition laws. In addition, the distribution of pharmaceutical and/or medical device products is subject to additional requirements and regulations, including extensive record-keeping, licensing, storage, and security requirements intended to prevent the unauthorized sale of pharmaceutical and/or medical device products. Products must meet applicable child-resistant packaging requirements under the U.S. Poison Prevention Packaging Act as well as other applicable consumer safety requirements.

The failure to comply with any of these laws or regulatory requirements subjects firms to possible legal or regulatory action. Depending on the circumstances, failure to meet applicable regulatory requirements can result in significant civil, criminal and administrative penalties, including damages, fines, disgorgement, imprisonment, exclusion from participation in government funded healthcare programs, such as Medicare and Medicaid, integrity oversight and reporting obligations, contractual damages, reputational harm, diminished profits and future earnings, injunctions, requests for recall, seizure of products, total or partial suspension of production, denial or withdrawal of product approvals or refusal to allow a firm to enter into supply contracts, including government contracts.

U.S. Patent-term Restoration and Marketing Exclusivity

Depending upon the timing, duration, and specifics of FDA approval of any future drug candidates, some of our U.S. patents may be eligible for limited patent term extension under the Hatch-Waxman Act. The Hatch-Waxman Act permits restoration of the patent term of up to five years as compensation for patent term lost during product development and FDA regulatory review process. Patent-term restoration, however, cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date. The patent-term restoration period is generally one-half the time between the effective date of an IND or the issue date of the patent, whichever is later, and the submission date of an NDA plus the time between the submission date of an NDA or the issue date of the patent, whichever is later, and the approval of that application, except that the review period is reduced by any time during which the applicant failed to exercise due diligence. Only one patent applicable to an approved drug, a method for using it, or a method of manufacturing it, is eligible for the extension and the application for the extension must be submitted prior to the expiration of the patent. The USPTO, in consultation with the FDA, reviews and approves the application for any patent term extension or restoration. In the future, if and when our products receive FDA approval, we may apply for restoration of patent term for our currently owned or licensed patents covering products eligible for patent term extension to add patent life beyond its current expiration date, depending on the expected length of the clinical trials and other factors involved in the filing of the relevant NDA. Similar provisions are available in Europe and certain other jurisdictions to extend the term of a patent that covers an approved drug. We may seek patent term extension for any of our issued or licensed patents in any jurisdiction where these are available; however, there is no guarantee that the applicable authorities,

including the FDA in the United States, will agree with our assessment of whether such extensions should be granted, and if granted, the length of such extensions.

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

European Union Drug Development

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

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

European Union Drug Review and Approval

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

- The Community MA is issued by the European Commission through the Centralized Procedure, based on the opinion of the Committee for Medicinal Products for Human Use, or CHMP, of the EMA, and is valid throughout the entire territory of the EEA. The Centralized

Procedure is mandatory for certain types of products, such as biotechnology medicinal products, orphan medicinal products, advanced-therapy medicines such as gene-therapy, somatic cell-therapy or tissue-engineered medicines and medicinal products containing a new active substance indicated for the treatment of HIV, AIDS, cancer, neurodegenerative disorders, diabetes, auto-immune and other immune dysfunctions and viral diseases. The Centralized Procedure is optional for products containing a new active substance not yet authorized in the EEA, or for products that constitute a significant therapeutic, scientific, or technical innovation or which are in the interest of public health in the EU.

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

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

Coverage and Reimbursement

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

Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. Further, such payors are increasingly challenging the price, examining the medical necessity, and reviewing the cost effectiveness of medical drug candidates. There may be especially significant delays in obtaining coverage and reimbursement for newly approved drugs. Third-party payors may

limit coverage to specific drug candidates on an approved list, known as a formulary, which might not include all FDA-approved drugs for a particular indication. We may need to conduct expensive pharmaco-economic studies to demonstrate the medical necessity and cost effectiveness of our products. As a result, the coverage determination process is often a time-consuming and costly process that will require us to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage and adequate reimbursement will be obtained.

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

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

Healthcare Reform

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

The United States government, state legislatures and foreign governments have shown significant interest in implementing cost containment programs to limit the growth of government-paid healthcare costs, including price-controls, restrictions on reimbursement and requirements for substitution of generic products for branded prescription drugs. For example, the Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act of 2010, or collectively, the ACA, was passed which substantially changed the way healthcare is financed by both the government and private insurers, and significantly impacts the U.S. pharmaceutical industry. The ACA contains provisions that may reduce the profitability of drug products through increased rebates for drugs reimbursed by Medicaid programs, extension of Medicaid rebates to

Medicaid managed care plans, mandatory discounts for certain Medicare Part D beneficiaries and annual fees based on pharmaceutical companies' share of sales to federal health care programs. The Medicaid Drug Rebate Program requires pharmaceutical manufacturers to enter into and have in effect a national rebate agreement with the U.S. Department of Health and Human Services, or HHS, Secretary as a condition for states to receive federal matching funds for the manufacturer's outpatient drugs furnished to Medicaid patients. The ACA made several changes to the Medicaid Drug Rebate Program, including increasing pharmaceutical manufacturers' rebate liability by raising the minimum basic Medicaid rebate on most branded prescription drugs from 15.1% of average manufacturer price, or AMP, to 23.1% of AMP and adding a new rebate calculation for "line extensions" (i.e., new formulations, such as extended release formulations) of solid oral dosage forms of branded products, as well as potentially impacting their rebate liability by modifying the statutory definition of AMP. The ACA also expanded the universe of Medicaid utilization subject to drug rebates by requiring pharmaceutical manufacturers to pay rebates on Medicaid managed care utilization and by enlarging the population potentially eligible for Medicaid drug benefits. Additionally, for a drug product to receive federal reimbursement under the Medicaid or Medicare Part B programs or to be sold directly to U.S. government agencies, the manufacturer must extend discounts to entities eligible to participate in the 340B drug pricing program. The required 340B discount on a given product is calculated based on the AMP and Medicaid rebate amounts reported by the manufacturer.

Some of the provisions of the ACA have yet to be implemented, and there have been judicial and Congressional challenges to certain aspects of the ACA, as well as recent efforts by the Trump administration to repeal or replace certain aspects of the ACA. Since January 2017, President Trump has signed two Executive Orders and other directives designed to delay the implementation of certain provisions of the ACA or otherwise circumvent some of the requirements for health insurance mandated by the ACA. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, two bills affecting the implementation of certain taxes under the ACA have passed. On December 22, 2017, President Trump signed into law new federal tax legislation commonly referred to as the Tax Cuts and Jobs Act, or the Tax Act, which includes a provision repealing, effective January 1, 2019, the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." On January 22, 2018, President Trump signed a continuing resolution on appropriations for fiscal year 2018 that delayed the implementation of certain ACA-mandated fees, including the so-called "Cadillac" tax on certain high cost employer-sponsored insurance plans, the annual fee imposed on certain health insurance providers based on market share, and the medical device excise tax on non-exempt medical devices. The Bipartisan Budget Act of 2018, or the BBA, among other things, amended the ACA, effective January 1, 2019, to close the coverage gap in most Medicare Part D drug plans. In December 2018, CMS published a new final rule permitting further collections and payments to and from certain ACA-qualified health plans and health insurance issuers under the ACA risk adjustment program in response to the outcome of federal district court litigation regarding the method CMS uses to determine this risk adjustment. On December 14, 2018, a Texas U.S. District Court Judge ruled that the ACA is unconstitutional in its entirety because the "individual mandate" was repealed by Congress as part of the Tax Act. While the Texas U.S. District Court Judge, as well as the Trump administration and CMS, have stated that the ruling will have no immediate effect pending appeal of the decision, it is unclear how this decision, subsequent appeals and other efforts to repeal and replace the ACA will impact the ACA.

Other legislative changes have been proposed and adopted in the United States since the ACA was enacted. These changes included aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, effective April 1, 2013, which, due to subsequent legislative amendments, will stay in effect through 2029 unless additional congressional action is taken. In January 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, which, among other things, reduced

Medicare payments to several providers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These new laws may result in additional reductions in Medicare and other healthcare funding, which could have a material adverse effect on customers for our drugs, if approved, and accordingly, our financial operations.

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

Strategic Agreements

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

Discovery Platform Partnerships

We have and in the future may collaborate with third parties to broadly explore diverse disease domains (e.g., fibrosis, neuroscience, oncology, immunology, and inflammation) in order to identify potential therapeutics. We may also explore a communal asset-type strategy where we license search results from our Map to partners. While our partnerships to date have focused on small molecule research, future partnerships may extend into novel therapeutic modalities including large molecules, gene therapies, and cell therapies.

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

- *Novel Therapeutics*. Without any presumptive target hypothesis, we can identify differentiated therapeutics by rapidly evaluating large (hundreds to hundreds of thousands)

compound libraries alongside existing or de novo disease models informed by our partner's subject matter expertise.

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

Bayer

In August 2020, we entered into a Research Collaboration and Option Agreement, or the Bayer Agreement, with Bayer AG, or Bayer, for a five-year term pursuant to which we and Bayer may initiate approximately ten research projects related to fibrosis across multiple organ systems, including lung, liver, and heart. Under the agreement, we contributed approximately 190,000 compounds from our proprietary library and Bayer contributed approximately 500,000 compounds from its proprietary library and will contribute scientific expertise throughout the collaboration. During the five-year term of the Bayer Agreement, we are prohibited from conducting certain research and development activities in the field of fibrosis outside of the collaboration, either by ourselves or together with third parties.

We received an upfront technology access fee of $30.0 million in September 2020 as part of the Bayer Agreement. Under each research project, we will work with Bayer to identify potential candidates for development. Under the agreement, Bayer has the first option for licenses to potential candidates; each such license could potentially result in option exercise fees and development and commercial milestones paid to us with an aggregate value of up to approximately $100 million (for an option on a lead series) or up to approximately $120 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.

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

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

Sanofi-Genzyme

In April 2016, we entered into a Confidentiality and Material Transfer Agreement with Genzyme Corporation, or Sanofi-Genzyme, which governs a multi-year research collaboration under which the parties collaborate to identify drug candidates for rare genetic disease from a small compound library, provided by Sanofi-Genzyme, using our in-house models of monogenic, loss-of-function diseases. The agreement was subsequently amended to extend until April 2022, after which either party may terminate the agreement with thirty days' prior written notice to the other party.

Under the agreement, each party granted the other party a limited right to use its background technology solely for its performance under the collaboration and further we granted Sanofi-Genzyme an option to negotiate an exclusive, worldwide license under our interest in certain inventions made pursuant to the collaboration to make, use, sell, and import lead compounds validated by us in specified indication(s) identified pursuant to the parties' research. If Sanofi-Genzyme does not exercise its option or the parties fail to reach an agreement during the applicable negotiation period with respect to such lead compound(s), then we have the option to negotiate an exclusive, worldwide license under Sanofi-Genzyme's background intellectual property and interest in certain inventions made pursuant to the collaboration to make, use, sell, and import such lead compound(s) in the specified indication(s).

Asset-Based Collaborations

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

REC-994: University of Utah Research Foundation Agreements

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

REC-2282: Ohio State Innovation Foundation In-License

In December 2018, we entered into an Exclusive License Agreement with the Ohio State Innovation Foundation, or OSIF, pursuant to which we obtained an exclusive, sublicensable, non-transferable, royalty-bearing license under certain patents and fully-paid up, royalty-free, nonexclusive license under certain know-how, in each case controlled by OSIF and related to the pan-histone deacetylase inhibitor, OSU-HDAC42, or REC-2282, to develop, make, have made, use, sell, offer for sale, and import products incorporating OSU-HDAC42 worldwide. OSIF also assigned certain assets to us, relating to the pharmaceutical composition known as AR-42. OSIF retains the right to use and allow other academic, non-profit and government institutions to use the licensed intellectual property for research, non-commercial and educational purposes. OSIF shall not practice, have practiced, or transfer such reserved rights for any clinical purpose other than completion of the existing clinical trials at the time of the license agreement without our prior written consent. We are developing REC-2282 for the treatment of NF2 and are evaluating the utility of the compound in additional disease states using our platform.

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

In consideration for the license, we paid OSIF an upfront payment of $2 million dollars and are obligated to pay OSIF certain milestones, totaling up to $20 million dollars, as well as mid-single digit royalties on net sales of the licensed products. In addition, we owe 25% of any non-royalty sublicensing consideration prior to a Phase II clinical trial or 15% of such sublicensing consideration after initiation of a Phase II clinical trial, provided that milestone payments are creditable against these sublicensing fees. As of the date of this Prospectus, we have not made any milestone or royalty payments to OSIF.

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

REC-3599: Chromaderm License Agreement

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

Under the agreement, we paid Chromaderm an upfront payment of $1.25 million. We are obligated to pay Chromaderm certain development milestones with respect to the licensed products, totaling up to $35.5 million for a first indication, and up to $52.5 million if multiple indications are pursued, and certain commercial milestones totaling up to $49 million. Finally, we will owe Chromaderm mid-single-digit to low-double-digit tiered royalties on net sales of REC-3599. As of the date of this Prospectus, we have not made any milestone or royalty payments to Chromaderm.

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

REC-4881: Takeda License Agreement

In May 2020, we entered into a License Agreement, or the Takeda In-License, with Takeda Pharmaceutical Company Limited, or Takeda, pursuant to which we obtained an exclusive (even as to Takeda and its affiliates), worldwide, sublicensable under certain conditions, transferable, royalty-bearing license to certain Takeda patents, know-how and materials related to develop, manufacture

and commercialize Takeda's clinical-stage compound known as TAK-733, a non-ATP-competitive allosteric inhibitor of MEK1 and MEK2, subject to a non-exclusive, royalty-free, irrevocable, fully paid up, license back to Takeda to use the licensed compounds for non-clinical research purposes. We are currently developing the compound as REC-4881 for the treatment of FAP, and patients with spontaneous *APC*-mutant tumors. We are also evaluating the utility of the compound in additional disease states using our platform.

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

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

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

Competition

We are a clinical-stage biotechnology company utilizing advanced technologies across biology, chemistry, automation, and computer science to discover and design therapeutics at unprecedented scale and efficiency. Our efforts to date have resulted in a pipeline of 37 differentiated programs in early discovery and preclinical development and four clinical-stage programs as well as an intellectual property portfolio comprising patents, trademarks, software and trade secrets. We believe that our differentiated approach to technology-enabled drug discovery, a combination of both wet lab and computational approaches and embodied by the Recursion Map, provides us with a significant competitive advantage.

We are a hybrid company, comprising the best elements of technology-enabled drug discovery companies, scalable platform companies and traditional biopharmaceutical companies. As such, we compete within multiple categories of the pharmaceutical and biotechnology industries where companies are similarly working to integrate rapidly advancing technologies into their drug discovery and development activities and/or are creating scalable scientific platforms with the potential to generate large therapeutic pipelines and where other companies are developing therapies targeting

indications we are or may choose to pursue. While we believe we have the competitive advantages referred to above, we face competition from major pharmaceutical and biotechnology companies, academic institutions, governmental agencies, consortiums and public and private research institutions, among others, many of whom have significantly greater resources than us. Notable competitors include:

- ***Technology-Enabled Drug Discovery Companies***. Such companies apply sophisticated computational tools to unlock novel insights or accelerate drug discovery and development across different points in the value chain. Representative examples include Relay Therapeutics, AbCellera, Schrodinger, Insitro, Valo Health, Cellarity, and Atomwise.
- ***Scalable Platform Companies***. Such companies are applying novel scientific approaches or engineering novel therapeutic modalities with the potential to seed large numbers of therapeutic candidates. These companies may compete directly with our pipeline of predominantly small molecule therapeutics. Representative companies include Moderna, BioNTech, CureVac and BridgeBio.
- ***Traditional Biopharmaceutical Companies***. Such companies, while primarily engaged in late-stage clinical development and product commercialization, are increasingly making their own investments in the application of ML and advanced computational tools across the drug discovery and development value chain. Such investments may include partnerships with other biotechnology companies (including Recursion) from which we may benefit. Representative companies include Novartis, Janssen (a subsidiary of Johnson & Johnson), Roche, Merck, and Pfizer.
- ***Large Technology Companies.*** Large technology companies constantly seek growth opportunities. Technology-enabled drug discovery may represent a compelling opportunity for these companies, some of which have research groups or subsidiaries focused on drug discovery and others of which have signed large technology partnerships with biopharmaceutical companies. Representative companies include Alphabet, Microsoft, and Amazon.

Legal Proceedings

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

MANAGEMENT

Executive Officers, Key Employees, and Directors

The following table sets forth the names and positions of our current executive officers, key employees, and directors and their ages as of December 31, 2020:

Name	Age	Position
Executive Officers:		
Christopher Gibson (4)	37	Chief Executive Officer and Director
Ramona Doyle	62	Chief Medical Officer
Tina Marriott Larson	46	Chief Operating Officer and President
Michael Secora	38	Chief Financial Officer
Shafique Virani	50	Chief Corporate Development Officer
Key Employees:		
Louisa Daniels	63	Chief Legal Officer
Sharathchandra Hegde	57	Chief Scientific Officer
Heather Kirkby	48	Chief People Officer
Benjamin Mabey	38	Chief Technology Officer
Mason Victors	33	Chief Product Officer
Non-employee Directors:		
Zachary Bogue.(2)(4)	45	Director
Blake Borgeson.(3)(4)	39	Director
Terry-Ann Burrell(1)(4)	44	Director
R. Martin Chavez(1)	57	Chair of the Board
Zavain Dar(1)(3)(4)	32	Director
Robert Hershberg(2)	57	Director
Dean Li(2)(3)	58	Director

(1) Member of the audit committee
(2) Member of the compensation committee
(3) Member of the nominating and corporate governance committee
(4) Member of the corporate social responsibility committee

Executive Officers

Christopher Gibson, Ph.D., is our co-founder, Chief Executive Officer since the company's founding in November 2013. Dr. Gibson was also Chairman of our Board from the company's founding until he asked, with the support of the rest of the Board, for Dr. R. Martin Chavez to accept a position of Chairman in January 2021. Previously, Dr. Gibson was an M.D./Ph.D. student at the University of Utah. After obtaining his Ph.D., he withdrew from medical school to found Recursion. He has undergraduate degrees in bioengineering (B.S.) and managerial studies (B.A.) Rice University. He has served as a Founding Chairman of the Board of BioHive (the Utah life science collective and branding effort, composed of therapeutics, diagnostics, medical device and health IT companies, along with the companies that support them and the public sector) since November 2020. He also serves as a Board member of BioUtah (the Utah life science industry association) since January 2019, Board member of the Recursion Foundation (our not-for-profit entity seeking to promote corporate social responsibility) since November 2019, through which he is on the Board of Altitude Lab (an incubator/accelerator focused on creating the next generation of diverse biotech founder in Utah) since July 2020. Dr. Gibson has also served on the Cures Acceleration Network Review Board since September 2020. Dr. Gibson is co-author of more than a dozen peer-reviewed studies in a variety of journals including *Nature, Nature Protocols, Circulation, the Journal of Clinical Investigation, Molecular Pharmaceutics,*

PloS One, and *Diabetes.* Our Board believes Dr. Gibson is qualified to serve on our Board because of his scientific and technical background and his knowledge and perspective of the Company.

Ramona Doyle, M.D., has served as our Chief Medical Officer since December 2020. Prior to joining us, Dr. Doyle served as Chief Executive Officer of the MAVEN Project, a telehealth nonprofit, from September 2020 to present. Dr. Doyle has served as a Clinical Professor of Medicine at University of California San Francisco Medical Center from October 2011 to present and as an attending physician at Zuckerberg San Francisco General Hospital and Trauma Center from December 2016 to present. Dr. Doyle previously served as the Chief Medical Officer of Blade Therapeutics from January 2017 to May 2018 and as Vice President at the California Institute for Regenerative Medicine from July 2015 to July 2016. Dr. Doyle also served as an Associate Professor of Medicine at Stanford University from 1995 to 2008. Dr. Doyle holds a B.A. in English Language and Literature from The University of the South and a B.A. and an M.S. in Physiology from the University of Oxford. Dr. Doyle also holds an M.D. from Emory University School of Medicine and is board certified in Internal Medicine, Pulmonary Medicine and Critical Care Medicine by the American Board of Internal Medicine.

Tina Marriott Larson has served as our Chief Operating Officer since July 2018 and as our President since October 2019. She was previously Senior Vice President, Executive Committee member, and Compliance Committee member at Achaogen, a publicly traded biopharmaceutical company that discovered, developed and commercialized treatments for infectious disease from May 2016 to June 2018, where she led Achaogen's technical operations team—accountable for process development, supply chain and diagnostic development. Prior to Achaogen, she was Global Head of Technical Development Business Operations at Roche from October 2014 to April 2016, where she was responsible for business and technology infrastructure. She spent a total of 20 years at Genentech/Roche in technical operations roles that included Automation Engineer, Associate Director Manufacturing Sciences, Director Process Development Engineering and Senior Director Technical Development Operations & Engineering. She has both deep technical expertise in scale-up of biopharmaceutical production and managing technical and operational organizations. Ms. Larson was recognized by the Healthcare Business Women's Association as a Rising Star in 2012, was recognized by *Utah Business* magazine as CXO of the Year in 2020, and was a 2019 Women Tech Council Awards winner. She has served on the advisory board of Colorado State University's College of Engineering since 2015 and was recognized in 2019 as a CSU Distinguished Alumni. Ms. Larson received a B.S. in Chemical Engineering from Colorado State University.

Michael Secora, Ph.D., has served as our Chief Financial Officer since March 2020. Prior to joining us, Dr. Secora worked at Laurion Capital Management, as an asset manager based in New York City from July 2010 to February 2020, where he was Managing Director and Head of Capital Markets and Venture. During his time at Laurion, he developed, executed and managed fundamentally grounded investment strategies as well as built business partnerships and technological infrastructure for investing in event-driven, fundamental and macroeconomic contexts. At Laurion Capital Management, Dr. Secora was active in venture, crossover, capital markets, public and special situations investing particularly within emerging technologies and the life sciences. Dr. Secora received his Ph.D. from Princeton University in Applied and Computational Mathematics and B.S. in Mathematics and Physics from Massachusetts Institute of Technology.

Shafique Virani, M.D., has served as our Chief Corporate Development Officer since March 2020. Prior to joining us, he was Chief Executive Officer of Navire Pharma and CoA Therapeutics (each a subsidiary of BridgeBio Pharma, Inc.) from September 2017 to December 2019 and June 2018 to December 2019, respectively. He also served as Chief Executive Officer in Residence of BioBridge LLC from June 2017 to December 2019. Prior to BridgeBio, he assumed a 13-year long tenure at Genentech/Roche from January 2004 to June 2017 as Vice President and Global Head of Neuroscience, ophthalmology and rare disease partnering where he helped build a portfolio of

medicines including Risdiplam for spinal muscular atrophy, Enspryng for neuromyelitis optica spectrum disorder and several therapeutics in the mid-late stage clinical pipeline via licensing and acquisitions. Dr. Virani trained as a neurosurgeon in Cambridge, UK and Boston and received his M.D. from the University of Nottingham.

Key Employees

Louisa Daniels, J.D., M.B.A., has served as our Chief Legal Officer and General Counsel since January 2021. Previously, Ms. Daniels was a Vice President and Assistant General Counsel at Pfizer from April 2008 to January 2021, where she also served as Chief Counsel of Global Product Development from May 2016 to January 2021, as Chief Counsel of Global Commercial Operations, Strategy & Portfolio Management from 2013 to 2016, and as Lead Counsel of Pharma Therapeutics R&D from 2008 to 2013. Ms. Daniels obtained her J.D. from the University of California, Berkeley School of Law and her M.B.A from the Paul Merage School of Business at University of California Irvine.

Sharathchandra Hegde, Ph.D., has served as our Chief Scientific Officer since August 2019. Previously, Dr. Hegde spent 19 years from September 1999 to July 2019 at Theravance Biopharma where he was Senior Vice President and Head of Research. Before Theravance, Dr. Hegde spent 9 years at Syntex Corporation, later acquired by Roche Holdings, Ltd. Dr. Hegde obtained his Ph.D. in Pharmacology from the University of Houston and obtained his B.Pharm/M.Pharm degree in Pharmacy/Pharmacology from the University of Mumbai in India. He has participated in the discovery of several new medicines including the marketed medicines Vibativ® (telavancin), Yupelri® (revefenancin), Aloxi® (palonosteron) and others in late stage development including TD-1473 (Phase 2/3 for IBD) and ampreloxetine (Phase 3 for neurogenic orthostatic hypotension). Dr. Hegde has over 30 years of leadership experience in strategic and tactical aspects of drug-discovery and early clinical development. Dr. Hegde has been trained in classical pharmacology and possesses extensive experience in enabling discovery of drugs in multiple therapeutic areas including infectious, cardiovascular, respiratory, genitourinary, gastrointestinal, neurology, fibrosis, oncology, autoimmune and inflammatory diseases.

Heather Kirkby, M.B.A., has served as our Chief People Officer since May 2019. She joined us after 15 years at Intuit, from January 2004 to March 2019, with a background in mechanical engineering, product management and talent development. Ms. Kirkby has a degree in Mechanical Engineering from Queen's University and an M.B.A. from Harvard University. Ms. Kirkby began her career running field operations in Arctic Alaska. From 2014 to 2016, she served as Director of Product Management at Intuit, where she led the global product organization for QuickBooks Online Accountant, going on to become Intuit's global Vice President of Talent Development. Her accolades include Intuit's CEO Leadership Award and Women Tech Council Award finalist.

Benjamin Mabey, M.S., has served as our Chief Technology Officer since January 2020. He was previously our Vice President of Software Engineering and joined us in March 2017. Mr. Mabey has a versatile background in computer science, machine learning, software engineering and data science with over 15 years of industry experience, having worked as a Machine Learning Engineer building automated machine learning systems and solutions in the ad tech, customer service, and healthcare industries. Prior to joining us, Mr. Mabey was a Senior Data Scientist and Team Lead at Savvysherpa, now part of UnitedHealth Group's R&D function, from January 2014 to March 2017, following its acquisition of Red Brain Labs, a Data Science consultancy to Fortune 500 companies, where Mr. Mabey served as Chief Technology Officer from April 2012 to January 2014.

Mason Victors, M.S., has been our Chief Product Officer since January 2019. Before that he was our Chief Technology Officer from July 2018 to January 2020, after successive promotions beginning

as a Senior Data Scientist joining in September 2015. Mr. Victors has a background spanning applied mathematics, data science and machine learning, applying his expertise to complex data science and machine learning problems in domains ranging from telecommunications and e-commerce to healthcare and national security. Prior to joining us, Mr. Victors was a Data Scientist at Savvysherpa, now part of UnitedHealth Group's R&D function, from January 2014 to September 2015, following its acquisition of Red Brain Labs, a Data Science consultancy to Fortune 500 companies, where Mr. Victors served as a Data Analytics Engineer from April 2013 to December 2013, having previously worked with technology experts solving data science problems at the National Security Agency. Mr. Victors leads our product organization, identifying what new scientific and technological capabilities we must build to further industrialize drug discovery, ranging from software to biology, automation to chemistry.

Non-employee Directors

Zachary Bogue, J.D., has served as a member of our Board since August 2018. Mr. Bogue brings to bear two decades of experience in Silicon Valley as an entrepreneur, venture capitalist, attorney, and angel investor. Mr. Bogue co-founded DCVC, and he continues to serve as its Co-Managing Partner. Mr. Bogue led DCVC's significant investments in Freenome, Planet Labs, Tala, Oklo and Gro Intelligence. Prior to co-founding DCVC, Mr. Bogue was an entrepreneur, founding three companies in Silicon Valley and an angel investor, with early investments in companies like Square, Inc. and Uber Technologies, Inc. In 2015, the World Economic Forum named Mr. Bogue a Young Global Leader in recognition of his leadership at the intersection of transformative technology and urgent global issues, and he is active in the Davos community. Mr. Bogue graduated with honors from Harvard University in Environmental Science and Public Policy and earned his J.D. with honors from Georgetown Law School. Our Board believes Mr. Bogue is qualified to serve on our Board because of his technical background and his knowledge and perspective of the Company.

Blake Borgeson, Ph.D., a co-founder of the Company, has served as a member of our Board since the company's founding in November 2013, and served as our Chief Technical Officer from November 2013 to July 2018. Dr. Borgeson earned a B.S. in electrical engineering from Rice University. From 2003 to 2004, Dr. Borgeson worked as software research intern at M.E. Mueller Institute at Bern, Switzerland, researching and building real-time navigation software for surgical procedures at the M.E. Mueller Institute in Bern, Switzerland. From 2005 to 2016, he co-founded an e-commerce company, BuildASign.com. In February 2016, Dr. Borgeson completed a Ph.D. in bioinformatics at UT Austin in February 2016. Dr. Borgeson has served on the board of the Machine Intelligence Research Institute in Berkeley since September 2018, which focuses on doing foundational mathematical research to ensure smarter-than-human artificial intelligence has a positive impact. Our Board believes Dr. Borgeson is qualified to serve on our Board because of his technical background and his knowledge and perspective of the Company.

Terry-Ann Burrell, M.B.A., has served as a member of our Board since April 2020. Ms. Burrell, a financial industry veteran, has served as Chief Financial Officer and Treasurer of Beam Therapeutics since August 2019. Prior to Beam, Ms. Burrell spent 11 years, from May 2008 to August 2019, with J.P. Morgan, most recently as a Managing Director in the healthcare investment banking group from May 2018 to August 2019. There, she had broad coverage across the biotechnology and pharmaceutical industries, helping to execute equity and equity linked financings and M&A transactions. She was instrumental in advising clients on transaction considerations, including strategic rationale, valuation and structuring. Prior to J.P. Morgan, Ms. Burrell worked in equity research at Citigroup, where she covered specialty pharmaceuticals and generics. Ms. Burrell holds an M.B.A. from New York University Leonard N. Stern School of Business and a A.B. in Social Studies from Harvard University. Our Board believes Ms. Burrell is qualified to serve on our Board because of her financial expertise and her senior management experience in the biotechnology industry.

R. Martin Chavez, Ph.D., Chair of our Board, has served as a member of our Board since April 2020. From January 2005 to January 2020, he served in a variety of senior roles at Goldman Sachs, including Chief Information Officer, Chief Financial Officer, and global co-head of the firm's Securities Division, and was a member of Goldman's management committee. Previously, Dr. Chavez was Chief Executive Officer and co-founder of Kiodex, acquired by Sungard in 2004, and Chief Technology Officer and co-founder of Quorum Software Systems. Dr. Chavez has served as board member for Paige, an AI-driven biomedical technology startup, since January 2020; as board member for Banco Santander, S.A., since October 2020; as and as board member for Sema4, a precision-genomics testing company, since April 2020. Dr. Chavez has served on the Board of Overseers of Harvard University (President) since September 2020, the Stanford Medicine Board of Fellows since September 2015, and the Board of Trustees of the Institute for Advanced Study since May 2019. He holds an A.B. in Biochemical Sciences and an S.M. in Computer Science from Harvard University, and a Ph.D. in Medical Information Sciences from Stanford University. Our Board believes Dr. Chavez is qualified to serve on our Board because of his scientific and technical background and his knowledge and perspective of the Company.

Zavain Dar has served as a member of our Board since September 2016. Mr. Dar is a Partner at Lux Capital, a tech venture firm since October 2014. At Lux, Mr. Dar invests in companies leveraging machine learning and AI to augment and replace physical-world functions including biology, language, manufacturing and analysis. In addition to leading Lux's investment in Recursion, Mr. Dar has also led Lux's investments in Primer, Thrive Detect (acquired by Exact Sciences), Creyon Bio, LabGenius, Tempo Automation, Braid Health, and CryptoNumerics (acquired by Snowflake). Additionally he is a founding investor in Anagenex Therapeutics and an early angel in Zymergen. Prior, Mr. Dar was a founder and computer scientist. At Discovery Engine (acquired by Twitter) he engineered machine learning and AI systems across a proprietary distributed computing framework to build web scale-ranking algorithms. Mr. Dar was also a cofounder of Fountainhop, a hyper-local social network. Mr. Dar has a B.S. in Symbolic Systems and a M.S. in Theoretical Computer Science from Stanford University where he was a researcher in Stanford's AI Lab. Our Board believes Mr. Dar is qualified to serve on our Board because of his technical background and his knowledge and perspective of the Company.

Robert Hershberg, M.D., Ph.D., has served as a member of our Board since March 2020. He has been a Venture Partner at Frazier Healthcare Partners since March 2020. Formerly, from April 2017 to March 2020, Dr. Hershberg was the executive vice president and head of business development and global alliances at Celgene (acquired by Bristol-Myers Squibb in 2019). He was employed in positions of ascending responsibility at Celgene since joining the company in 2014, including his role as Chief Scientific Officer from January 2016 to March 2020. Before Celgene, he served several roles at VentiRx Pharmaceuticals, a clinical-stage biopharmaceutical company which he co-founded in 2006 and was Chief Executive Officer from September 2012 until the company's acquisition by Celgene in February 2017. Dr. Hershberg currently serves on the board of directors of Nanostring Technologies, Inc. (Nasdaq: NSTG), Adaptive Biotechnology (Nasdaq: ADPT), and Silverback Therapeutics (Nasdaq: SBTX). He is a clinical faculty member at the University of Washington School of Medicine, and he holds a Ph.D. in biology from the University of California, San Diego's Affiliated Ph.D. program with the Salk Institute and an M.D. and a B.A. from the University of California, Los Angeles. Our Board believes that Dr. Hershberg is qualified to serve on our Board because of his scientific background, his senior management experience in the pharmaceutical industry, and his knowledge and perspective of the Company.

Dean Y. Li, M.D., Ph.D., a co-founder of the Company, has served as a member of our Board since its founding in November 2013. Dr. Li has served as Executive Vice President and President, Merck Research Laboratories since January 2021. Dr. Li previously served as Senior Vice President of Discovery Sciences and Translational Medicine, Merck Research Laboratories from November 2018 to December 2020. He joined Merck in February 2017 as Vice President and Head of Translational

Medicine. Before joining Merck, Dr. Li was conducting medical research at the University of Utah from July 1994 to March 2017. During his time at the university, he cofounded multiple biotech companies stemming from research from his laboratory, including Recursion, Hydra Biosciences and Navigen Pharmaceuticals. Dr. Li served as the H.A. & Edna Benning Professor of Medicine and Cardiology, the vice-dean of research at the University of Utah Health Science Center, and as the chief scientific officer of University of Utah Health Care. Dr. Li also served as interim CEO of Associated Regional University Pathologists, the nation's third-largest clinical reference laboratory, from June 2015 to August 2016. Dr. Li trained at Washington University in Saint Louis before moving to the University of Utah to work as a post-doctoral scientist in the laboratory of Mark Keating. Our Board believes Dr. Li is qualified to serve on our Board because of his scientific background, his senior management experience in the pharmaceutical industry, and his knowledge and perspective of the Company.

Family Relationships

There are no family relationships among any of our executive officers or directors.

Board Composition

Our board of directors currently consists of eight members. After the completion of this offering, the number of directors will be fixed from time to time by our board of directors, subject to the terms of our amended and restated certificate of incorporation and amended and restated bylaws. Each of our current directors will continue to serve as a director until the election and qualification of his or her successor, or until his or her earlier death, resignation, or removal.

Our amended and restated certificate of incorporation will provide that our board of directors will be divided into three classes with staggered three-year terms. Only one class of directors will be elected at each annual meeting of stockholders, with the other classes continuing for the remainder of their respective three-year terms. Our current directors will be divided among the three classes as follows:

- the Class I directors will be , and their terms will expire at the annual meeting of stockholders to be held in 2022;
- the Class II directors will be , and their terms will expire at the annual meeting of stockholders to be held in 2023; and
- the Class III directors will be , and their terms will expire at the annual meeting of stockholders to be held in 2024.

At each annual meeting of stockholders, upon the expiration of the term of a class of directors, the successor to each such director in the class will be elected to serve from the time of election and qualification until the third annual meeting following his or her election and until his or her successor is duly elected and qualified, in accordance with our amended and restated certificate of incorporation. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one third of our directors.

This classification of our board of directors may have the effect of delaying or preventing changes in control of our company.

Director Independence

Upon the completion of this offering, we anticipate that our Class A common stock will be listed on the Nasdaq Global Select Market, or Nasdaq. Under the rules of Nasdaq, independent directors

must comprise a majority of a listed company's board of directors within one year of the completion of this offering. In addition, the rules of Nasdaq require that, subject to specified exceptions, each member of a listed company's audit, compensation and corporate governance and nominating committees be independent. Audit committee members and compensation committee members must also satisfy the independence criteria set forth in Rule 10A-3 and Rule 10C-1, respectively, under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Under the rules of Nasdaq, a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

To be considered to be independent for purposes of Rule 10A-3 and under the rules of Nasdaq, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors or any other board committee: (1) accept, directly or indirectly, any consulting, advisory or other compensatory fee from the listed company or any of its subsidiaries or (2) be an affiliated person of the listed company or any of its subsidiaries.

To be considered independent for purposes of Rule 10C-1 and under the rules of Nasdaq, the board of directors must affirmatively determine that each member of the compensation committee is independent, including a consideration of all factors specifically relevant to determining whether the director has a relationship to the company which is material to that director's ability to be independent from management in connection with the duties of a compensation committee member, including: (1) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the company to such director and (2) whether such director is affiliated with the company, a subsidiary of the company or an affiliate of a subsidiary of the company.

Our board of directors undertook a review of its composition, the composition of its committees and the independence of our directors and considered whether any director has a material relationship with us that could compromise his or her ability to exercise independent judgment in carrying out his or her responsibilities. Based upon information requested from and provided by each director concerning his or her background, employment and affiliations, including family relationships, our board of directors has determined that Zachary Bogue, Terry-Ann Burrell, R. Martin Chavez, Zavain Dar, Robert Hershberg, and Dean Li, representing six of our eight directors, do not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the rules of Nasdaq.

In making these determinations, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director, and the transactions involving them described in the section titled "Certain Relationships and Related Party Transactions."

Board Leadership Structure

Our board of directors is currently chaired by R. Martin Chavez. As a general policy, our board of directors believes that separation of the positions of Chair of our board of directors and Chief Executive Officer reinforces the independence of our board of directors from management, creates an environment that encourages objective oversight of management's performance, and enhances the effectiveness of our board of directors as a whole. As such, Dr. Gibson serves as our Chief Executive Officer while Dr. Chavez serves as the Chair of our board of directors but is not an officer. We currently expect and intend the positions of Chair of our board of directors and Chief Executive Officer to continue to be held by two individuals in the future.

Role of the Board in Risk Oversight

Our board of directors has an active role, as a whole and also at the committee level, in overseeing the management of our risks. Our board of directors is responsible for general oversight of risks and regular review of information regarding our risks, including credit risks, liquidity risks, and operational risks. The compensation committee is responsible for overseeing the management of risks relating to our executive compensation plans and arrangements. The audit committee is responsible for overseeing the management of risks relating to accounting matters and financial reporting. The corporate governance and nominating committee is responsible for overseeing the management of risks associated with the independence of our board of directors and potential conflicts of interest. Although each committee is responsible for evaluating certain risks and overseeing the management of such risks, our entire board of directors is regularly informed through discussions from committee members about such risks.

Board Committees

Our board of directors has an audit committee, a compensation committee, a nominating and corporate governance committee, and a corporate social responsibility committee, each of which has the composition and the responsibilities described below.

Audit Committee

The members of our audit committee are Zavain Dar, R. Martin Chavez, and Terry-Ann Burrell. Our board of directors determined that each of Terry-Ann Burrell, Zavain Dar, and R. Martin Chavez satisfy the independence standards for audit committee members established by applicable SEC rules and the listing standards of Nasdaq. Terry-Ann Burrell is the chair of our audit committee and is an audit committee financial expert, as that term is defined under the SEC rules implementing Section 407 of the Sarbanes-Oxley Act of 2002, and possesses financial sophistication, as defined under the rules of Nasdaq. Our audit committee oversees our corporate accounting and financial reporting process and assists our board of directors in monitoring our financial systems. Our audit committee will also:

- select, retain, compensate, evaluate, oversee, and where appropriate, terminate the independent registered public accounting firm to audit our financial statements;
- help to ensure the independence and performance of the independent registered public accounting firm;
- approve audit and non-audit services and fees;
- review financial statements and discuss with management and the independent registered public accounting firm our annual audited and quarterly financial statements, the results of the independent audit and the quarterly reviews and the reports and certifications regarding internal controls over financial reporting and disclosure controls;
- prepare the audit committee report that the SEC requires to be included in our annual proxy statement;
- review reports and communications from the independent registered public accounting firm;
- review the adequacy and effectiveness of our internal controls and disclosure controls and procedure;
- review our policies on risk assessment and risk management;
- review and monitor conflicts of interest situations, and approve or prohibit any involvement in matters that may involve a conflict of interest or taking of a corporate opportunity;
- review the overall adequacy and effectiveness of our legal, regulatory, and ethical compliance programs and reports regarding compliance with applicable laws, regulations, and internal compliance programs;

- review related party transactions; and
- establish and oversee procedures for the receipt, retention, and treatment of accounting related complaints and the confidential submission by our employees of concerns regarding questionable accounting or auditing matters.

Our audit committee operates under a written charter, which satisfies the applicable rules of the SEC and the listing standards of Nasdaq.

Compensation Committee

The members of our compensation committee are Zachary Bogue, Dean Li, and Robert Hershberg. Our board of directors determined that each of Robert Hershberg, Zachary Bogue and Dean Li satisfy the independence standards for compensation committee members established by applicable SEC rules and the listing standards of Nasdaq and is a “non-employee director” within the meaning of Rule 16b-3 under the Exchange Act. Robert Hershberg is the chair of our compensation committee. Our compensation committee oversees our compensation policies, plans and benefits programs. The compensation committee will also:

- oversee our overall compensation philosophy and compensation policies, plans, and benefit programs;
- review and recommend for approval to the Board of Directors compensation for our executive officers and directors;
- prepare the compensation committee report that the SEC will require to be included in our annual proxy statement; and
- administer our equity compensation plans.

Our compensation committee operates under a written charter, which satisfies the applicable rules of the SEC and the listing standards of Nasdaq.

Nominating and Corporate Governance Committee

The members of our nominating and corporate governance committee are Zavain Dar, Dean Li, and Blake Borgeson. Our board of directors determined that each of Zavain Dar and Dean Li satisfy the independence standards for nominating and corporate governance committee members established by applicable SEC rules and the listing standards of Nasdaq, and that Blake Borgeson does not satisfy the independence standards for a nominating and corporate governance committee member. The listing standards of Nasdaq permit our nominating and corporate governance committee to have at least one independent member upon the listing of our common stock, have a majority of independent members within 90 days of the listing of our common stock and be composed entirely of independent members within one year of the listing of our common stock. Zavain Dar is the chair of our nominating and corporate governance committee. Our nominating and corporate governance committee oversees and assists our board of directors in reviewing and recommending nominees for election as directors. Specifically, the nominating and corporate governance committee will:

- identify, evaluate and make recommendations to our board of directors regarding nominees for election to our board of directors and its committees;
- consider and make recommendations to our board of directors regarding the composition of our board of directors and its committees;
- review developments in corporate governance practices;
- evaluate the adequacy of our corporate governance practices and reporting; and

- evaluate the performance of our board of directors and of individual directors.

Our nominating and corporate governance committee operates under a written charter, which satisfies the applicable rules of the SEC and the listing standards of Nasdaq.

Corporate Social Responsibility Committee

The members of our corporate social responsibility committee are Zavain Dar, Terry-Ann Burrell, Christopher Gibson, Blake Borgeson, and Zachary Bogue. Christopher Gibson is the chair of our social responsibility committee. Our corporate social responsibility committee oversees and assists our board of directors in its oversight of our corporate social responsibility, or CSR, strategy and implementation. Specifically, the corporate social responsibility committee will:

- create accountability for our CSR performance by reviewing target success metrics for each CSR area of focus and ongoing progress towards them;
- review any related public-facing CSR reporting to ensure alignment on level of external CSR transparency and any associated risks; and
- explore and recommend to the board of directors alternate entity structures if we were to consider reorganizing into a public benefit, social purpose or similar alternative entity structure in the future.

Our corporate social responsibility committee operates under a written charter.

Director Compensation

Prior to this offering, we have not implemented a formal policy with respect to compensation payable to our non-employee directors. From time to time, we have granted equity awards to attract them to join our board of directors and for their continued service on our board of directors. We did not pay any compensation, other than equity awards, to any of our non-employee directors in 2020. We reimburse our directors for expenses associated with attending meetings of our board of directors and its committees.

In connection with this offering, we intend to adopt and ask our stockholders to approve the initial terms of our non-employee director compensation program. Our board of directors is still in the process of considering the non-employee director compensation policy.

Dr. Gibson was our only employee who served as a director during 2020. See the section titled “Executive Compensation” for information about Dr. Gibson’s compensation, which includes compensation Dr. Gibson received for serving as our Chief Executive Officer during 2020. The following table provides information regarding compensation of our non-employee directors for the year ended December 31, 2020:

Name	Option Awards ($)(1)	Total ($)
Zachary Bogue, J.D.	$ —	$ —
Blake Borgeson, Ph.D.	$ —	$ —
Terry-Ann Burrell	$ 1,064,266	$ 1,064,266
R. Martin Chavez, Ph.D.	$ 1,063,800	$ 1,063,800
Zavain Dar	$ —	$ —
Robert Hershberg, M.D., Ph.D.	$ 1,064,584	$ 1,064,584
Dean Li, M.D.	$ —	$ —

(1) In accordance with SEC rules, the amount in this column reflects the aggregate grant date fair value of stock options granted during 2020 computed in accordance with Accounting Standards Codification, or ASC, Topic 718, rather than the amount paid or realized by the director. We provide information regarding the assumptions used to calculate the value of all stock options granted to our directors in Note to our audited financial statements included elsewhere in this prospectus.

Compensation Committee Interlocks and Inside Participation

None of the members of our board of directors who will serve on our compensation committee upon the effectiveness of the registration statement of which this prospectus forms a part is or has been an officer or employee of our company. None of our executive officers currently serves, or in the past fiscal year has served, as a member of the board of directors or compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of any entity that has one or more executive officers serving on our board of directors or compensation committee.

Code of Business Conduct and Ethics

Prior to the effectiveness of the registration statement of which this prospectus forms a part, we intend to adopt a written code of business conduct and ethics that will apply to our directors, officers, and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Following this offering, the code of business conduct and ethics will be available on our website at www.recursionpharma.com. We intend to disclose future amendments to such code, or any waivers of its requirements, applicable to any principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions or our directors on our website identified above or in a current report on Form 8-K. Information contained on the website is not incorporated by reference into this prospectus and should not be considered to be part of this prospectus. The inclusion of our website address in this prospectus is an inactive textual reference only.

Executive Compensation

Our named executive officers for 2020, which consist of each person who served as our principal executive officer during 2020 and our next four most highly compensated executive officers during 2020 are:

- Christopher Gibson, our Chief Executive Officer and Director
- Ramona Doyle, our Chief Medical Officer
- Tina Marriott Larson, our Chief Operating Officer and President
- Michael Secora, our Chief Financial Officer
- Shafique Virani, our Chief Corporate Development Officer

Summary Compensation Table

The following table sets forth information regarding the compensation of our named executive officers for the year ended December 31, 2020.

Name and Principal Position	Year	Salary ($)	Option Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)(2)	All Other Compensation ($)	Total ($)
Christopher Gibson, Chief Executive Officer	2020	269,643	2,268,661	20,444	25,700(3)	2,584,448
Ramona Doyle, Chief Medical Officer(4)	2020	3,666	1,134,331	—	—	1,137,997
Tina Marriott Larson, Chief Operating Officer and President	2020	408,192	226,866	30,070	25,700(3)	690,828
Michael Secora, Chief Financial Officer(4)	2020	170,833	3,431,798	15,357	100,500(5)	3,718,488
Shafique Virani, Chief Corporate Development Officer(4)	2020	413,541	991,749	28,158	33,526(6)	1,466,971

(1) In accordance with SEC rules, the amount in this column reflects the aggregate grant date fair value of stock options granted during 2020 computed in accordance with Accounting Standards Codification, or ASC, Topic 718, rather than the amount paid or realized by the director. We provide information regarding the assumptions used to calculate the value of all stock options granted to our directors in Note to our audited financial statements included elsewhere in this prospectus. For the Performance Option (as described below), we calculated the grant date fair value based on multiple liquidity event value paths developed through the use of a Monte Carlo simulation. The assumptions used in calculating the grant-date fair value of the Performance Option reported in this column are set forth in Note to our consolidated financial statements appearing at the end of this prospectus. See "Narrative Disclosure to Summary Compensation Table—*2020 CFO Options*" for additional information.

(2) Represents amounts earned under our 2020 bonus plan. Our 2020 bonus plan is more fully described below under the section titled "*—Non-Equity Incentive Plan Compensation*."

(3) Amount consists of $12,700 in matching contributions to our 401(k) plan and a $13,000 COVID life assistance bonus.

(4) The named executive officer's base salary was pro-rated for the number of days such named executive officer worked for us in 2020. Mr. Secora and Mr. Virani began working for us on March 1, 2020 and Ms. Doyle began working for us on December 30, 2020.

(5) Amount consists of a $50,000 relocation bonus, $12,700 in matching contributions to our 401(k) plan, $24,800 in contributions to a supplemental retirement plan, and a $13,000 COVID life assistance bonus.

(6) Amount consists of $12,900 in matching contributions to our 401(k) plan, a $13,000 COVID life assistance bonus, and $7,623 in travel and housing reimbursement.

Narrative Disclosure to Summary Compensation Table

Non-Equity Incentive Plan Compensation

At the beginning of 2020, we adopted a bonus plan for our executive and non-executive employees that provides for cash incentives for performance in the year. The 2020 bonus opportunities for our executives is based on the assessment of our board of directors of the achievement of company objectives that were established by our board of directors at the beginning of the year. The company objectives for 2020 consisted of milestones related to expanding the capabilities and breadth of the Recursion OS and the Recursion Map, developing our drug candidates and bolstering employee engagement and development. A single company-wide performance multiplier is applied to the maximum potential bonus of 10% of salary for each employee.

The amounts in the Summary Compensation Table under the column “Non-Equity Incentive Plan Compensation” are based on 10% of the named executive officer’s 2020 salary multiplied by the performance multiplier determined by our board of directors (and further pro-rated based on the period of time during which such named executive officer was employed with us during the year).

2020 CFO Options

In March 2020, our board of directors granted Mr. Secora the following options to purchase shares of our Class A common stock:

- an option to purchase 750,000 shares, or the Initial Option;
- an option to purchase 50,000 shares, or the Sign-on Option; and
- an option to purchase 1,000,000 shares, or the Market Condition Option.

These grants were negotiated in connection with the hiring of Mr. Secora in February 2020, and were set at levels that were designed to recruit him to our company and provide incentives with us to remain over the long-term.

The Initial Option vests as to 1/48th of the shares subject to the Initial Option each month after the first day of Mr. Secora’s employment with us, subject to Mr. Secora’s continued service through the relevant vesting dates.

The Sign-on Option vested as to 100% of the shares subject to the Sign-on Option on the later of i) the first day of Mr. Secora’s employment with us or ii) the date Mr. Secora permanently relocates to the Salt Lake City, Utah area on a full-time basis, subject to his continued service through such later date.

The Market Condition Option becomes cumulatively vested as to the following number of shares subject to the Market Condition Option upon each occurrence of certain liquidity events, subject to Mr. Secora’s continued service through the date of such Liquidity Event:

Liquidity Event Value	Cumulative Vested Shares
Greater than $10.67	100,000
Greater than $13.87	200,000
Greater than $18.04	300,000
Greater than $23.45	400,000
Greater than $30.48	500,000
Greater than $44.20	600,000
Greater than $64.09	700,000
Greater than $92.93	800,000
Greater than $134.75	900,000
Greater than $195.39	1,000,000

Once a number of shares subject to the Market Condition Option have vested upon the occurrence of a liquidity event, the number of vested shares subject to the Market Condition Option will not be reduced if the Liquidity Event Value in a subsequent liquidity event is lower than the Liquidity Event Value in the prior liquidity event.

If liquidity event is	Then
our entering into a term sheet, letter of intent, or similar agreement for a financing (whereby equity securities (or securities convertible or exchangeable into equity securities) of ours or any of our subsidiaries are sold and issued to independent third parties primarily for capital raising purposes) that is approved by our board of directors	the amount to be payable for each share of our capital stock in connection with the financing, as set forth in the term sheet
our entering into a term sheet, letter of intent, or similar agreement for a change in control that is approved by our board of directors, the greater of (x) the amount to be payable for each share of our Class A common stock or Class B common stock in connection with the change in control, as set forth in, or determinable under the terms of, the term sheet or (y) if such change in control is actually consummated	the actual amount payable for each share of our Class A common stock or Class B common stock in connection with the change in control (with any amount that is subject to an escrow, earn-out, holdback or other similar arrangement not included in the Liquidity Event Value unless and until such amount is actually paid)
an underwritten public offering of our common equity securities, including the offering under which this prospectus forms a part.	the initial price to the public as set forth in the final prospectus included within the registration statement in Form S-1 filed with the Securities and Exchange Commission for such underwritten public offering
the first sale or resale of our common equity securities to the general public in connection with a direct listing	the reference price set by the applicable stock exchange or national market system
a Measurement Date*	the closing sales prices for a share of our Class A common stock or Class B common stock on such Measurement Date as quoted on the applicable stock exchange or national market system
Significant Financial Event**	the amount to be payable for each share of our capital stock in connection with the applicable Significant Financial Event

* "Measurement Date" is each trading day that our Class A common stock is listed on any established stock exchange or a national market system.

** "Significant Financial Event" means the occurrence of any of the following events while our Class A common stock is listed on any established stock exchange or a national market system: i) a repurchase of shares of our Class A common stock or Class B common stock pursuant to a tender offer, ii) a private investment in public equity transaction whereby we sell publicly traded shares of our Class A common stock, Class B common stock, preferred stock, and/or convertible securities to private investors, or iii) an accelerated share repurchase by us to buy back large blocks of outstanding shares of our Class A common stock or Class B common stock quickly to maintain a certain valuation, using an investment bank as an intermediary.

We estimated the grant date fair value of the Market Condition Option with performance incentive elements using a model based on multiple stock price paths developed through the use of a Monte

Carlo simulation that incorporates into the valuation the possibility that the Liquidity Event Value targets of each individual tranche may not be satisfied. The average grant date fair value of the Market Condition Option was estimated to be $1.845 per share, and we will recognize total stock-based compensation expense of approximately $1,845,000 over the life of the grants as probability of vesting increases. If the Liquidity Event Value targets are met, we will adjust our stock-based compensation expense to reflect the cumulative expense associated with the vested award.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information concerning outstanding equity awards held by each of our named executive officers as of December 31, 2020:

	Option Awards				
Name	Grant Date(1)	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price ($)(2)	Option Expiration Date
Christopher Gibson	2020		1,000,000(3)	$ 3.71	12/30/2030
Ramona Doyle	2020		500,000(4)	$ 3.71	12/30/2030
Tina Marriott Larson	2018	308,125	201,875(5)	$ 1.59	7/22/2028
Tina Marriott Larson	2020		100,000(6)	$ 3.71	12/30/2030
Michael Secora	2020	140,625	609,375(7)	$ 3.33	3/03/2030
Michael Secora	2020		1,000,000(8)	$ 3.33	3/03/2030
Michael Secora	2020	50,000		$ 3.33	3/03/2030
Shafique Virani	2020	93,750	406,250(9)	$ 3.33	3/03/2030

(1) Each of the outstanding equity awards was granted pursuant to our 2016 Plan.
(2) This column represents the fair market value of a share of our Class A common stock on the date of grant, as determined by our board of directors.
(3) One forty-eighth (1/48th) of the shares subject to the award shall vest one month after December 31, 2020, or the Gibson Vesting Commencement Date, and one forty-eighth (1/48th) of the shares subject to the award shall vest each month thereafter on the same day of the month as the Gibson Vesting Commencement Date.
(4) Twenty-Five percent (25%) of the shares subject to the award shall vest one year after December 31, 2020, or the Doyle Annual Vesting Commencement Date, and one-forty-eighth (1/48th) of the shares subject to the award shall vest each month thereafter on the same day of the month as the Doyle Annual Vesting Commencement Date.
(5) Twenty-Five percent (25%) of the shares subject to the award shall vest one year after July 16, 2018, or the Larson Annual Vesting Commencement Date, and one-forty-eighth (148th) of the shares subject to the award shall vest each month thereafter on the same day of the month as the Larson Annual Vesting Commencement Date.
(6) One forty-eighth (1/48th) of the shares subject to the award shall vest one month after December 31, 2020, or the Larson Monthly Vesting Commencement Date, and one forty-eighth (1/48th) of the shares subject to the award shall vest each month thereafter on the same day of the month as the Larson Monthly Vesting Commencement Date.
(7) One forty-eighth (1/48th) of the shares subject to the award shall vest one month after March 1, 2020, or the Secora Vesting Commencement Date, and one forty-eighth (1/48th) of the shares subject to the award shall vest each month thereafter on the same day of the month as the Secora Vesting Commencement Date.
(8) See the section titled “2020 CFO Options” for a description of the terms of the award.
(9) One forty-eighth (1/48th) of the shares subject to the award shall vest one month after March 4, 2020, or the Virani Vesting Commencement Date, and one forty-eighth (1/48th) of the shares subject to the award shall vest each month thereafter on the same day of the month as the Virani Vesting Commencement Date.

Employment Arrangements With Our Named Executive Officers

We have entered into an employment agreement with each of our named executive officers in connection with his employment with us.

Christopher Gibson

We currently expect that, prior to the completion of this offering, we will enter into a confirmatory employment agreement with Dr. Gibson, our Chief Executive Officer. The confirmatory employment agreement currently is expected to have no specific term and will provide for at-will employment. Dr. Gibson's current annual base salary is $450,000, and Dr. Gibson's annual target bonus is 10% of his annual base salary.

Ramona Doyle

We currently expect that, prior to the completion of this offering, we will enter into a confirmatory employment agreement with Dr. Doyle, our Chief Medical Officer. The confirmatory employment agreement currently is expected to have no specific term and will provide for at-will employment. Dr. Doyle's current annual base salary is $440,000, and Dr. Doyle's annual target bonus is 10% of her annual base salary.

Tina Marriott Larson

We currently expect that, prior to the completion of this offering, we will enter into a confirmatory employment agreement with Ms. Larson, our President and Chief Operating Officer. The confirmatory employment agreement currently is expected to have no specific term and will provide for at-will employment. Ms. Larson's current annual base salary is $401,500, and Ms. Larson's annual target bonus is 10% of her annual base salary.

Michael Secora

We currently expect that, prior to the completion of this offering, we will enter into a confirmatory employment agreement with Mr. Secora, our Chief Financial Officer. The confirmatory employment agreement currently is expected to have no specific term and will provide for at-will employment. Mr. Secora's current annual base salary is $205,000, and Mr. Secora's annual target bonus is 10% of his annual base salary.

Shafique Virani

We currently expect that, prior to the completion of this offering, we will enter into a confirmatory employment agreement with Mr. Virani, our Chief Corporate Development Officer. The confirmatory employment agreement currently is expected to have no specific term and will provide for at-will employment. Mr. Virani's current annual base salary is $500,000, and Mr. Virani's annual target bonus is 10% of his annual base salary.

Potential Payments Upon Termination or Change In Control

We currently expect that, prior to the completion of this offering, we will adopt arrangements for our executive officers that provide for payments and benefits on termination or change of control, which arrangements may be included in the anticipated confirmatory employment agreements or separate plans or agreements.

Employee Benefit and Stock Plans

2021 Equity Incentive Plan

Prior to the effectiveness of this offering, we expect that our board of directors will adopt, and our stockholders will approve, our 2021 Equity Incentive Plan, or the 2021 Plan. The 2021 Plan will be

effective on the business day immediately prior to the effective date of the registration statement of which this prospectus forms a part. Our 2021 Plan will provide for the grant of incentive stock options, within the meaning of Section 422 of the Code, to our employees and any of our parent and subsidiary corporations' employees, and for the grant of nonstatutory stock options, restricted stock, restricted stock units, stock appreciation rights, performance units, and performance shares to our employees, directors, and consultants and our subsidiary corporations' employees and consultants.

Authorized shares. A total of shares of our Class A common stock and Class B common stock are reserved for issuance pursuant to our 2021 Plan. In addition, the shares reserved for issuance under our 2021 Plan will also include (1) those shares reserved but unissued under our 2016 Plan as of the date of stockholder approval of the 2021 Plan and (2) shares of our Class A common stock and Class B common stock subject to or issued pursuant to awards granted under our 2016 Plan that, after the date of stockholder approval of the 2021 Plan, expire or otherwise terminate without having been exercised in full or are forfeited to or repurchased by us due to failure to vest (provided that the maximum number of shares that may be added to the 2021 Plan pursuant to (1) and (2) is shares). The number of shares available for issuance under our 2021 Plan will also include an annual increase on the first day of each fiscal year beginning with our 2022 fiscal year, equal to the least of:

- shares;
- percent (%) of the outstanding shares of our Class A common stock and Class B common stock as of the last day of the immediately preceding fiscal year; or
- such other amount as our board of directors may determine.

If an award expires or becomes unexercisable without having been exercised in full, is surrendered pursuant to an exchange program, or, with respect to restricted stock, restricted stock units, performance units or performance shares, is forfeited to or repurchased by us due to failure to vest, the unpurchased shares (or for awards other than stock options or stock appreciation rights, the forfeited or repurchased shares) will become available for future grant or sale under the 2021 Plan (unless the 2021 Plan has terminated). With respect to stock appreciation rights, only the net shares actually issued will cease to be available under the 2021 Plan and all remaining shares under stock appreciation rights will remain available for future grant or sale under the 2021 Plan (unless the 2021 Plan has terminated). Shares that have actually been issued under the 2021 Plan will not be returned to the 2021 Plan except if shares issued pursuant to awards of restricted stock, restricted stock units, performance shares, or performance units are repurchased by or forfeited to us due to failure to vest, such shares will become available for future grant under the 2021 Plan. Shares used to pay the exercise price of an award or satisfy the tax withholding obligations related to an award will become available for future grant or sale under the 2021 Plan. To the extent an award is paid out in cash rather than shares, such cash payment will not result in a reduction in the number of shares available for issuance under the 2021 Plan.

Plan administration. Our board of directors or one or more committees appointed by our board of directors will administer our 2021 Plan. The compensation committee of our board of directors will initially administer our 2021 Plan. In addition, if we determine it is desirable to qualify transactions under our 2021 Plan as exempt under Rule 16b-3 of the Exchange Act, such transactions will be structured to satisfy the requirements for exemption under Rule 16b-3. Subject to the provisions of our 2021 Plan, the administrator has the power to administer our 2021 Plan and make all determinations deemed necessary or advisable for administering the 2021 Plan, including but not limited to, the power to determine the fair market values of our Class A common stock, select the service providers to whom awards may be granted, determine the number of shares covered by each award, approve forms of award agreements for use under the 2021 Plan, determine the terms and conditions of awards

(including, but not limited to, the exercise price, the time or times at which awards may be exercised, any vesting acceleration or waiver or forfeiture restrictions and any restriction or limitation regarding any award or the shares relating thereto), construe and interpret the terms of our 2021 Plan and awards granted under it, prescribe, amend and rescind rules relating to our 2021 Plan, including creating sub-plans, modify or amend each award, including but not limited to the discretionary authority to extend the post-termination exercisability period of awards (except no option or stock appreciation right will be extended past its original maximum term), and allow a participant to defer the receipt of payment of cash or the delivery of shares that would otherwise be due to such participant under an award. The administrator also has the authority to allow participants the opportunity to transfer outstanding awards to a financial institution or other person or entity selected by the administrator and to institute an exchange program by which outstanding awards may be surrendered or cancelled in exchange for awards of the same type, which may have a higher or lower exercise price and/or different terms, awards of a different type, and/or cash or by which the exercise price of an outstanding award is increased or reduced. The administrator's decisions, interpretations, and other actions are final and binding on all participants.

Stock options. Stock options may be granted under our 2021 Plan. The exercise price of options granted under our 2021 Plan must at least be equal to the fair market values of our Class A common stock on the date of grant. The term of an option may not exceed ten years. With respect to any participant who owns more than 10% of the voting power of all classes of our (or any parent or subsidiary of ours) outstanding stock, the term of an incentive stock option granted to such participant must not exceed five years and the exercise price must equal at least 110% of the fair market value on the grant date. The administrator will determine the methods of payment of the exercise price of an option, which may include cash, shares or other property acceptable to the administrator, as well as other types of consideration permitted by applicable law. After the termination of service of an employee, director, or consultant, he or she may exercise his or her option for the period of time stated in his or her option agreement. In the absence of a specified time in an award agreement, if termination is due to death or disability, the option will remain exercisable for 12 months following the termination of service. In all other cases, in the absence of a specified time in an award agreement, the option will remain exercisable for three months following the termination of service. An option, however, may not be exercised later than the expiration of its term. Subject to the provisions of our 2021 Plan, the administrator determines the other terms of options.

Stock appreciation rights. Stock appreciation rights may be granted under our 2021 Plan. Stock appreciation rights allow the recipient to receive the appreciation in the fair market values of our Class A common stock between the exercise date and the date of grant. Stock appreciation rights may not have a term exceeding ten years. After the termination of service of an employee, director, or consultant, he or she may exercise his or her stock appreciation right for the period of time stated in his or her stock appreciation rights agreement. In the absence of a specified time in an award agreement, if termination is due to death or disability, the stock appreciation rights will remain exercisable for 12 months following the termination of service. In all other cases, in the absence of a specified time in an award agreement, the stock appreciation rights will remain exercisable for three months following the termination of service. However, in no event may a stock appreciation right be exercised later than the expiration of its term. Subject to the provisions of our 2021 Plan, the administrator determines the other terms of stock appreciation rights, including when such rights become exercisable and whether to pay any increased appreciation in cash or with shares of our Class A common stock, or a combination thereof, except that the per share exercise price for the shares to be issued pursuant to the exercise of a stock appreciation right will be no less than 100% of the fair market value per share on the date of grant.

Restricted stock. Restricted stock may be granted under our 2021 Plan. Restricted stock awards are grants of shares of our Class A common stock that vest in accordance with terms and

conditions established by the administrator. The administrator will determine the number of shares of restricted stock granted to any employee, director, or consultant and, subject to the provisions of our 2021 Plan, will determine the terms and conditions of such awards. The administrator may impose whatever vesting conditions it determines to be appropriate (for example, the administrator may set restrictions based on the achievement of specific performance goals or continued service to us), except the administrator, in its sole discretion, may accelerate the time at which any restrictions will lapse or be removed. Recipients of restricted stock awards generally will have voting and dividend rights with respect to such shares upon grant without regard to vesting, unless the administrator provides otherwise. Shares of restricted stock that do not vest are subject to our right of repurchase or forfeiture.

Restricted stock units. Restricted stock units may be granted under our 2021 Plan. Restricted stock units are bookkeeping entries representing an amount equal to the fair market value of one share of our Class A common stock. Subject to the provisions of our 2021 Plan, the administrator determines the terms and conditions of RSUs, including the vesting criteria and the form and timing of payment. The administrator may set vesting criteria based upon the achievement of company-wide, divisional, business unit or individual goals (including, but not limited to, continued employment or service), applicable federal or state securities laws or any other basis determined by the administrator in its discretion. The administrator, in its sole discretion, may pay earned restricted stock units in the form of cash, in shares or in some combination thereof. In addition, the administrator, in its sole discretion, may accelerate the time at which any restrictions will lapse or be removed.

Performance units and performance shares. Performance units and performance shares may be granted under our 2021 Plan. Performance units and performance shares are awards that will result in a payment to a participant only if performance objectives established by the administrator are achieved or the awards otherwise vest. The administrator will establish performance objectives or other vesting criteria in its discretion, which, depending on the extent to which they are met, will determine the number or the value of performance units and performance shares to be paid out to participants. The administrator may set performance objectives based on the achievement of company-wide, divisional, business unit, or individual goals (including, but not limited to, continued employment or service), applicable federal or state securities laws or any other basis determined by the administrator in its discretion. After the grant of a performance unit or performance share, the administrator, in its sole discretion, may reduce or waive any performance objectives or other vesting provisions for such performance units or performance shares. Performance units will have an initial value established by the administrator on or prior to the grant date. Performance shares will have an initial value equal to the fair market value of our Class A common stock on the grant date. The administrator, in its sole discretion, may pay out earned performance units or performance shares in cash, shares, or in some combination thereof.

Outside directors. All outside (non-employee) directors will be eligible to receive all types of awards (except for incentive stock options) under our 2021 Plan. To provide a maximum limit on the cash compensation and equity awards that can be made to our outside directors, our 2021 Plan provides that in any given fiscal year, an outside director will not be granted cash compensation and equity awards with an aggregate value greater than $, with the value of each equity award based on its grant date fair value as determined according to GAAP for purposes of this limit. Any cash compensation paid or awards granted to an individual for his or her services as an employee or consultant (other than as an outside director) will not count toward this limit.

Non-transferability of awards. Unless the administrator provides otherwise, our 2021 Plan generally does not allow for the transfer of awards and only the recipient of an award may exercise an award during his or her lifetime. If the administrator makes an award transferrable, such award will contain such additional terms and conditions as the administrator deems appropriate.

Certain adjustments. In the event of certain changes in our capitalization, to prevent diminution or enlargement of the benefits or potential benefits available under our 2021 Plan, the administrator will adjust the number and class of shares that may be delivered under our 2021 Plan and/or the number, class, and price of shares covered by each outstanding award and the numerical share limits set forth in our 2021 Plan.

Dissolution or liquidation. In the event of our proposed liquidation or dissolution, the administrator will notify participants as soon as practicable and, to the extent not exercised, all awards will terminate immediately prior to the consummation of such proposed transaction.

Merger or change in control. Our 2021 Plan provides that in the event of a merger or change in control, as defined under our 2021 Plan, each outstanding award will be treated as the administrator determines, without a participant's consent. The administrator is not required to treat all awards, all awards held by a participant or all awards of the same type similarly.

If a successor corporation does not assume or substitute for any outstanding award, then the participant will fully vest in and have the right to exercise all of his or her outstanding options and stock appreciation rights, all restrictions on restricted stock and restricted stock units will lapse, and for awards with performance-based vesting, unless specifically provided for otherwise under the applicable award agreement or other agreement or policy applicable to the participant, all performance goals or other vesting criteria will be deemed achieved at 100% of target levels and all other terms and conditions met. If an option or stock appreciation right is not assumed or substituted in the event of a change in control, the administrator will notify the participant in writing or electronically that such option or stock appreciation right will be exercisable for a period of time determined by the administrator in its sole discretion and the option or stock appreciation right will terminate upon the expiration of such period.

For awards granted to an outside director, in the event of a change in control, the outside director will fully vest in and have the right to exercise all of his or her outstanding options and stock appreciation rights, all restrictions on restricted stock and restricted stock units will lapse and, for awards with performance-based vesting, unless specifically provided for otherwise under the applicable award agreement or other agreement or policy applicable to the participant, all performance goals or other vesting criteria will be deemed achieved at 100% of target levels and all other terms and conditions met.

Clawback. Awards will be subject to any clawback policy of ours, and the administrator also may specify in an award agreement that the participant's rights, payments, and/or benefits with respect to an award will be subject to reduction, cancellation, forfeiture, and/or recoupment upon the occurrence of certain specified events. Our board of directors may require a participant to forfeit, return, or reimburse us all or a portion of the award and/or shares issued under the award, any amounts paid under the award, and any payments or proceeds paid or provided upon disposition of the shares issued under the award in order to comply with such clawback policy or applicable laws.

Amendment; termination. The administrator has the authority to amend, alter, suspend or terminate our 2021 Plan, provided such action does not materially impair the rights of any participant. Our 2021 Plan automatically will terminate in 2031, unless we terminate it sooner.

2021 Employee Stock Purchase Plan

Prior to the effectiveness of this offering, we expect that our board of directors will adopt, and our stockholders will approve, our 2021 Employee Stock Purchase Plan, or 2021 ESPP. We expect that our 2021 ESPP will be effective on the business day immediately prior to the effective date of the

registration statement of which this prospectus forms a part. However, no offering period or purchase period under the 2021 ESPP will begin unless and until otherwise determined by our board of directors.

Authorized shares. A total of shares of our Class A common stock will be available for sale under our 2021 ESPP. The number of shares of our Class A common stock that will be available for sale under our 2021 ESPP also includes an annual increase on the first day of each fiscal year following the fiscal year in which the first offering period under the 2021 ESPP commences, equal to the least of:

- shares;
- percent (%) of the outstanding shares of our Class A common stock and Class B common stock as of the last day of the immediately preceding fiscal year; or
- such other amount as the administrator may determine.

2021 ESPP administration. We expect that the compensation committee of our board of directors will administer our 2021 ESPP and will have full and exclusive discretionary authority to construe, interpret, and apply the terms of the 2021 ESPP, delegate ministerial duties to any of our employees, designate separate offerings under the 2021 ESPP, designate our subsidiaries and affiliates as participating in the 2021 ESPP, determine eligibility, adjudicate all disputed claims filed under the 2021 ESPP, and establish procedures that it deems necessary for the administration of the 2021 ESPP, including, but not limited to, adopting such procedures and sub-plans as are necessary or appropriate to permit participation in the 2021 ESPP by employees who are foreign nationals or employed outside the United States. The administrator's findings, decisions and determinations are final and binding on all participants to the full extent permitted by law.

Eligibility. Generally, all of our employees will be eligible to participate if they are customarily employed by us, or any participating subsidiary or affiliate, for at least 20 hours per week and more than five months in any calendar year. The administrator, in its discretion, may, prior to an enrollment date, for all options to be granted on such enrollment date in an offering, determine that an employee who (1) has not completed at least two years of service (or a lesser period of time determined by the administrator) since his or her last hire date, (2) customarily works not more than 20 hours per week (or a lesser period of time determined by the administrator), (3) customarily works not more than five months per calendar year (or a lesser period of time determined by the administrator), (4) is a highly compensated employee within the meaning of Section 414(q) of the Code, or (5) is a highly compensated employee within the meaning of Section 414(q) of the Code with compensation above a certain level or is an officer or subject to disclosure requirements under Section 16(a) of the Exchange Act, is or is not eligible to participate in such offering period.

However, an employee may not be granted rights to purchase shares of our Class A common stock under our 2021 ESPP if such employee:

- immediately after the grant would own capital stock and/or hold outstanding options to purchase such stock possessing 5% or more of the total combined voting power or value of all classes of capital stock of ours or of any parent or subsidiary of ours; or
- holds rights to purchase shares of our Class A common stock under all employee stock purchase plans of ours or any parent or subsidiary of ours that accrue at a rate that exceeds $25,000 worth of shares of our Class A common stock for each calendar year in which such rights are outstanding at any time.

Offering periods. Our 2021 ESPP will include a component that allows us to make offerings intended to qualify under Section 423 of the Code and a component that allows us to make offerings

not intended to qualify under Section 423 of the Code to designated companies, as described in our 2021 ESPP. No offering is expected to be authorized to date by our board of directors under the 2021 ESPP prior to the completion of this offering. If our board of directors authorizes an offering period under the 2021 ESPP, our board of directors is authorized to establish the duration of offering periods and purchase periods, including the starting and ending dates of offering periods and purchase periods, provided that no offering period may have a duration exceeding 27 months.

Contributions. Our 2021 ESPP will permit participants to purchase shares of our Class A common stock through contributions (in the form of payroll deductions or otherwise to the extent permitted by the administrator) of up to % of their eligible compensation. A participant may purchase a maximum of shares of our Class A common stock during a purchase period.

Exercise of purchase right. If our board of directors authorizes an offering and purchase period under the 2021 ESPP, amounts contributed and accumulated by the participant during any offering period will be used to purchase shares of our Class A common stock at the end of each purchase period. The purchase price of the shares will be % of the lower of the fair market value of our Class A common stock on the first trading day of the offering period or on the exercise date. Participants may end their participation at any time during an offering period and will be paid their accrued contributions that have not yet been used to purchase shares of our Class A common stock. Participation ends automatically upon termination of employment with us.

Non-transferability. A participant may not transfer rights granted under our 2021 ESPP (other than by will, the laws of descent and distribution or as otherwise provided under our 2021 ESPP).

Merger or change in control. Our 2021 ESPP will provide that in the event of a merger or change in control, as defined under our 2021 ESPP, a successor corporation may assume or substitute each outstanding purchase right. If the successor corporation refuses to assume or substitute for the outstanding purchase right, the offering period then in progress will be shortened, and a new exercise date will be set that will be before the date of the proposed merger or change in control. The administrator will notify each participant that the exercise date has been changed and that the participant's option will be exercised automatically on the new exercise date unless prior to such date the participant has withdrawn from the offering period.

Amendment; termination. The board will have the authority suspend or terminate our 2021 ESPP and the administrator will have the authority to amend the 2021 ESPP, except that, subject to certain exceptions described in our 2021 ESPP, no such action may adversely affect any outstanding rights to purchase shares of our Class A common stock under our 2021 ESPP. Our 2021 ESPP automatically will terminate in 2040, unless we terminate it sooner.

2016 Equity Incentive Plan, as Amended

Our 2016 Equity Incentive Plan, or the 2016 Plan, allows us to provide incentive stock options, within the meaning of Section 422 of the Code, nonstatutory stock options, stock appreciation rights, restricted stock awards and restricted stock units (each, an "award" and the recipient of such award, a participant) to eligible employees, directors and consultants, including employees and consultants of any of our parent or subsidiary companies. It is expected that as of one business day prior to the effectiveness of the registration statement of which this prospectus forms a part, our 2016 Plan will terminate and we will not grant any additional awards under our 2016 Plan thereafter. However, our 2016 Plan will continue to govern the terms and conditions of the outstanding awards previously granted under our 2016 Plan.

As of December 31, 2020, stock options covering 13,873,278 shares of our Class A common stock were outstanding under our 2016 Plan and there were no stock appreciation rights, restricted stock awards or restricted stock units outstanding under our 2016 Plan.

Plan administration. Our compensation committee has the authority, concurrent with our board of directors to administer our 2016 Plan. Different committees may administer our 2016 Plan with respect to different service providers. The administrator has all authority and discretion necessary or appropriate to administer our 2016 Plan and to control its operation, including the authority to construe and interpret the terms of our 2016 Plan and the awards granted under our 2016 Plan. The administrator's decisions are final and binding on all participants and any other persons holding awards.

The administrator's powers include the power to institute an exchange program (without stockholder approval) under which (1) outstanding awards are surrendered or cancelled in exchange for awards of the same type (which may have higher or lower exercise prices and different terms), awards of a different type and/or cash, (2) participants would have the opportunity to transfer any outstanding awards to a financial institution or other person or entity selected by the administrator and/or (3) the exercise price of an outstanding award is increased or reduced. The administrator's powers also include the power to prescribe, amend and rescind rules and regulations relating to our 2016 Plan, to modify or amend each award and to make all other determinations deemed necessary or advisable for administering our 2016 Plan.

Eligibility. Employees, directors, and consultants, including employees and consultants of any of our parent or subsidiary companies, are eligible to receive awards, provided such consultants render bona fide services not in connection with the offer or sale of securities in a capital-raising transaction and do not directly promote or maintain a market for our securities. Only our employees or employees of our parent or subsidiary companies are eligible to receive incentive stock options. *Stock options*. Stock options have been granted under our 2016 Plan. Subject to the provisions of our 2016 Plan, the administrator determines the term of an option, the number of shares subject to an option, and the time period in which an option may be exercised.

The term of an option is stated in the applicable award agreement, but the term of an option may not exceed 10 years from the grant date. The administrator determines the exercise price of options, which generally may not be less than 100% of the fair market value of our Class A common stock on the grant date, except as provided for in the 2016 Plan. However, an incentive stock option granted to an individual who directly or by attribution owns more than 10% of the total combined voting power of all of our classes of stock or of any our parent or subsidiary companies will have a term of no longer than five years from the grant date and will have an exercise price of at least 110% of the fair market value of our Class A common stock on the grant date. In addition, to the extent that the aggregate fair market value of the shares with respect to which incentive stock options are exercisable for the first time by an employee during any calendar year (under all plans of ours and any of our parent or subsidiary companies) exceeds $100,000, such options will be treated as nonstatutory stock options.

The administrator determines how a participant may pay the exercise price of an option, and the permissible methods are generally set forth in the applicable award agreement. If a participant's status as a "service provider" (as defined in our 2016 Plan) terminates, that participant may exercise the vested portion of his or her option for the period of time stated in the applicable award agreement. Vested options generally will remain exercisable for 30 days or such longer period of time as set forth in the applicable award agreement if a participant's status as a service provider terminates for a reason other than death or disability. If a participant's status as a service provider terminates due to death or disability, vested options generally will remain exercisable for six months from the date of termination

(or such other longer period as set forth in the applicable award agreement). In no event will an option remain exercisable beyond its original term. If a participant does not exercise his or her option within the time specified in the award agreement, the option will terminate. Except as described above, the administrator has the discretion to determine the post-termination exercisability periods for an option.

Non-transferability of awards. Unless determined otherwise by the administrator, awards may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated in any manner other than by will or by the laws of descent and distribution. In addition, during an applicable participant's lifetime, only that participant may exercise their award. If the administrator makes an award transferable, such award may only be transferred (1) by will, (2) by the laws of descent and distribution or (3) as permitted by Rule 701 of the Securities Act of 1933, as amended (the Securities Act).

Certain adjustments. If there is a dividend or other distribution (whether in the form of cash, shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, exchange of shares or our other securities or other change in our corporate structure affecting the shares, the administrator will make proportionate adjustments to the number and class of shares that may be delivered under our 2016 Plan or the number, class and price of shares covered by each outstanding award. The administrator's determination regarding such adjustments will be final, binding, and conclusive.

Dissolution or liquidation. In the event of our proposed dissolution or liquidation, the administrator will notify each participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, an award will terminate immediately prior to the consummation of such proposed action.

Merger and change in control. In the event of our merger with or into another corporation or entity or a "change in control" (as defined in our 2016 Plan), each outstanding award will be treated as the administrator determines, including, without limitation, that (1) awards will be assumed, or substantially equivalent awards will be substituted, by the acquiring or succeeding corporation (or an affiliate thereof) with appropriate adjustments as to the number and kind of shares and prices; (2) upon written notice to a participant, the participant's awards will terminate upon or immediately prior to the consummation of such merger or change in control; (3) outstanding awards will vest and become exercisable, realizable or payable, or restrictions applicable to an award will lapse, in whole or in part, prior to or upon consummation of such merger or change in control, and, to the extent the administrator determines, terminate upon or immediately prior to the effectiveness of such merger or change in control; (4) (a) the termination of an award in exchange for an amount of cash or property, if any, equal to the amount that would have been attained upon the exercise of such award or realization of the participant's rights as of the date of the occurrence of the transaction (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction the administrator determines in good faith that no amount would have been attained upon the exercise of such award or realization of the participant's rights, then such award may be terminated by us without payment) or (b) the replacement of such award with other rights or property selected by the administrator in its sole discretion; or (5) any combination of the foregoing. The administrator will not be obligated to treat all awards, all awards a participant holds or all awards of the same type, similarly.

In the event that the successor corporation does not assume or substitute for an award (or portion thereof), the participant will fully vest in and have the right to exercise all of his or her outstanding options and stock appreciation rights, including shares as to which such awards would not otherwise be vested or exercisable, all restrictions on restricted stock and restricted stock units will lapse, and, with respect to awards with performance-based vesting, all performance goals or other vesting criteria will be deemed achieved at 100% of target levels and all other terms and conditions

met. In addition, if an option or stock appreciation right is not assumed or substituted in the event of a merger or change in control, the administrator will notify the participant in writing or electronically that the option or stock appreciation right will be exercisable for a period of time determined by the administrator in its sole discretion, and the option or stock appreciation right will terminate upon the expiration of such period.

Amendment and termination. Our board of directors may, at any time, amend, alter, suspend, or terminate our 2016 Plan in any respect, including, without limitation, amendment of any form of award agreement or instrument to be executed pursuant to our 2016 Plan. To the extent necessary and desirable to comply with applicable laws, we will obtain stockholder approval of any amendment to our 2016 Plan. No amendment, alteration, suspension, or termination of our 2016 Plan will impair the rights of a participant, unless mutually agreed otherwise between the participant and the administrator in writing. As noted above, it is expected that as of one business day prior to the effectiveness of the registration statement of which this prospectus forms a part, our 2016 Plan will be terminated, and we will not grant any additional awards under our 2016 Plan thereafter.

Executive Incentive Compensation Plan

Prior to the effectiveness of this offering, we expect that our board of directors will adopt the Executive Incentive Compensation Plan, or Incentive Compensation Plan. We expect that our Incentive Compensation Plan will be effective on the business day immediately prior to the effective date of the registration statement of which this prospectus forms a part. Our Incentive Compensation Plan will allow our compensation committee to grant incentive awards, generally payable in cash, to employees selected by our compensation committee, including our named executive officers, based upon performance goals established by our compensation committee.

Under our Incentive Compensation Plan, our compensation committee will determine the performance goals applicable to any award, which goals may include, without limitation, goals related to research and development, regulatory milestones or regulatory-related goals, gross margin, financial milestones, new product or business development, operating margin, product release timelines or other product release milestones, publications, cash flow, procurement, savings, internal structure, leadership development, project, function or portfolio-specific milestones, license or research collaboration agreements, capital raising, initial public offering preparations, patentability and individual objectives such as peer reviews or other subjective or objective criteria. The performance goals may differ from participant to participant and from award to award.

We expect that the compensation committee of our board of directors will administer our Incentive Compensation Plan and will, in its sole discretion and at any time, increase, reduce, or eliminate a participant's actual award, and/or increase, reduce or eliminate the amount allocated to the bonus pool for a particular performance period. The actual award may be below, at or above a participant's target award, in the discretion of the administrator. The administrator may determine the amount of any increase, reduction or elimination on the basis of such factors as it deems relevant, and it will not be required to establish any allocation or weighting with respect to the factors it considers.

Actual awards generally will be paid in cash (or its equivalent) only after they are earned, and, unless otherwise determined by the administrator, to earn an actual award a participant must be employed by us through the date the actual award is paid. The compensation committee may reserve the right to settle an actual award with a grant of an equity award under our then-current equity compensation plan, which equity award may have such terms and conditions, including vesting, as the compensation committee determines. Payment of awards will occur as soon as practicable after they are earned, but no later than the dates set forth in our Incentive Compensation Plan.

Our board of directors and our compensation committee will have the authority to amend, suspend or terminate our Incentive Compensation Plan, provided such action does not impair the existing rights of any participant with respect to any earned awards.

401(k) plan

We maintain a 401(k) retirement savings plan for the benefit of our employees, including our named executive officers who remain employed with us, and who satisfy certain eligibility requirements. Under the 401(k) plan, eligible employees may elect to defer a portion of their compensation, within the limits prescribed by the Code, on a pre-tax or after-tax (Roth) basis, through contributions to the 401(k) plan. The 401(k) plan authorizes employer safe harbor contributions. The 401(k) plan is intended to qualify under Sections 401(a) and 501(a) of the Code. As a tax-qualified retirement plan, pre-tax contributions to the 401(k) plan and earnings on those pre-tax contributions are not taxable to the employees until distributed from the 401(k) plan, and earnings on Roth contributions are not taxable when distributed from the 401(k) plan.

Limitation of Liability and Indemnification

Our amended and restated certificate of incorporation and amended and restated bylaws, each to be effective upon the completion of this offering, will provide that we will indemnify our directors and officers, and may indemnify our employees and other agents, to the fullest extent permitted by Delaware law. Delaware law prohibits our amended and restated certificate of incorporation from limiting the liability of our directors for the following:

- any breach of the director's duty of loyalty to us or to our stockholders;
- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- unlawful payment of dividends or unlawful stock repurchases or redemptions; and
- any transaction from which the director derived an improper personal benefit.

If Delaware law is amended to authorize corporate action further eliminating or limiting the personal liability of a director, then the liability of our directors will be eliminated or limited to the fullest extent permitted by Delaware law, as so amended. Our amended and restated certificate of incorporation does not eliminate a director's duty of care and, in appropriate circumstances, equitable remedies, such as injunctive or other forms of non-monetary relief, remain available under Delaware law. This provision also does not affect a director's responsibilities under any other laws, such as the federal securities laws or other state or federal laws. Under our amended and restated bylaws, we will also be empowered to purchase insurance on behalf of any person whom we are required or permitted to indemnify.

In addition to the indemnification required in our amended and restated certificate of incorporation and amended and restated bylaws, we intend to enter into an indemnification agreement with each member of our board of directors and each of our officers prior to the completion of the offering. These agreements provide for the indemnification of our directors and officers for certain expenses and liabilities incurred in connection with any action, suit, proceeding or alternative dispute resolution mechanism or hearing, inquiry or investigation that may lead to the foregoing, to which they are a party, or are threatened to be made a party, by reason of the fact that they are or were a director, officer, employee, agent or fiduciary of our company, or any of our subsidiaries, by reason of any action or inaction by them while serving as an officer, director, agent or fiduciary, or by reason of the fact that they were serving at our request as a director, officer, employee, agent or fiduciary of another entity. In the case of an action or proceeding by or in the right of our company or any of our

subsidiaries, no indemnification will be provided for any claim where a court determines that the indemnified party is prohibited from receiving indemnification. We believe that these charter and bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against directors and officers, even though an action, if successful, might benefit us and our stockholders. Moreover, a stockholder's investment may be harmed to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. There is no pending litigation or proceeding naming any of our directors or officers as to which indemnification is being sought, nor are we aware of any pending or threatened litigation that may result in claims for indemnification by any director or officer.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Other than compensation arrangements, including employment, termination of employment and change in control arrangements, with our directors and executive officers, including those discussed in the sections titled “Management” and “Executive Compensation” and the registration rights described in the section titled “Description of Capital Stock—Registration Rights,” the following is a description of each transaction since January 1, 2018 and each currently proposed transaction in which:

- we have been or are to be a participant;
- the amount involved exceeded or exceeds $120,000; and
- any of our directors, executive officers or holders of more than 5% of our outstanding capital stock, or any immediate family member of, or person sharing the household with, any of these individuals or entities, had or will have a direct or indirect material interest.

Convertible Preferred Stock Issuances

From January 2018 through February 2018, we issued and sold an aggregate of 1,002,023 shares of our Series B convertible preferred stock at a purchase price of $4.19152 per share for an aggregate purchase price of $4.2 million.

From February 2019 through August 2019, we issued and sold an aggregate of 12,517,569 shares of our Series C convertible preferred stock at a purchase price of $9.75091 per share for an aggregate purchase price of $122.1 million.

From September 2020 through October 2020, we issued and sold an aggregate of 24,599,042 shares of our Series D convertible preferred stock at a purchase price of $10.06181 per share for an aggregate purchase price of $245.9 million.

Purchasers of our convertible preferred stock include venture capital funds that beneficially own more than 5% of our outstanding capital stock and/or are represented on our board of directors. The following tables present the number of shares and the total purchase price paid by these entities since January 1, 2016.

Convertible Preferred Stock Issued in Series B Convertible Preferred Stock Financings

Greater than 5% Stockholder[1]	Shares of Convertible Series B Preferred Stock	Aggregate Purchase Price (in thousands)
Advantage Capital Utah Partner I, LLC	1,002,023	$ 4,200

(1) Additional details regarding this stockholder and its equity holdings are provided in this prospectus under the section titled “Principal Stockholders.”

Convertible Preferred Stock Issued in Series C Convertible Preferred Stock Financings

Greater than 5% Stockholders[1]	Shares of Convertible Series C Preferred Stock	Aggregate Purchase Price (in thousands)
Scottish Mortgage Investment Trust plc.	5,127,726	$ 50,000
MDC Capital Partners (Ventures), LP[2]	1,604,871	$ 16,000
Lux Co-Invest Opportunities, L.P.[3].	1,025,545	$ 10,000
Data Collective IV, L.P.[4]	615,327	$ 6,000
Obvious Ventures II, L.P.[5]	512,772	$ 5,000
DCVC Opportunity Fund II, L.P.[4]	410,218	$ 4,000

(1) Additional details regarding these stockholders and their equity holdings are provided in this prospectus under the section titled “Principal Stockholders.”
(2) See MDC Capital Partners under the section titled “Principal Stockholders.”
(3) See Lux Ventures under the section titled “Principal Stockholders.”
(4) See Data Collective under the section titled “Principal Stockholders.”
(5) See Obvious Ventures under the section titled “Principal Stockholders.”

Convertible Preferred Stock Issued in Series D Convertible Preferred Stock Financings

Greater than 5% Stockholders[1]	Shares of Convertible Series D Preferred Stock	Aggregate Purchase Price (in thousands)
Bayer Aktiengesellschaft	4,969,284	$ 50,000
Thirty Fifth Investment Company LLC[2]	3,975,427	$ 40,000
DCVC V. L.P.[3]	2,484,642	$ 25,000
Scottish Mortgage Investment Trust plc.	2,484,642	$ 25,000
Lux Co-Invest Opportunities, L.P.[4]	795,085	$ 8,000
Obvious SPV I, L.L.C.[5]	695,699	$ 7,000
MDC Capital Partners (Ventures), LP[2]	496,928	$ 5,000
Midwest Community Development Fund VIII, L.L.C.[6]	372,696	$ 3,750
Lux Ventures IV, L.P.[4]	198,771	$ 2,000

(1) Additional details regarding these stockholders and their equity holdings are provided in this prospectus under the section titled “Principal Stockholders.”
(2) See MDC Capital Partners under the section titled “Principal Stockholders.”
(3) See Data Collective under the section titled “Principal Stockholders.”
(4) See Lux Ventures under the section titled “Principal Stockholders.”
(5) See Obvious Ventures under the section titled “Principal Stockholders.”
(6) See Advantage Capital under the section titled “Principal Stockholders.”

Investors’ Rights Agreement

We are party to an investors’ rights agreement, as amended, with certain holders of our capital stock, including Bayer Aktiengesellschaft, Data Collective IV, L.P., DCVC Opportunity Fund II, L.P., DCVC V, L.P., Lux Co-Invest Opportunities, L.P., Lux Ventures IV, L.P., Obvious SPV I, L.L.C, Obvious Ventures II, L.P., Scottish Mortgage Investment Trust plc, MDC Capital Partners (Ventures), L.P., Thirty Fifth Investment Company L.L.C., Advantage Capital Utah Partner I, L.L.C., Midwest Community Development Fund VIII, L.L.C., Christopher Gibson, Blake Borgeson, and Dean Li. Under our investors’ rights agreement, certain holders of our capital stock have the right to demand that we file a registration statement or request that their shares of our capital stock be covered by a registration statement that we are otherwise filing. See the section titled “Description of Capital Stock—Registration Rights” for additional information regarding these registration rights.

Voting Agreement

We are party to a voting agreement, as amended, with certain holders of our capital stock, including Bayer Aktiengesellschaft, Data Collective IV, L.P., DCVC Opportunity Fund II, L.P., DCVC V, L.P., Lux Co-Invest Opportunities, L.P., Lux Ventures IV, L.P., Obvious SPV I, L.L.C, Obvious Ventures II, L.P., Scottish Mortgage Investment Trust plc, MDC Capital Partners (Ventures), L.P., Thirty Fifth Investment Company L.L.C., Advantage Capital Utah Partner I, L.L.C., Midwest Community Development Fund VIII, L.L.C., Christopher Gibson, Blake Borgeson, and Dean Li. The parties to the voting agreement have agreed, subject to certain conditions, to vote the shares of our capital stock held by them so as to elect the following individuals as directors: (1) one individual designated by Data Collective IV, L.P., currently Zachary Bogue, (2) one individual designated by Lux Ventures IV, L.P., currently Zavain Dar, (3) our chief executive officer, currently Christopher Gibson, (4) one individual designated by the holders a majority of the outstanding shares of common stock i) (a) who are then providing services to the Company or (b) were full-time employees of the Company as of September 25, 2017 and were not terminated by the Company with Cause (as defined therein) (the “Voting Common Holders”) and ii) University of Utah Research Foundation, UURF, currently Blake Borgeson, (5) one individual nominated by the Voting Common Holders and UURF and elected by the holders of a majority of the outstanding shares of common stock, voting as a separate class, and the holders of a majority of the outstanding shares of convertible preferred stock, voting as a separate class on an as-converted to common stock basis, currently R. Martin Chavez (6) one individual nominated by Voting Common Holders and UURF and elected by the holders of a majority of the outstanding shares of common stock, voting as a separate class, and the holders of a majority of the outstanding shares of convertible preferred stock, voting as a separate class on an as-converted to common stock basis, currently Dean Li, (7) one individual nominated by the holders of a majority of the outstanding shares of convertible preferred stock, voting as a separate class and on an as-converted to common stock basis, and elected by the holders of a majority of the outstanding shares of convertible preferred stock, voting as a separate class on an as-converted to common stock basis, and the holders of a majority of the outstanding shares of common stock, voting as a separate class, currently Robert Hershberg and (8) one individual elected by the affirmative vote of the holders of a majority of the outstanding shares of common stock, voting as a separate class, and the holders of a majority of the outstanding shares of convertible preferred stock, voting as a separate class on an as-converted to common stock basis, currently Terry-Ann Burrell. Upon the consummation of this offering, the obligations of the parties to the voting agreement to vote their shares so as to elect these nominees, as well as the other rights and obligations under this agreement, will terminate and none of our stockholders will have any special rights regarding the nomination, election or designation of members of our board of directors. Our existing certificate of incorporation contains provisions regarding election of members of the board of directors that correspond to the voting agreement; however, such provisions will be removed in the amended and restated certificate of incorporation that will be effective at the closing of this offering.

Indemnification Agreements

We have entered into separate indemnification agreements with each of our directors and executive officers, in addition to the indemnification provided for in our amended and restated certificate of incorporation and bylaws. The indemnification agreements and our amended restated certificate of incorporation and bylaws that will be in effect upon the closing of this offering require us to indemnify our directors, executive officers and certain controlling persons to the fullest extent permitted by Delaware law. See the section titled “Executive Compensation—Limitation of Liability and Indemnification” for additional information.

Related Party Transaction Policy

Our audit committee will have the primary responsibility for reviewing and approving or disapproving “related party transactions,” which are transactions between us and related persons in which the aggregate amount involved exceeds or may be expected to exceed $120,000 and in which a related person has or will have a direct or indirect material interest. The charter of our audit committee provides that our audit committee shall review and approve in advance any related party transaction.

We have adopted a formal written policy, which will become effective upon completion of this offering, providing that we are not permitted to enter into any transaction that exceeds $120,000 and in which any related person has a direct or indirect material interest without the consent of our audit committee. In approving or rejecting any such transaction, our audit committee is to consider the relevant facts and circumstances available and deemed relevant to our audit committee, including whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person’s interest in the transaction.

PRINCIPAL STOCKHOLDERS

The following table sets forth the beneficial ownership of our Class A common stock and Class B common stock as of December 31, 2020, by:

- each person, or group of affiliated persons, who is known by us to beneficially own more than 5% of our Class A common stock or Class B common stock;
- each of the named executive officers;
- each of our directors; and
- all of our current executive officers and directors as a group.

We have determined beneficial ownership in accordance with the rules of the SEC, and thus it represents sole or shared voting or investment power with respect to our securities. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares that they beneficially owned, subject to community property laws where applicable. The information does not necessarily indicate beneficial ownership for any other purpose, including for purposes of Sections 13(d) and 13(g) of the Exchange Act.

We have based our calculation of the percentage of beneficial ownership prior to this offering on 91,941,817 shares of our Class A common stock and Class B common stock outstanding as of December 31, 2020, after giving effect to the automatic conversion of all outstanding shares of our convertible preferred stock into shares of our Class A common stock and Class B common stock immediately prior to the completion of this offering. We have based our calculation of the percentage of beneficial ownership after this offering on shares of our Class A common stock and Class B common stock outstanding immediately after the completion of this offering, assuming no exercise by the underwriters of their option to purchase additional shares. We have deemed shares of our Class A common stock and Class B common stock subject to stock options that are currently exercisable or exercisable within 60 days of December 31, 2020, to be outstanding and to be beneficially owned by the person holding the stock option for the purpose of computing the percentage ownership of that person. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Recursion Pharmaceuticals, Inc., 41 S Rio Grande Street, Salt Lake City, UT 84101.

	Shares Beneficially Owned Prior to This Offering				Shares Beneficially Owned After This Offering				
Name of Beneficial Owner	Class A Common Stock	Percentage of Class A Common Stock	Class B Common Stock	Percentage of Class B Common Stock	Class A Common Stock	Percentage of Class A Common Stock	Class B Common Stock	Percentage of Class B Common Stock	Percentage of Total Voting Power After the Offering
5% and Greater Stockholders:									
Lux Ventures(1)	11,458,064	12.5%	—	— %		%		%	%
Data Collective(2)	9,079,483	9.9	—	—					
MDC Capital Partners(3)	8,805,730	9.6	—	—					
Scottish Mortgage Investment Trust plc(4)	8,570,920	9.3	—	—					
Christopher Gibson(5)	6,353,588	6.9	—	—					
Obvious Ventures(6)	5,313,450	5.8	—	—					
Blake Borgeson(7)	5,121,406	5.6	—	—					
Advantage Capital(8)	4,948,239	5.4	—	—					
Bayer Aktiengesellschaft(9)	4,969,284	5.4	—	—					
Named Executive Officers and Directors:									
Christopher Gibson(5)	6,353,588	6.9	—	—					
Ramona Doyle(10)	20,833	*	—	—					
Tina Marriott Larson(11)	333,541	*	—	—					
Michael Secora(12)	130,635	*	—	—					
Shafique Virani(13)	125,000	*	—	—					
Zachary Bogue(14)	9,079,483	9.9	—	—					
Blake Borgeson(7)	5,121,406	5.6	—	—					
Terry-Ann Burrell(15)	14,583	*	—	—					
R. Martin Chavez(16)	72,916	*	—	—					
Zavain Dar(17)	11,458,064	12.5	—	—					
Robert Hershberg(18)	80,208	*	—	—					
Dean Li(19)	2,536,366	2.8	—	—					
All current executive officers and directors as a group (12 persons)(20)	35,305,788	38.1	6,353,588	100					

* Represents beneficial ownership of less than 1% of the outstanding shares of our Class A common stock and Class B common stock.

(1) Consists of (a) 9,445,724 shares held of record by Lux Ventures IV, L.P. and (b) 2,012,340 held of record by Lux Co-Invest Opportunities, L.P. Lux Venture Partners IV, LLC is the general partner of Lux Ventures IV, L.P. and exercises voting and dispositive power over the shares noted herein held by Lux Ventures IV, L.P. Lux Co-Invest Partners, LLC is the general partner of Lux Co-Invest Opportunities, L.P. and exercises voting and dispositive power over the shares noted herein held by Lux Co-Invest Opportunities, L.P. Peter Hebert and Josh Wolfe are the individual managing members of Lux Venture Partners IV, LLC and Lux Co-Invest Partners, LLC, or the Individual Managers. The Individual Managers, as the sole managers of Lux Venture Partners IV, LLC and Lux Co-Invest Partners, LLC, may be deemed to share voting and dispositive power for the shares noted herein held by Lux Ventures IV, L.P. and Lux Co-Invest Opportunities, L.P. Each of Lux Venture Partners IV, LLC, Lux Co-Invest Partners, LLC, and the Individual Managers separately disclaim beneficial ownership over the shares noted herein except to the extent of their pecuniary interest therein. The address for these entities and individuals is c/o Lux Capital Management, 920 Broadway, 11th Floor, New York, NY 10010.

(2) Consists of (a) 3,960,747 shares held of record by Data Collective IV, L.P., or DCVC IV, (b) 2,634,094 shares held of record by DCVC Opportunity Fund II, L.P., or DCVC Opportunity Fund II, and (c) 2,484,642 shares held of record by DCVC V L.P., or DCVC V. Data Collective IV GP, LLC, or DCVC IV GP, is the general partner of DCVC IV, DCVC Opportunity Fund II GP, LLC, or DCVC Opportunity Fund II GP, is the general partner of DCVC Opportunity Fund II, and DCVC V GP, LLC, DCVC V GP, is the general partner of DCVC V. Zachary Bogue and Matthew Ocko are the managing members of each of DCVC IV GP, DCVC Opportunity Fund II GP, and DCVC V GP. Zachary Bogue and Matthew Ocko exercise voting and dispositive power over the shares held by

DCVC IV, DCVC Opportunity Fund II, and DCVC V. The address of the entities listed herein is 270 University Avenue, Palo Alto, California 94301.

(3) Consists of (a) 4,708,759 shares held of record by MDC Capital Partners (Ventures), LP and (b) 3,975,427 shares held of record by Thirty Fifth Investment Company LLC. and 121,724 shares held of record by TBM Holdings LLC. MDC Capital Partners (Ventures), LP, Thirty Fifth Investment Company LLC, and TBM Holdings LLC, are wholly owned subsidiaries of Mubadala Investment Company PJSC. The address of the entities listed herein is c/o Mubadala Capital, Al Sila Tower, Al Maryah Island, Abu Dhabi Global Market, 4500 Abu Dhabi, United Arab Emirates.

(4) These securities are held of record by Scottish Mortgage Investment Trust plc, or SMIT. As agent for SMIT, Baillie Gifford & Co may be deemed to share the power to direct the disposition and vote of the securities held by SMIT. Baillie Gifford & Co disclaims beneficial ownership of all shares held by SMIT. SMIT is a publicly traded company. The address for SMIT is c/o Baillie Gifford & Co, Calton Square, 1 Greenside Row, Edinburgh EH1 3AN, United Kingdom.

(5) Consists of (a) 6,211,922 shares of capital stock held of record by Dr. Gibson, (b) 100,000 shares of capital stock held by the Gibson Family Trust and (c) 1,000,000 shares subject to options held by Dr. Gibson, 41,666 of which are exercisable and vested within 60 days of December 31, 2020.

(6) Consists of (a) 695,699 shares held of record by Obvious SPV I, L.L.C., or Obvious SPV, and (b) 4,617,751 shares held of record by Obvious Ventures II, L.P., or OV2. The manager of Obvious SPV is Obvious Growth GP I, L.L.C., or OG1 GP. James Joaquin, Vishal Vasishth, Andrew Beebe, Nan Li, and Evan Williams, the managing members of OG1 GP, may be deemed to have shared voting and dispositive power over the shares held by Obvious SPV. The general partner of OV2 is Obvious Ventures GP II, L.L.C., or OV2 GP. James Joaquin, Vishal Vasishth, Andrew Beebe, and Evan Williams, the managing members of OV2 GP, may be deemed to have shared voting and dispositive power over the shares held by OV2 GP. The address for Obvious SPV, OV2, OG1 GP, and OV2 GP is 220 Halleck Street, Suite 120, San Francisco, CA 94129.

(7) Consists of capital stock held of record by Dr. Borgeson.

(8) Consists of (a) 1,022,023 shares held by Advantage Capital Utah Partners I, L.P., or Advantage, and (b) 3,946,216 shares held by Midwest Community Development Fund VIII, L.L.C., or Midwest. The sole member of Advantage is Advantage Capital Utah-MM-I, LLC, or Advantage GP, and the managing member of Midwest is Advantage Capital Community Development Fund, or ACCDF, Advantage GP and ACCDF, in their respective capacities as member and manager of Advantage and Midwest, exercise investment discretion and control of the shares beneficially owned by Advantage and Midwest. Steven T. Stull may be deemed to have voting and investment power with respect to the shares held of record by Advantage and Midwest. The address for entities associated with Advantage and Midwest is 909 Poydras Street, Suite 2230, New Orleans, LA 70112.

(9) These securities are held of record by Bayer Aktiengesellschaft, or Bayer AG, a publicly traded company organized and existing as a stock corporation under German law. No individual stockholder of Bayer AG or group of three or fewer individual stockholders has power to make investment or voting decisions of Bayer AG, and therefore no individual stock holder of Bayer AG is the beneficial owner of the shares. The address for Bayer AG is Kaiser-Wilhelm-Allee 1, 51373 Leverkusen, Germany.

(10) Consists of 500,000 shares subject to options held by Dr. Doyle, 20,833 of which are vested and exercisable within 60 days of December 31, 2020.

(11) Consists of (a) 35,000 shares of capital stock held of record by Ms. Larson and (b) 575,000 shares subject to options held by Ms. Larson, 298,541 of which are exercisable and vested exercisable within 60 days of December 31, 2020.

(12) Consists of (a) 99,385 shares of capital stock held of record by Mr. Secora and (b) 1,593,750 shares subject to options held by Dr. Secora, 31,250 of which are exercisable and vested within 60 days of December 31, 2020.

(13) Consists of (a) 12,000 shares held of record by Dr. Virani and (b) 488,000 shares subject to options held by Mr. Virani, 113,000 of which are vested and exercisable within 60 days of December 31, 2020.

(14) Consists of the shares described in footnote (2) above.

(15) Consists of 291,667 shares subject to options held by Ms. Burrell, 14,853 of which are vested and exercisable within 60 days of December 31, 2020.

(16) Consists of 350,000 shares subject to options held by Dr. Chavez, 72,916 of which are vested and exercisable within 60 days of December 31, 2020.

(17) Consists of the shares described in footnote (1) above.

(18) Consists of 350,00 shares subject to options held by Dr. Hershberg, 80,208 of which are vested and exercisable within 60 days of December 31, 2020.

(19) Consists of (a) 388,334 shares held of record by Dr. Li and (b) 2,148,032 shares held of record by the Dean Li and Ruth Li Revocable Trust.

(20) Consists of (a) 34,653,624 shares beneficially owned by our current executive officers and directors as of December 31, 2020 and (b) 652,164 shares subject to options exercisable within 60 days of December 31, 2020, all of which are vested as of such date.

DESCRIPTION OF CAPITAL STOCK

The following descriptions of our capital stock and certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws are summaries and are qualified by reference to the amended and restated certificate of incorporation and the amended and restated bylaws that will be in effect upon completion of this offering. Copies of these documents will be filed with the SEC as exhibits to our registration statement of which this prospectus forms a part. The descriptions of the Class A common stock, Class B common stock and preferred stock reflect changes to our capital structure that will occur upon the completion of this offering.

Immediately prior to the completion of this offering and the filing of our amended and restated certificate of incorporation to be effective upon completion of this offering, our authorized capital stock will consist of shares of Class A common stock, par value $0.00001 per share, shares of Class B common stock, par value $0.00001 per share, and shares of preferred stock, par value $0.00001 per share.

Immediately prior to the completion of this offering, all the outstanding shares of our convertible preferred stock will automatically convert into an aggregate of 77,065,357 shares of our Class A common stock and Class B common stock.

Based on shares of Class A common stock and Class B common stock outstanding as of December 31, 2020, and after giving effect to the automatic conversion of all of our outstanding convertible preferred stock into an aggregate of shares of Class A common stock and Class B common stock immediately prior to the completion of this offering and the issuance of shares of Class A common stock and Class B common stock in this offering, there will be shares of Class A common stock and Class B common stock outstanding upon the completion of this offering. As of December 31, 2020, we had 157 stockholders of record.

Common Stock

Voting Rights

Each holder of Class A common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors, and each holder of Class B common stock is entitled to votes for each share on all matters submitted to a vote of the stockholders, including the election of directors. The holders of Class A common stock and Class B common stock vote together as a single class, unless otherwise required by law. Under our amended and restated certificate of incorporation, approval of the holders of at least a majority of the outstanding shares of our Class B common stock voting as a separate class is required to increase the number of authorized shares of our Class B common stock. In addition, Delaware law could require either the holders of our Class A common stock or Class B common stock to vote separately as a single class in the following circumstances:

- if we were to seek to amend our amended and restated certificate of incorporation to increase or decrease the par value of a class of stock, then that class would be required to vote separately to approve the proposed amendment; and
- if we were to seek to amend our amended and restated certificate of incorporation in a manner that alters or changes the powers, preferences or special rights of a class of stock in a manner that affected its holders adversely, then that class would be required to vote separately to approve the proposed amendment.

Until the , approval of at least a majority of the outstanding shares of our Class B common stock voting as a separate class will be required to amend or modify any provision of

the amended and restated certificate of incorporation inconsistent with, or otherwise alter, any provision of the amended and restated certificate of incorporation to modify the voting, conversion, or other rights, powers, preferences privileges, or restrictions of our Class B common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws to be in effect upon the completion of this offering do not provide for cumulative voting rights. Because of this, the holders of a plurality of the shares of Class A common stock and Class B common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they should so choose. With respect to matters other than the election of directors, at any meeting of the stockholders at which a quorum is present or represented, the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at such meeting and entitled to vote on the subject matter shall be the act of the stockholders, except as otherwise required by law. The holders of a majority of the stock issued and outstanding and entitled to vote, present in person or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the stockholders.

Dividends

Subject to preferences that may be applicable to any then-outstanding preferred stock, holders of our Class A common stock and Class B common stock are entitled to receive dividends, if any, as may be declared from time to time by our board of directors out of legally available funds.

Liquidation

In the event of our liquidation, dissolution, or winding up, holders of our Class A common stock and Class B common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then-outstanding shares of preferred stock.

Conversion of Class B Common Stock

Each share of Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock. Following the completion of this offering, shares of Class B common stock will automatically convert into shares of Class A common stock upon sale or transfer except for certain transfers described in our amended and restated certificate of incorporation, including estate planning.

Each share of Class B common stock will convert automatically into one share of Class A common stock upon the anniversary of this offering.

Rights and Preferences

Holders of our Class A common stock have no preemptive, conversion, subscription, or other rights, and there are no redemption or sinking fund provisions applicable to our Class A common stock. Holders of our Class B common stock have no preemptive or subscription rights, but have conversion rights. There are no redemption or sinking fund provisions applicable to our Class B common stock. The rights, preferences and privileges of the holders of our Class A common stock and Class B common stock are subject to and may be adversely affected by the rights of the holders of shares of any series of our preferred stock that we may designate in the future.

Fully Paid and Nonassessable

All of our outstanding shares of Class A common stock and Class B common stock are, and the shares of Class A common stock to be issued in this offering, upon payment and delivery in accordance with the underwriting agreement, will be fully paid and nonassessable.

Preferred Stock

Upon the completion of this offering, our board of directors will have the authority, without further action by the stockholders, to issue up to shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof. These rights, preferences and privileges could include dividend rights, conversion rights, voting rights, redemption rights, liquidation preferences, sinking fund terms and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of Class A common stock and Class B common stock. The issuance of preferred stock could adversely affect the voting power of holders of Class A common stock and Class B common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring or preventing a change in our control or other corporate action. Upon the completion of this offering, no shares of preferred stock will be outstanding, and we have no present plan to issue any shares of preferred stock.

Options

As of December 31, 2020, we had outstanding options to purchase an aggregate of shares of our Class A common stock, with a weighted-average exercise price of $ per share, under our 2020 Plan.

Registration Rights

After the completion of this offering, under our investors' rights agreement, as amended, the holders of shares of Class A common stock or Class B common stock or their transferees, will have the right to require us to register the offer and sale of their shares or to include their shares in any registration statement we file, in each case as described below.

Demand Registration Rights

After the completion of this offering, the holders of up to shares of our Class A common stock and Class B common stock will be entitled to certain demand registration rights. Prior to the earlier of September 1, 2025 and 180 days following the date of effectiveness of the registration statement of which this prospectus forms a part, the holders of at least 50% of the shares having registration rights then outstanding can request that we file a registration statement to register the offer and sale of their shares. We are only obligated to effect up to two such registrations. Each such request for registration must cover securities the anticipated aggregate gross proceeds of which, before deducting underwriting discounts and expenses, is at least $5 million. These demand registration rights are subject to specified conditions and limitations, including the right of the underwriters to limit the number of shares included in any such registration under certain circumstances. If we determine that it would be materially detrimental to us and our stockholders to effect such a demand registration, we have the right to defer such registration, not more than twice in any twelve month period, for a period of up to 180 days.

Form S-3 Registration Rights

After the completion of this offering, the holders of up to shares of our Class A common stock and Class B common stock will be entitled to certain Form S-3 registration rights. At any time after the completion of this offering when we are eligible to file a registration statement on Form S-3, the holders of the shares having these rights then outstanding can request that we register the offer and sale of their shares of our Class A common stock and Class B common stock on a registration statement on Form S-3 so long as the request covers securities the anticipated aggregate public

offering price of which is at least $1 million. These stockholders may make an unlimited number of requests for registration on a registration statement on Form S-3. However, we will not be required to effect a registration on Form S-3 if we have effected three such registrations within the twelve month period preceding the date of the request. These Form S-3 registration rights are subject to specified conditions and limitations, including the right of the underwriters to limit the number of shares included in any such registration under certain circumstances. Additionally, if we determine that it would be seriously detrimental to us and our stockholders to effect such a demand registration, we have the right to defer such registration, not more than twice in any twelve month period, for a period of up to 180 days.

Piggyback Registration Rights

After the completion of this offering, the holders of up to 11,280,480 shares of our Class A common stock and Class B common stock will be entitled to certain "piggyback" registration rights. If we propose to register the offer and sale of shares of our Class A common stock and Class B common stock under the Securities Act, the holders of these shares can request that we include their shares in such registration, subject to certain marketing and other limitations, including the right of the underwriters to limit the number of shares included in any such registration statement under certain circumstances. As a result, whenever we propose to file a registration statement under the Securities Act, other than with respect to (1) a registration solely to employee benefit plans, (2) a registration relating to the offer and sale of debt securities, (3) a registration relating to a corporate reorganization or other transaction covered by Rule 145 promulgated under the Securities Act, (4) a registration on any registration form that does not permit secondary sales or (5) a registration pursuant to the demand or Form S-3 registration rights described in the preceding two paragraphs above, the holders of these shares are entitled to notice of the registration and have the right, subject to certain limitations, to include their shares in the registration.

Expenses of Registration

We will pay all expenses relating to any demand registrations, Form S-3 registrations and piggyback registrations, subject to specified exceptions.

Termination

The registration rights terminate upon the earliest of (1) the date that is two years after the closing of this offering (2) immediately prior to the closing of certain liquidation events and (3) as to a given holder of registration rights, the date after the closing of this offering when such holder of registration rights can sell all of such holder's registrable securities during any 90-day period pursuant to Rule 144 promulgated under the Securities Act.

Anti-takeover Effects of Certain Provisions of Delaware Law, Our Amended and Restated Certificate of Incorporation and Our Amended and Restated Bylaws

Certain provisions of Delaware law and certain provisions that will be included in our amended and restated certificate of incorporation and amended and restated bylaws summarized below may be deemed to have an anti-takeover effect and may delay, deter or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interests, including attempts that might result in a premium being paid over the market price for the shares held by stockholders.

Preferred Stock

Our amended and restated certificate of incorporation will contain provisions that permit our board of directors to issue, without any further vote or action by the stockholders, shares of preferred stock in

one or more series and, with respect to each such series, to fix the number of shares constituting the series and the designation of the series, the voting rights (if any) of the shares of the series and the powers, preferences, or relative, participation, optional and other special rights, if any, and any qualifications, limitations, or restrictions, of the shares of such series.

Classified Board

Our amended and restated certificate of incorporation will provide that our board of directors is divided into three classes, designated Class I, Class II, and Class III. Each class will be an equal number of directors, as nearly as possible, consisting of one third of the total number of directors constituting the entire board of directors. The term of initial Class I directors shall terminate on the date of the 2022 annual meeting, the term of the initial Class II directors shall terminate on the date of the 2023 annual meeting, and the term of the initial Class III directors shall terminate on the date of the 2024 annual meeting. At each annual meeting of stockholders beginning in 2022, the class of directors whose term expires at that annual meeting will be subject to reelection for a three-year term.

Removal of Directors

Our amended and restated certificate of incorporation will provide that stockholders may only remove a director for cause by a vote of no less than a majority of the shares present in person or by proxy at the meeting and entitled to vote.

Director Vacancies

Our amended and restated certificate of incorporation will authorize only our board of directors to fill vacant directorships.

No Cumulative Voting

Our amended and restated certificate of incorporation will provide that stockholders do not have the right to cumulate votes in the election of directors.

Special Meetings of Stockholders

Our amended and restated certificate of incorporation and amended and restated bylaws will provide that, except as otherwise required by law, special meetings of the stockholders may be called only by an officer at the request of a majority of our board of directors, by the Chair of our board of directors or by our Chief Executive Officer.

Advance notice procedures for director nominations

Our amended and restated bylaws will provide that stockholders seeking to nominate candidates for election as directors at an annual or special meeting of stockholders must provide timely notice thereof in writing. To be timely, a stockholder's notice generally will have to be delivered to and received at our principal executive offices before notice of the meeting is issued by the secretary of the company, with such notice being served not less than 90 nor more than 120 days before the meeting. Although the amended and restated bylaws will not give the board of directors the power to approve or disapprove stockholder nominations of candidates to be elected at an annual meeting, the amended and restated bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed or may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of the company.

Action by Written Consent

Our amended and restated certificate of incorporation and amended and restated bylaws will provide that any action to be taken by the stockholders must be effected at a duly called annual or special meeting of stockholders and may not be effected by written consent.

Amending our Certificate of Incorporation and Bylaws

Our amended and restated certificate of incorporation may be amended or altered in any manner provided by the Delaware General Corporation Law, or DGCL. Our amended and restated bylaws may be adopted, amended, altered, or repealed by stockholders only upon approval of at least majority of the voting power of all the then outstanding shares of the Class A common stock and Class B common stock, except for any amendment of the above provisions, which would require the approval of a two-thirds majority of our then outstanding Class A common stock and Class B common stock. Additionally, our amended and restated certificate of incorporation will provide that our bylaws may be amended, altered, or repealed by the board of directors.

Authorized but Unissued Shares

Our authorized but unissued shares of Class A common stock, Class B common stock, and preferred stock will be available for future issuances without stockholder approval, except as required by the listing standards of Nasdaq, and could be utilized for a variety of corporate purposes, including future offerings to raise additional capital, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved Class A common stock, Class B common stock, and preferred stock could render more difficult or discourage an attempt to obtain control of the company by means of a proxy contest, tender offer, merger, or otherwise.

Exclusive Jurisdiction

Our amended and restated bylaws will provide that, unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a claim of breach of fiduciary duty, any action asserting a claim arising pursuant to the DGCL, any action regarding our amended and restated certificate of incorporation or amended and restated bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine. This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the U.S. federal courts have exclusive jurisdiction. Our amended and restated bylaws further provide that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. Any person or entity purchasing or otherwise acquiring any interest in our securities shall be deemed to have notice of and consented to these provisions. Although we believe these provisions benefit us by providing increased consistency in the application of law for the specified types of actions and proceedings, the provisions may have the effect of discouraging lawsuits against us or our directors and officers. There is uncertainty as to whether a court would enforce such provisions, and the enforceability of similar choice of forum provisions in other companies' charter documents has been challenged in legal proceedings. We also note that stockholders cannot waive compliance (or consent to noncompliance) with the federal securities laws and the rules and regulations thereunder. See the section titled "Risk Factors —Our amended and restated bylaws that will become effective upon the closing of this offering provide that the Court of Chancery of the State of Delaware and the federal district courts of the United States of America will be the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees."

Business Combinations with Interested Stockholders

We are governed by Section 203 of the DGCL. Subject to certain exceptions, Section 203 of the DGCL prohibits a public Delaware corporation from engaging in a business combination (as defined in such section) with an "interested stockholder" (defined generally as any person who beneficially owns 15% or more of the outstanding voting stock of such corporation or any person affiliated with such person) for a period of three years following the time that such stockholder became an interested stockholder, unless (1) prior to such time the board of directors of such corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder; (2) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of such corporation at the time the transaction commenced (excluding for purposes of determining the voting stock of such corporation outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned (a) by persons who are directors and also officers of such corporation and (b) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer); or (3) at or subsequent to such time the business combination is approved by the board of directors of such corporation and authorized at a meeting of stockholders (and not by written consent) by the affirmative vote of at least 66 2/3% of the outstanding voting stock of such corporation not owned by the interested stockholder.

Our amended and restated certificate of incorporation and our amended and restated bylaws will provide that we must indemnify our directors and officers to the fullest extent authorized by the DGCL. We are expressly authorized to, and do, carry directors' and officers' insurance providing coverage for our directors, officers and certain employees for some liabilities. We believe that these indemnification provisions and insurance are useful to attract and retain qualified directors and executive officers.

The limitation on liability and indemnification provisions in our certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

Listing

We intend to apply to list our Class A common stock on the Nasdaq Global Select Market under the symbol "RXRX."

Transfer Agent and Registrar

Upon completion of this offering, the transfer agent and registrar for our Class A common stock will be . The transfer agent and registrar's address is .

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our Class A common stock and Class B common stock, and although we expect that our Class A common stock will be approved for listing on the Nasdaq Global Select Market, we cannot assure investors that there will be an active public market for our Class A common stock or Class B common stock following this offering. We cannot predict what effect, if any, sales of our shares in the public market or the availability of shares for sale will have on the market prices of our Class A common stock or Class B common stock. Future sales of substantial amounts of Class A common stock or Class B common stock in the public market, including shares issued upon exercise of outstanding options, or the perception that such sales may occur, however, could adversely affect the market prices of our Class A common stock and Class B common stock and also could adversely affect our future ability to raise capital through the sale of our Class A common stock or Class B common stock or other equity-related securities of ours at times and prices we believe appropriate.

Upon completion of this offering, based on our shares outstanding as of December 31, 2020, and after giving effect to the conversion of all outstanding shares of our convertible preferred stock, shares of our Class A common stock and Class B common stock will be outstanding, or shares of Class A common stock and Class B common stock if the underwriters exercise their option to purchase additional shares in full. All of the shares of Class A common stock expected to be sold in this offering will be freely tradable without restriction or further registration under the Securities Act unless held by our “affiliates,” as that term is defined in Rule 144 under the Securities Act. The remaining outstanding shares of our Class A common stock and Class B common stock will be deemed “restricted securities” as that term is defined under Rule 144. Restricted securities may be sold in the public market only if their offer and sale is registered under the Securities Act or if the offer and sale of those securities qualify for an exemption from registration, including exemptions provided by Rules 144 and 701 under the Securities Act, which are summarized below.

As a result of the lock-up agreements and market stand-off provisions described below and the provisions of Rules 144 or 701, the shares of our Class A common stock and Class B common stock that will be deemed “restricted securities” will be available for sale in the public market following the completion of this offering as follows:

- no shares will be eligible for sale on the date of this prospectus; and
- shares will be eligible for sale upon expiration of the lock-up agreements and market stand-off provisions described below, following the date that is 180 days after the date of this prospectus.

Lock-up Agreements and Market Stand-Off Agreements

Our officers, directors and the holders of substantially all of our capital stock and options have entered into market stand-off agreements with us and have entered into or will enter into lock-up agreements with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their Class A common stock or Class B common stock or securities convertible into or exchangeable for shares of Class A common stock or Class B common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior consent of Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC . See the section titled “Underwriting” for additional information.

Rule 144

Rule 144, as currently in effect, generally provides that, once we have been subject to the public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90

days, a stockholder who is not deemed to have been one of our affiliates at any time during the preceding 90 days and who has beneficially owned the shares of our capital stock proposed to be sold for at least six months is entitled to sell such shares in reliance upon Rule 144 without complying with the volume limitation, manner of sale or notice conditions of Rule 144. If such stockholder has beneficially owned the shares of our capital stock proposed to be sold for at least one year, then such person is entitled to sell such shares in reliance upon Rule 144 without complying with any of the other conditions of Rule 144.

Rule 144 also provides that a stockholder who is deemed to have been one of our affiliates at any time during the preceding 90 days and who has beneficially owned the shares of our Class A common stock or Class B common stock proposed to be sold for at least six months is entitled to sell such shares in reliance upon Rule 144 within any three month period beginning 90 days after the date of this prospectus a number of such shares that does not exceed the greater of the following:

- 1% of the number of shares of our capital stock then outstanding, which will equal shares immediately after the completion of this offering, assuming no exercise by the underwriters of their option to purchase additional shares; or
- the average weekly trading volume of our Class A common stock or Class B common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales of our capital stock made in reliance upon Rule 144 by a stockholder who is deemed to have been one of our affiliates at any time during the preceding 90 days are also subject to the current public information, manner of sale and notice conditions of Rule 144.

Rule 701

Rule 701 generally provides that, once we have been subject to the public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, a stockholder who purchased shares of our Class A common stock or Class B common stock pursuant to a written compensatory benefit plan or contract and who is not deemed to have been one of our affiliates at any time during the preceding 90 days may sell such shares in reliance upon Rule 144 without complying with the current public information or holding period conditions of Rule 144. Rule 701 also provides that a stockholder who purchased shares of our Class A common stock or Class B common stock pursuant to a written compensatory benefit plan or contract and who is deemed to have been one of our affiliates during the preceding 90 days may sell such shares under Rule 144 without complying with the holding period condition of Rule 144. However, all stockholders who purchased shares of our Class A common stock or Class B common stock pursuant to a written compensatory benefit plan or contract are required to wait until 90 days after the date of this prospectus before selling such shares pursuant to Rule 701.

Registration Rights

After the completion of this offering, the holders of up to 90,580,537 shares of our Class A common stock and Class B common stock will be entitled to certain rights with respect to the registration of such shares under the Securities Act. The registration of these shares of our Class A common stock and Class B common stock under the Securities Act would result in these shares becoming eligible for sale in the public market without restriction under the Securities Act immediately upon the effectiveness of such registration. See the section titled “Description of Capital Stock—Registration Rights” for a description of these registration rights.

Registration Statement

After the completion of this offering, we intend to file a registration statement on Form S-8 under the Securities Act to register all of the shares of our Class A common stock and Class B common stock subject to equity awards outstanding or reserved for issuance under our equity compensation plans. The shares of our Class A common stock and Class B common stock covered by such registration statement will be eligible for sale in the public market without restriction under the Securities Act immediately upon the effectiveness of such registration statement, subject to vesting restrictions, the conditions of Rule 144 applicable to affiliates, and any applicable market stand-off agreements and lock-up agreements. See the section titled “Executive Compensation—Employee Benefit and Stock Plans” for a description of our equity compensation plans.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATION FOR NON-U.S. HOLDERS OF OUR CLASS A COMMON STOCK AND CLASS B COMMON STOCK

The following is a summary of the material U.S. federal income tax considerations of the ownership and disposition of our Class A common stock acquired in this offering by a "non-U.S. holder" (as defined below), but does not purport to be a complete analysis of all the potential tax considerations relating thereto. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended, or the Code, Treasury Regulations promulgated thereunder, administrative rulings and judicial decisions, all as of the date hereof. These authorities may be changed, possibly retroactively, so as to result in U.S. federal income tax consequences different from those set forth below. We have not sought, and do not intend to seek, any ruling from the Internal Revenue Service, or IRS, with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS or a court will agree with such statements and conclusions.

This summary also does not address the alternative minimum tax, the Medicare contribution tax on net investment income, the tax considerations arising under the laws of any non-U.S., state or local jurisdiction or under U.S. federal gift and estate, tax rules, and does not address tax considerations applicable to an investor's particular circumstances or to investors that may be subject to special tax rules, including, without limitation:

- banks, insurance companies, regulated investment companies, real estate investment trusts, or other financial institutions;
- tax-exempt organizations;
- pension plans and tax-qualified retirement plans;
- controlled foreign corporations, passive foreign investment companies and corporations that accumulate earnings to avoid U.S. federal income tax;
- brokers or dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- persons that own, or are deemed to own, more than 5% of our capital stock (except to the extent specifically set forth below);
- certain former citizens or long-term residents of the United States;
- partnerships (or entities or arrangements classified as such for U.S. federal income tax purposes), other pass-through entities, and investors therein;
- persons who hold our Class A common stock or Class B common stock as a position in a hedging transaction, "straddle," "conversion transaction" or other risk reduction transaction;
- persons who hold or receive our Class A common stock or Class B common stock pursuant to the exercise of any option or otherwise as compensation;
- persons subject to special tax accounting rules as a result of any item of gross income with respect to our Class A common stock or Class B common stock being taken into account in an "applicable financial statement" as defined in Section 451(b) of the Code;
- persons who do not hold our Class A common stock or Class B common stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment); or
- persons deemed to sell our Class A common stock or Class B common stock under the constructive sale provisions of the Code.

In addition, if a partnership, entity or arrangement classified as a partnership or flow-through entity for U.S. federal income tax purposes holds our Class A common stock or Class B common stock, the tax treatment of a partner generally will depend on the status of the partner and upon the activities of the partnership or other entity. A partner in a partnership or other such entity that will hold our Class A common stock or Class B common stock should consult his, her or its own tax advisor regarding the tax consequences of the ownership and disposition of our Class A common stock or Class B common stock through a partnership or other such entity, as applicable.

You are urged to consult your tax advisor with respect to the application of the U.S. federal income tax laws to your particular situation, as well as any tax consequences of the purchase, ownership and disposition of our Class A common stock or Class B common stock arising under the U.S. federal gift or estate tax rules or under the laws of any state, local, non-U.S. or other taxing jurisdiction or under any applicable tax treaty.

Non-U.S. Holder Defined

For purposes of this discussion, you are a "non-U.S. holder" if you are a beneficial owner of our Class A common stock or Class B common stock that, for U.S. federal income tax purposes, is not a partnership (including any entity or arrangement treated as a partnership) or:

- an individual who is a citizen or resident of the United States;
- a corporation or other entity taxable as a corporation created or organized in the United States or under the laws of the United States or any political subdivision thereof, or otherwise treated as such for U.S. federal income tax purposes;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust (1) whose administration is subject to the primary supervision of a U.S. court and that has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (2) that has made a valid election under applicable Treasury Regulations to be treated as a U.S. person.

Distributions

As described in the section titled "Dividend Policy," we have never declared or paid cash dividends on our capital stock, and we do not anticipate paying any cash dividends following the completion of this offering. However, if we do make distributions on our Class A common stock or Class B common stock, those payments will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent those distributions exceed both our current and our accumulated earnings and profits, the excess will constitute a return of capital and will first reduce your basis in our Class A common stock or Class B common stock, but not below zero, and then will be treated as gain from the sale of stock.

Subject to the discussions below on effectively connected income and in the sections titled "—Backup Withholding and Information Reporting" and "—Foreign Account Tax Compliance Act, or FATCA," any dividend paid to you generally will be subject to U.S. federal withholding tax either at a rate of 30% of the gross amount of the dividend or such lower rate as may be specified by an applicable income tax treaty between the United States and your country of residence. In order to receive a reduced treaty rate, you must provide us with a properly executed IRS Form W-8BEN or W-8BEN-E or other appropriate version of IRS Form W-8 certifying qualification for the reduced rate. If you are eligible for a reduced rate of U.S. federal withholding tax pursuant to an income tax treaty, you

may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the IRS. If you hold our Class A common stock or Class B common stock through a financial institution or other agent acting on the non-U.S. holder's behalf, you will be required to provide appropriate documentation to the agent, which then will be required to provide certification to us or our paying agent, either directly or through other intermediaries.

Dividends received by you that are treated as effectively connected with your conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base maintained by you in the United States) are generally exempt from U.S. federal withholding tax, subject to the discussion below in the sections titled "—Backup Withholding and Information Reporting" and "—Foreign Account Tax Compliance Act, or FATCA." In order to obtain this exemption, you must provide us with a properly executed IRS Form W-8ECI or applicable successor form properly certifying such exemption. Such effectively connected dividends, although not subject to U.S. federal withholding tax, are taxed at the same rates applicable to U.S. persons, net of certain deductions and credits, subject to an applicable income tax treaty providing otherwise. In addition, if you are a corporate non-U.S. holder, dividends you receive that are effectively connected with your conduct of a U.S. trade or business may also be subject to a branch profits tax at a rate of 30% or such lower rate as may be specified by an applicable income tax treaty between the United States and your country of residence, as adjusted for certain items. You should consult your tax advisor regarding the tax consequences of the ownership and disposition of our Class A common stock or Class B common stock, including any applicable tax treaties that may provide for different rules.

Gain on Disposition of Class A Common Stock or Class B Common Stock

Subject to the discussion in the section titled "—Backup Withholding and Information Reporting," you generally will not be subject to U.S. federal income tax on any gain realized upon the sale or other disposition of our Class A common stock or Class B common stock unless:

- the gain is effectively connected with your conduct of a U.S. trade or business (and, if an applicable income tax treaty so provides, the gain is attributable to a permanent establishment or fixed base maintained by you in the United States);
- you are an individual who is present in the United States for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs and certain other conditions are met; or
- our Class A common stock and Class B common stock constitute a United States real property interest by reason of our status as a "United States real property holding corporation," or USRPHC, for U.S. federal income tax purposes at any time within the shorter of the five-year period preceding your disposition of, or your holding period for, our Class A common stock or Class B common stock, unless our Class A common stock or Class B common stock is regularly traded on an established securities market and you hold no more than 5% of our outstanding Class A common stock and Class B common stock, directly, indirectly and constructively, at all times, during the shorter of the five-year period ending on the date of the taxable disposition or your holding period for our Class A common stock or Class B common stock.

We believe that we are not currently and will not become a USRPHC for U.S. federal income tax purposes, and the remainder of this discussion so assumes. However, because the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property relative to the fair market value of our U.S. and worldwide real property plus our other business assets, there can be no assurance that we will not become a USRPHC in the future. If we are a USRPHC and either our Class A common stock or Class B common stock is not regularly traded on an established securities

market or you hold, or are treated as holding, more than 5% of our outstanding Class A common stock or Class B common stock, directly or indirectly, during the applicable testing period, you will generally be taxed on any gain in the same manner as gain that is effectively connected with the conduct of a U.S. trade or business, except that the branch profits tax generally will not apply. If we are a USRPHC and our Class A common stock or Class B common stock is not regularly traded on an established securities market, your proceeds received on the disposition of shares will also generally be subject to withholding at a rate of 15%. You are encouraged to consult your own tax advisors regarding the possible consequences to you if we are, or were to become, a URSPHC.

If you are a non-U.S. holder described in the first bullet above, you will be required to pay tax on the gain derived from the sale (net of certain deductions and credits) under regular U.S. federal income tax rates, and a corporate non-U.S. holder described in the first bullet above also may be subject to the branch profits tax at a 30% rate, or such lower rate as may be specified by an applicable income tax treaty. If you are an individual non-U.S. holder described in the second bullet above, you will be subject to tax on such gain at 30% (or such lower rate specified by an applicable income tax treaty) on the gain derived from the sale, which gain may be offset by U.S. source capital losses for the year, provided you have timely filed U.S. federal income tax returns with respect to such losses. You should consult your tax advisor regarding any applicable income tax or other treaties that may provide for different rules.

Backup Withholding and Information Reporting

Generally, we must report annually to the IRS the amount of dividends paid to you, your name and address and the amount of tax withheld, if any. A similar report will be sent to you. Pursuant to applicable income tax treaties or other agreements, the IRS may make these reports available to tax authorities in your country of residence.

Payments of dividends on or of proceeds from the disposition of our Class A common stock or Class B common stock made to you may also be subject to backup withholding at a current rate of 24% unless you establish an exemption, for example, by properly certifying your non-U.S. status on a properly completed IRS Form W-8BEN or W-8BEN-E or another appropriate version of IRS Form W-8. Notwithstanding the foregoing, backup withholding may apply if either we or our paying agent has actual knowledge, or reason to know, that you are a U.S. person.

Backup withholding is not an additional tax; rather, the U.S. federal income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund or credit may generally be obtained from the IRS, provided that the required information is furnished to the IRS in a timely manner.

Foreign Account Tax Compliance Act, or FATCA

The Foreign Account Tax Compliance Act, Treasury Regulations issued thereunder and official IRS guidance, or collectively FATCA, generally impose a U.S. federal withholding tax of 30% on dividends on, and, subject to the discussion of certain proposed Treasury Regulations below, the gross proceeds from a sale or other disposition of our Class A common stock or Class B common stock, paid to a “foreign financial institution” (as specially defined under these rules), unless such institution enters into an agreement with the U.S. government to, among other things, withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding the U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or otherwise establishes an exemption. FATCA also generally imposes a U.S. federal withholding tax of 30% on dividends on and,

subject to the discussion of certain proposed Treasury Regulations below, the gross proceeds from a sale or other disposition of our Class A common stock or Class B common stock paid to a "non-financial foreign entity" (as specially defined under these rules) unless such entity provides the withholding agent with a certification identifying the substantial direct and indirect U.S. owners of the entity, certifies that it does not have any substantial U.S. owners, or otherwise establishes an exemption. The withholding tax will apply regardless of whether the payment otherwise would be exempt from U.S. nonresident and backup withholding tax, including under the other exemptions described above. Under certain circumstances, a non-U.S. holder might be eligible for refunds or credits of such taxes. An intergovernmental agreement between the United States and an applicable foreign country may modify the requirements described in this section. Prospective investors should consult with their own tax advisors regarding the application of FATCA withholding to their investment in, and ownership and disposition of, our Class A common stock or Class B common stock.

The Treasury Secretary has issued proposed Treasury Regulations, which, if finalized in their present form, would eliminate withholding under FATCA with respect to payment of gross proceeds from a sale or other disposition of our Class A common stock or Class B common stock. In its preamble to such proposed Treasury Regulations, the U.S. Treasury stated that taxpayers may generally rely on the proposed Treasury Regulations until final regulations are issued.

The preceding discussion of U.S. federal tax considerations is for general information only. It is not tax advice to investors in their particular circumstances. Each prospective investor should consult its own tax advisor regarding the particular U.S. federal, state and local and non-U.S. tax consequences of purchasing, holding and disposing of our Class A common stock or Class B common stock, including the consequences of any proposed change in applicable laws.

UNDERWRITING

We and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC are the representatives of the underwriters.

Underwriters	Number of Shares
Goldman Sachs & Co. LLC	
J.P. Morgan Securities LLC	
BofA Securities, Inc.	
SVB Leerink LLC	
Allen & Company LLC	
KeyBanc Capital Markets Inc.	
Total	

The underwriters are committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised. Certain of the underwriters may offer and sell shares of our Class A common stock through one or more of their affiliates or selling agents.

The underwriters have an option to buy up to an additional shares from us to cover sales by the underwriters of a greater number of shares than the total number set forth in the table above. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by us. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares from us.

	No Exercise	Full Exercise
Per Share	$	$
Total	$	$

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the initial public offering price. After the initial offering of the shares, the representatives may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

We, our officers, directors, and holders of substantially all of our Class A common stock and Class B common stock have agreed with the underwriters, subject to certain exceptions, not to i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right, or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, or submit to, or file with, the Securities and Exchange Commission a registration statement under the Securities Act relating to, any shares of our Class A common stock, Class B common stock,

or securities convertible into or exercisable or exchangeable for any shares of our Class A common stock or Class B common stock, or publicly disclose the intention to make any offer, sale, pledge, loan, disposition, or filing, or ii) enter into any swap or other arrangement that transfers all or a portion of the economic consequences associated with the ownership of any shares of Class A common stock or Class B common stock or any such other securities (regardless of whether any of these transactions are to be settled by the delivery of shares of Class A common stock or Class B common stock or such other securities, in cash or otherwise), in each case without the prior written consent of for a period of 180 days after the date of this prospectus, other than the shares of our Class A common stock to be sold in this offering. The restrictions on our actions, as described above, will be subject to customary exceptions and do not apply to certain transactions.

Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC, in their sole discretion, may release the securities subject to any of the lock-up agreements with the underwriters described above, in whole or in part at any time. This agreement does not apply to any existing employee benefit plans. See the section of this prospectus titled “Shares Eligible for Future Sale” for a discussion of certain transfer restrictions.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

Prior to the offering, there has been no public market for the shares. The initial public offering price has been negotiated among us and the representatives. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be our historical performance, estimates of our business potential and earnings prospects, an assessment of the our management and the consideration of the above factors in relation to market valuation of companies in related businesses.

We intend to apply to list our Class A common stock on the Nasdaq Global Select Market under the symbol “RXRX.”

In connection with the offering, the underwriters may purchase and sell shares of Class A common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A “covered short position” is a short position that is not greater than the amount of additional shares for which the underwriters’ option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. “Naked” short sales are any short sales that create a short position greater than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Class A common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of Class A common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the

representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the Company's stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the Class A common stock. As a result, the price of the Class A common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on the Nasdaq, in the over-the-counter market or otherwise.

Certain of the underwriters and their affiliates have provided in the past to us and our affiliates and may provide from time to time in the future certain commercial banking, financial advisory, investment banking and other services for us and such affiliates in the ordinary course of their business, for which they have received and may continue to receive customary fees and commissions. In addition, from time to time, certain of the underwriters and their affiliates may effect transactions for their own account or the account of customers, and hold on behalf of themselves or their customers, long or short positions in our debt or equity securities or loans, and may do so in the future.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage, and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors, and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Selling Restrictions

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area, or, in each case, a Relevant State, no securities have been offered or will be offered pursuant to the offering to the public in that Relevant State prior to the publication of a prospectus in relation to the securities which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of the securities may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the representative; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the securities shall require us or any representative to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the securities in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any securities to be offered so as to enable an investor to decide to purchase or subscribe for any securities, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Notice to Prospective Investors in the United Kingdom

In relation to the United Kingdom, no shares of Class A common stock have been offered or will be offered pursuant to this offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the shares that either i) has been approved by the Financial Conduct Authority, or ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, except that offers of shares may be made to the public in the United Kingdom at any time under the following exemptions under the UK Prospectus Regulation:

- to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation); or
- in any other circumstances falling within section 86 of the Financial Services and Markets Act 2000, FSMA,

provided that no such offer of shares shall require the Issuer or any representative to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares in any relevant state means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares, and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

We have not authorized and do not authorize the making of any offer of shares through any financial intermediary on their behalf, other than offers made by the underwriters with a view to the final placement of the shares as contemplated in this prospectus. Accordingly, no purchaser of the shares, other than the underwriters, is authorized to make any further offer of the shares on behalf of us or the underwriters.

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as

defined in Article 2 of the UK Prospectus Regulation) i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or the Order, and/or ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons") or otherwise in circumstances which have not resulted and will not result in an offer to the public of the securities in the United Kingdom within the meaning of the FSMA.

Any person in the United Kingdom that is not a relevant person should not act or rely on the information included in this document or use it as basis for taking any action. In the United Kingdom, any investment or investment activity that this document relates to may be made or taken exclusively by relevant persons.

Canada

The securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong), or the Companies (Winding Up and Miscellaneous Provisions) Ordinance, or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), or the Securities and Futures Ordinance, or ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA) under Section 274 of the SFA, ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation's securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore, Regulation 32.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that trust has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32.

Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The securities may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

LEGAL MATTERS

The validity of the issuance of our Class A common stock offered in this prospectus will be passed upon for us by Wilson Sonsini Goodrich & Rosati, Professional Corporation, Seattle, Washington. Davis Polk & Wardwell LLP, Menlo Park, California, is acting as counsel for the underwriters.

EXPERTS

Ernst & Young LLP, independent registered public accounting firm, has audited our consolidated financial statements at December 31, 2020 and 2019, and for each of the two years in the period ended December 31, 2020, as set forth in their report. We have included our financial statements in the prospectus and elsewhere in the registration statement in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of our Class A common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, as permitted by the rules and regulations of the SEC. For further information with respect to us and our Class A common stock, we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document is not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. The SEC also maintains an Internet website that contains the registration statement of which this prospectus forms a part, as well as the exhibits thereto. These documents, along with future reports, proxy statements and other information about us, are available at the SEC's website, www.sec.gov.

As a result of this offering, we will become subject to the information and reporting requirements of the Exchange Act and, in accordance with this law, will file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information will be available for inspection and copying at the SEC's public reference facilities and the website of the SEC referred to above. We also maintain a website at www.recursion.com where these materials are available. Upon the completion of this offering, you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on, or that can be accessible through, our website is not a part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only.

RECURSION PHARMACEUTICALS, INC.

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Recursion Pharmaceuticals, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Recursion Pharmaceuticals, Inc. (the Company) as of December 31, 2020 and 2019, and the related consolidated statements of operations and comprehensive loss, convertible preferred stock and stockholders' deficit and cash flows for each of the two years in the period ended December 31, 2020, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2017.

Salt Lake City, Utah
March 3, 2021

RECURSION PHARMACEUTICALS, INC.

CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	December 31, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 262,126	$ 69,883
Restricted cash	5,041	5,288
Accounts receivable	156	151
Other current assets	2,155	1,076
Total current assets	269,478	76,398
Property and equipment, net	25,967	24,370
Intangible assets, net	2,490	—
Other non-current assets	650	663
Total assets	$ 298,585	$ 101,431
LIABILITIES, CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 1,074	$ 1,261
Accrued expenses and other liabilities	10,485	4,879
Current portion of unearned revenue	10,000	—
Current portion of notes payable	1,073	77
Current portion of lease incentive obligation	467	467
Total current liabilities	23,099	6,684
Deferred rent	2,674	2,278
Unearned revenue, net of current portion	16,667	—
Notes payable, net of current portion	11,414	12,418
Lease incentive obligation, net of current portion	2,708	3,207
Total liabilities	56,562	24,587
Commitments and contingencies (Note 10)		
Convertible preferred stock (series A, A-1, B, C, and D), $0.00001 par value; *80,956,475 and 61,712,989 shares authorized as of December 31, 2020 and 2019, respectively; 74,725,398 and 50,126,356 shares issued and outstanding as of December 31, 2020 and 2019, respectively; Liquidation preference of $450,850 and $203,339 as of December 31, 2020 and 2019, respectively*	448,312	201,109
Stockholders' deficit:		
Common stock $.00001 par value; *125,600,000 and 100,000,000 shares authorized as of December 31, 2020 and 2019, respectively; 14,876,460 and 14,425,074 shares issued and outstanding as of December 31, 2020 and 2019 respectively*	—	—
Additional paid-in capital	7,312	2,330
Accumulated deficit	(213,601)	(126,595)
Total stockholders' deficit	(206,289)	(124,265)
Total liabilities, convertible preferred stock and stockholders' deficit	$ 298,585	$ 101,431

See accompanying notes to consolidated financial statements.

RECURSION PHARMACEUTICALS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In thousands, except per share amounts)

	Years Ended December 31,	
	2020	2019
Revenue:		
Grant revenue	$ 549	$ 608
Operating revenue	3,413	1,711
Total revenue	3,962	2,319
Operating expenses:		
Research and development	63,319	45,809
General and administrative	25,258	18,951
Total operating expenses	88,577	64,760
Loss from operations	(84,615)	(62,441)
Other income (loss), net	(2,391)	562
Net loss and comprehensive loss	$ (87,006)	$ (61,879)
Net loss per share, basic and diluted	$ (5.99)	$ (4.30)
Weighted average shares of common stock, basic and diluted	14,520,924	14,380,177

See accompanying notes to consolidated financial statements.

RECURSION PHARMACEUTICALS, INC.

CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT
(In thousands, except share amounts)

	Convertible Preferred Stock		Common Stock		Additional Paid-in-Capital	Accumulated Deficit	Stockholders' Deficit
	Shares	Amount	Shares	Amount			
January 1, 2019	37,608,787	$ 81,194	14,305,314	$ —	$ 869	$ (64,716)	$ (63,847)
Net loss	—	—	—	—	—	(61,879)	(61,879)
Vesting of stock options exercised early	—	—	—	—	11	—	11
Exercise of stock options	—	—	119,760	—	65	—	65
Issuance of Series C Convertible preferred stock, net of issuance costs of $2,143	12,517,569	119,915	—	—	—	—	—
Stock-based compensation	—	—	—	—	1,385	—	1,385
Balance at December 31, 2019	50,126,356	201,109	14,425,074	—	2,330	(126,595)	(124,265)
Net loss	—	—	—	—	—	(87,006)	(87,006)
Vesting of stock options exercised early	—	—	—	—	9	—	9
Exercise of stock options	—	—	451,386	—	681	—	681
Issuance of Series D Convertible preferred stock inclusive of the convertible notes, net of issuance costs of $228	24,599,042	247,203	—	—	—	—	—
Stock-based compensation	—	—	—	—	4,292	—	4,292
Balance at December 31, 2020	74,725,398	$448,312	14,876,460	$ —	$ 7,312	$ (213,601)	$ (206,289)

See accompanying notes to consolidated financial statements.

RECURSION PHARMACEUTICALS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Years Ended December 31,	
	2020	2019
Cash Flows from Operating Activities		
Net loss	$ (87,006)	$ (61,879)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	4,442	3,543
Stock-based compensation	4,292	1,385
Amortization of lease incentive obligation	(499)	(499)
Asset impairment	874	—
Loss on debt extinguishment	883	—
Other, net	781	—
Changes in operating assets and liabilities:		
Accounts receivable	(5)	(27)
Other assets	(1,114)	632
Unearned revenue	26,667	—
Accounts payable	(185)	(340)
Accrued development expense	1,348	941
Accrued expenses, deferred rent and other liabilities	4,123	(798)
Net cash used in operating activities	(45,399)	(57,042)
Cash Flows from Investing Activities		
Purchases of property and equipment	(5,831)	(3,910)
Acquisition of a business	(2,600)	—
Purchase of an intangible asset	(904)	—
Proceeds from note receivable	595	
Net cash used in investing activities	(8,740)	(3,910)
Cash Flows from Financing Activities		
Proceeds from sale of preferred stock, net of issuance costs	239,131	119,915
Proceeds from exercise of stock options	681	65
Repayment of long-term debt	(77)	(11,183)
Proceeds from long-term debt	—	11,888
Proceeds from convertible note	6,400	—
Payments of debt issuance costs	—	(275)
Net cash provided by financing activities	246,135	120,410
Net Change in Cash, Cash Equivalents and Restricted Cash	191,996	59,458
Cash, cash equivalents and restricted cash, beginning of period	75,171	15,713
Cash, cash equivalents and restricted cash, end of period	$267,167	$ 75,171
Supplemental disclosure of non—cash investing and financing information:		
Conversion of convertible notes to equity	$ 8,071	$ —
Accrued property and equipment	1,400	—
Deferred issuance costs	547	—
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 989	$ 485

See accompanying notes to consolidated financial statements.

RECURSION PHARMACEUTICALS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share data)

Note 1. Business and Organization

Business Overview

Recursion Pharmaceuticals, Inc., or Recursion, the Company, or We, was originally formed on November 4, 2013 and is incorporated in Delaware.

Recursion is a biotechnology company that combines automation, artificial intelligence, machine learning, in vivo validation capabilities and a highly cross-functional team to discover novel medicines that expand our collective understanding of biology. Recursion's rich, relatable database of biological images generated in-house on the Company's robotics platform enables advanced machine learning approaches to reveal drug candidates, mechanisms of action, novel chemistry, and potential toxicity, with the eventual goal of decoding biology and advancing new therapeutics that radically improve people's lives.

Liquidity, Risks, and Financial Condition

As of December 31, 2020 and 2019, the Company had an accumulated deficit of $213,601 and $126,595, respectively. 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 from out-licensing transactions, development milestones or royalties 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 uncertainty of clinical trial outcomes, uncertainty of additional funding, and history of operating losses.

The Company is subject to many other risks associated with early-stage enterprises, including increasing competition, limited operating history, the need to develop and refine its discovery platform and development operations, obtaining adequate financing to fulfill its development activities, hiring management and other key personnel, scaling its laboratory processes to maximize throughput capacity, avoiding contamination and other causes of platform downtime and integrating cross-functional operations across the Company's teams. Successful completion of the Company's development programs, and ultimately, the attainment of profitable operations is dependent on future events, including, among other things, its ability to secure financing, attract, retain, and motivate qualified personnel, efficiently manage its supply chain, cost-effectively expand and maintain laboratory operations to accommodate growth, protect its intellectual property, and execute strategic partnerships. Although management believes that the Company will be able to successfully mitigate these risks, there can be no assurance that the Company will be able to do so or that the Company will ever operate profitably.

We have funded our operations to date primarily through the issuance of convertible preferred stock, including the issuance of Series D Preferred Stock in 2020 for aggregate proceeds of approximately $245,897 (see Note 7, "Convertible Preferred Stock"), and will likely be required to raise additional capital. As of December 31, 2020, the Company did not have any unconditional outstanding commitments for additional funding. If the Company is unable to access additional funds when needed,

RECURSION PHARMACEUTICALS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share data)

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. Any additional equity financing, if available to the Company, may not be available on favorable terms, most likely will be dilutive to its current stockholders, and debt financing, if available, may involve restrictive covenants and dilutive financing instruments. If the Company accesses funds through partnership or licensing arrangements, it may be required to relinquish rights to some of its technologies or product candidates that it would otherwise seek to develop or commercialize on its own, and access to such funds may be on terms that are not favorable to the Company. 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.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP.

Segment Information

We have determined that we operate as a single operating segment and have one reportable segment. The Company's chief operating decision maker is its chief executive officer, who allocates resources and assesses performance at the consolidated level.

Principles of Consolidation

The consolidated financial statements include the Company's accounts and those of its wholly-owned subsidiaries: Recursion Pharmaceuticals GmbH, incorporated in Germany, and CereXis, incorporated in the United States. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates, judgments, and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ materially from those estimates. Significant estimates and assumptions made by management include the estimated lives of long-lived assets, the fair value of stock-based awards issued, clinical trial accruals, and estimates used to determine our valuation allowance for deferred tax assets.

Fair Value of Financial Instruments

The accounting guidance defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or non-recurring basis. Fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the accounting guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

RECURSION PHARMACEUTICALS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share data)

Level 2: Observable inputs, other than the quoted prices in active markets, that are observable either directly or indirectly.

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Our financial instruments include cash equivalents, accounts receivable, other assets, accounts payable and accrued expenses. Fair value estimates of these instruments are made at a specific point in time, based on relevant market information. These estimates may be subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. The carrying amount of cash equivalents, account receivable, other assets, accounts payable and accrued expenses are generally considered to be representative of their respective values because of the short-term nature of those instruments. The fair value of the Company's Preferred Stock warrant liability was valued using the Black-Scholes option-pricing model (Level 3).

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash and cash equivalents. All of the Company's cash and cash equivalents are primarily held at two U.S. financial institutions that management believes is of high credit quality. Such deposits may, at times, exceed federally insured limits.

Cash and Cash Equivalents and Restricted Cash

Cash consists of bank deposits held in checking and savings accounts. The Company considers all highly liquid investments with maturities of 90 days or less when purchased to be "cash equivalents."

The Company is required to maintain a $1,000 balance in a collateralized account to secure the Company's credit cards. As of December 31, 2020 and 2019, cash restricted to the collateralization of letters of credit was $4,041 and $4,288, respectively. These amounts are included as restricted cash on the Consolidated Balance Sheets.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported on the Consolidated Balance Sheets to the amounts shown in the Consolidated Statements of Cash Flows. Cash and cash equivalents and restricted cash consists of the following (in thousands):

	December 31,	
	2020	2019
Cash and cash equivalents	$ 262,126	$ 69,883
Restricted cash	5,041	5,288
Total	$ 267,167	$ 75,171

We recognized interest income of $336 and $1,741 for the years ended December 31, 2020 and 2019, respectively, related to our cash accounts in Other income (loss), net, on the Consolidated Statements of Operations and Comprehensive Loss.

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Property and Equipment

Property and equipment is carried at acquisition cost less accumulated depreciation. The cost of normal, recurring, or periodic repairs and maintenance activities related to property and equipment are expensed as incurred.

Depreciation is computed using the straight-line method based on the estimated useful lives of the related assets. The estimated useful lives by asset classification are generally as follows:

Software/Licenses	3 years
Office Equipment	5 years
Computer Equipment	5 years
Lab Equipment	7 years
Leasehold Improvements	Lesser of 15 years or the remainder of the lease

Property and equipment are reviewed for impairment as discussed below under Accounting for the Impairment of Long-Lived Assets.

Accounting for the Impairment of Long-Lived Assets

Long-lived assets, such as property and equipment and intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for potential impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that carrying value exceeds fair value. Fair value is determined using various valuation techniques, including discounted cash flow models, quoted market values, and third-party independent appraisals, depending on the nature of the asset. For the year ended December 31, 2020, the Company recorded a $642 impairment on long lived assets within General and administrative expenses. See Note 3, “Acquisitions” for additional details regarding the impairment charge. No impairment was identified for the year ended December 31, 2019.

Leases

The Company rents its facilities under operating lease agreements and recognizes related rent expense on a straight-line basis over the terms of the leases. The lease agreements contain tenant improvement allowances, rent holidays, scheduled rent increases, and renewal options. Rent holidays and scheduled rent increases are included in the determination of rent expenses recorded over the lease term. The Company has accrued for rent expense incurred but not paid. Renewals are not assumed in the determination of the lease term unless they are deemed to be reasonably assured at the inception of the lease. The Company recognizes rent expense beginning on the date it obtains the legal right to use and control the leased space. The Company’s leases include tenant improvement allowances from the landlords for structural and cosmetic changes to the new space. Tenant improvement allowances are accounted for as property and equipment, with a corresponding lease incentive obligation, which is amortized as a reduction to rent expense over the respective lease terms.

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Revenue Recognition

Grant Revenue

The Company recognizes grant revenue in the period in which the revenue is earned in accordance with the grant agreement, which is the period in which corresponding reimbursable expenses under the grant agreement are incurred.

During the year ended December 31, 2017, the Company was awarded a private grant by the Bill and Melinda Gates Foundation. On November 17, 2017, the Bill and Melinda Gates Foundation distributed $546 to the Company pursuant to such grant. Revenue was recognized as qualifying activities were performed. There was no remaining unearned revenue balance related to this grant as of December 31, 2019. Revenue recognized related to grant during the year ended December 31, 2019 was $223. As of December 31, 2019, there were no remaining amounts related to this grant available for funding.

During the year ended December 31, 2018, the Company was awarded a grant by the National Institutes of Health, which included potential funding of $1,391. Revenue recognized related to this grant during the years ended December 31, 2020 and 2019 was $549 and $385, respectively. As of December 31, 2020, $457 of the potential funding still remained.

Operating Revenue

Operating revenue has primarily been generated through funded research and development agreements with Bayer AG (Bayer) and Takeda Pharmaceutical Company Limited (Takeda), (see Note 14, “Collaborative and Other Research and Development Contracts” for additional details. Revenue for research and development agreements is recognized as the Company satisfies a performance obligation by transferring the promised services to the customer. The Company recognizes revenue over time by measuring the progress toward complete satisfaction of the relevant performance obligation using an appropriate input method based on the services promised to the customer. This method of recognizing revenue requires the company to make estimates to determine the progress towards completion. A significant change in these estimates could have a material effect on the timing and amount of revenue recognized in future periods.

The Company may also provide options in our agreements under which a partner could request that we provide additional services in the future. Recursion evaluates whether these options are material rights at the inception of the agreement. If the Company determines an option is a material right, we will consider the option a separate performance obligation. Historically, the Company has concluded that options we grant to license in the future or to provide additional services as requested by our partners are not material rights because these items are contingent upon future events that may not occur and are not priced at a significant discount. If a partner exercises an option to for additional goods or services, then we identify a new performance obligation for that item.

Accounts Receivable

Receivables from grants are recorded for amounts due to the Company related to reimbursable research and development costs from the U.S. National Institute of Health. These receivables are evaluated to determine if any reserve or allowance should be established at each reporting date. As of December 31, 2020 and 2019, the Company had $140 and $142 in outstanding receivables with the U.S. National Institute of Health, all of which are deemed to be collectible.

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Invoices are submitted to the U.S. National Institute of Health related to reimbursable research and development costs. The Company is also entitled to reimbursement of indirect costs based on rates stipulated in the underlying grant agreement. The Company's calculations of its indirect cost rates are subject to audit by the U.S. Government.

Research and Development Expenses

Research and development expenses comprise costs incurred in performing research and development activities, including drug discovery studies and drug development studies, external research and for the purchase of laboratory supplies. The Company recognizes expenses associated with third-party contracted services based on the completion of activities as specified in the applicable contracts. Upon termination of contracts with third-parties, the Company's financial obligations are generally limited to costs incurred or committed to date. Any advance payments for goods or services to be used or rendered in future research and product development activities pursuant to a contractual arrangement are classified as prepaid expenses until such goods or services are rendered.

Accruals for research and development expenses and clinical trials

As part of the process of preparing its financial statements, the Company is required to estimate its expenses resulting from its obligations under contracts with vendors, clinical research organizations and consultants, and under clinical site agreements in connection with conducting clinical trials. The financial terms of these contracts are subject to negotiations, which vary from contract to contract and may result in payment terms that do not match the periods over which materials or services are provided for under such contracts. The Company's policy is to record these expenses during the period in which services are performed and efforts are expended. The Company determines accrual estimates by taking into account discussion with applicable personnel and outside service providers as to the progress of clinical trials, or the services completed. During the course of a clinical trial, the Company adjusts its clinical expense recognition if actual results differ from its estimates. The Company makes estimates of its accrued expenses as of each Consolidated Balance Sheet date based on the facts and circumstances known to it at that time. The actual expenses could be different from the amounts accrued.

Interest Expense and Deferred Financing Costs

Interest expense for the years ended December 31, 2020 and 2019 were $1,360 and $635 and primarily relates to the Pacific Western Loan Agreement and Midcap Financial Loan Agreement (defined in Note 6, "Note Payable"). Interest expense is included in Other income (loss), net on the Consolidated Statements of Operations and Comprehensive Loss.

We capitalize certain legal, professional, accounting and other third-party fees that are directly associated with debt and equity financings. If such costs relate to a planned equity financing and that equity financing is abandoned, the deferred issuance costs will be expensed immediately in the Consolidated Statements of Operations and Comprehensive Loss. There was $547 of capitalized issuance costs on the Consolidated Balance Sheet on December 31, 2020 related to planned financing transactions.

Classification and Accretion of Convertible Preferred Stock

The Company's convertible preferred stock is classified outside of stockholders' deficit on the Consolidated Balance Sheets because the holders of such shares have liquidation rights in the event

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of a deemed liquidation that, in certain situations, are not solely within the control of the Company and would require the redemption of the then-outstanding convertible preferred stock. The convertible preferred stock is not redeemable, except in the event of a deemed liquidation (see Note 6. “Convertible Preferred Stock” for additional details). Because the occurrence of a deemed liquidation event is not currently probable, the carrying values of the convertible preferred stock are not being accreted to their redemption values. Subsequent adjustments to the carrying values of the convertible preferred stock would be made only when a deemed liquidation event becomes probable.

Stock-Based Compensation

The Company recognizes stock-based compensation expense in the Statements of Operations and Comprehensive Loss for all stock-based payments to employees, non-employees and directors. The Company records compensation expense over an award’s requisite service period, or vesting period, based on the award’s fair value at the date of grant. Awards generally vest over four years for employees. The Company generally uses the Black-Scholes option-pricing model to determine the fair value of each option grant as of the date of grant. The Black-Scholes option pricing model requires inputs for risk-free interest rate, dividend yield, expected stock price volatility and expected term of the options. The fair value of the options is recognized as expense on a straight-line basis over the requisite service period. We recognize the impact of forfeitures on stock-based compensation expense as forfeitures occur. We apply the straight-line method of expense recognition to all awards with only service-based vesting conditions. See Note 9, “Stock-Based Compensation” for additional details.

Income Taxes

The asset and liability approach is used for the financial reporting for income taxes. Deferred income balances reflect the effects of temporary differences between the financial reporting and income tax bases of the Company’s assets and liabilities and are measured using enacted tax rates expected to apply when taxes are actually paid or recovered. In addition, deferred tax assets are recorded for the future benefit of utilizing net operating losses, or NOLs, and research and development credit carryforwards and are measured using the enacted tax rates and laws that will be in effect when such items are expected to reverse.

A valuation allowance is provided against deferred tax assets if it is more likely than not that some portion or all of the deferred tax asset will not be realized. In making such determination, the Company considers all available positive and negative evidence, including taxable income in available carryback periods, future reversals of existing taxable temporary differences, tax planning strategies, and future taxable income exclusive of reversing temporary differences and carryforwards.

Net Loss per share

Basic net loss per share is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period.

The Company applies the two-class method to calculate its basic and diluted net loss per share as the Company has issued shares that meet the definition of participating securities. The two-class method is an earnings allocation formula that treats a participating security as having rights to earnings that otherwise would have been available to common stockholders. The Company’s participating securities contractually entitle the holders of such shares to participate in dividends; but do not contractually require

the holders of such shares to participate in losses of the Company. Accordingly, in periods in which the Company reports a net loss, such losses are not allocated to such participating securities.

As the Company reported a net loss for the years ended December 31, 2020 and 2019, diluted net loss per share is the same as basic net loss per share, since dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

Emerging Growth Company

Section 102(b)(1) of the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that an emerging growth company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such an election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard.

This may make comparison of the Company's financial statements with another public company that is neither an emerging growth company nor an emerging growth company that has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), or ASU 2016-02. Under Topic 842, the Company will be required to recognize a lease liability and a right-of-use asset for all leases (with the exception of short-term leases) at the commencement date of each lease. ASU 2016-02 is effective for annual and interim periods beginning on or after December 15, 2021 and early adoption is permitted. The Company must adopt the standard using the modified retrospective approach either: (1) as of the earliest period presented and through the comparative periods in the entity's financial statements or (2) as of the effective date of ASC 842, with a cumulative-effect adjustment to equity. The Company expects the adoption to materially increase assets and liabilities on the Consolidated Balance Sheets related to those leases classified as operating and not recognized on the Consolidated Balance Sheets under current GAAP. The Company is continuing to evaluate the effect that ASU 2016-02 will have on its consolidated financial statements and related disclosures. The Company will adopt the new standard on January 1, 2022.

Note 3. Acquisitions

Results of operations of acquired companies are included in our results of operations beginning on of the respective acquisition dates. The purchase price of each acquisition is allocated to the net assets acquired based on estimates of their fair values at the date of the acquisition. Any purchase price in excess of these net assets is recorded as goodwill. The allocation of purchase price in certain cases may be subject to revision based on the final determination of fair values during the measurement period, which may be up to one year from the acquisition date.

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Acquisition of Vium, Inc.

In July 2020, the Company entered into an asset purchase agreement to purchase 100% of the assets of Vium, Inc. (Vium) for a total cash consideration of $2,600. The primary purpose of the acquisition was to obtain Vium's technology. This was a related party transaction, see Note 13, "Related Party Transactions" for additional details. The acquisition of Vium has been accounted for as a business combination using the acquisition method of accounting.

The following table summarizes fair values of assets acquired as of the July 2020 acquisition date:

(in thousands)	
Assets acquired	
Inventory	$ 232
Property and equipment	14
Technology intangible asset	911
Other intangibles assets	642
Total identifiable net assets	1,799
Goodwill	801
Total assets acquired	$2,600

The results of operations of Vium have been included in our Consolidated Statements of Operations and Comprehensive Loss since the date the business was acquired and were not significant. The technology intangible asset is being amortized on a straight-line basis over its three year useful life. The inventory and other intangible assets were fully impaired at the time they were acquired as the Company did not intend to use them. The inventory and other intangible assets were fully impaired at the time they were acquired as the Company did not have a use for them.

The goodwill includes the value of potential future technologies as well as the overall strategic benefits provided to the business.

Intangible Asset Acquisitions

Recursion Domain Name

In December 2020, the Company purchased the Recursion domain name for cash consideration of $904. The purchase price was capitalized as an intangible asset with an indefinite useful life.

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Note 4. Property and Equipment

Property and Equipment consisted of the following:

	December 31,	
	2020	2019
Lab equipment	$ 19,701	$ 16,113
Leasehold improvements	13,792	12,897
Office equipment	1,075	1,075
Construction in progress	1,361	—
Property and equipment, gross	35,929	30,085
Less: Accumulated depreciation	(9,962)	(5,715)
Property and equipment, net	$ 25,967	$ 24,370

Depreciation expense on property and equipment was $4,247 and $3,543 for the years ended December 31, 2020 and 2019, respectively.

Note 5. Accrued Expenses and Other Liabilities

Accrued Expenses and Other Liabilities consisted of the following:

	December 31,	
	2020	2019
Accrued compensation	$ 3,085	$ 1,704
Accrued development expenses	2,289	941
Accrued property tax and rent expense	278	292
Accrued other expenses	4,833	1,942
Accrued expense and other liabilities	$ 10,485	$ 4,879

Note 6. Notes Payable

Midcap Financial

In September 2019, the Company entered into a new Credit and Security Agreement with Midcap Financial Trust, or Midcap, and the other lenders party thereto, or the Midcap loan agreement. The Midcap loan agreement provides for a term loan facility that includes: i) an initial tranche in an aggregate principal amount of $11,888; and ii) a second tranche of up to $15,000 in aggregate principal amount, which if drawn would result in an aggregate outstanding maximum principal amount of $26,888. The second tranche will become available for the Company to borrow through March 31, 2021 upon the achievement of certain drug development milestones. The Company used a portion of the proceeds of the initial tranche of term loans to fully repay its outstanding term loans under the Pacific Western Bank loan agreement described below for $11,199. Proceeds of the term loans under the Midcap loan agreement may be used for general corporate purposes. As of December 31, 2020 and 2019, the outstanding principal balance under the Midcap loan agreement was $11,888.

Interest on the Midcap term loans accrues on the principal amount outstanding at a floating per annum rate equal to the LIBOR rate (floor of 2%) plus 5.75% and is payable monthly in arrears. The

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Company is required to make interest-only payments from September 2019 to September 2021, and thereafter, 36 monthly principal payments of $330 plus interest commencing in October 2021 and continuing until the maturity date in September 2024. The interest only period will be extended an additional 12 months if the Company achieves certain fundraising-related milestones.

The Company may voluntarily prepay the Midcap term loans at any time, subject to certain minimum repayment requirements and prepayment fees. The Midcap term loans are subject to mandatory prepayment with the proceeds of certain casualty events and asset sales.

The debt is secured against substantially all of the assets of the Company. The Midcap loan agreement includes standard affirmative and restrictive covenants, including covenants limiting the ability of the Company and its subsidiaries, among other things, to dispose of assets, grant certain licenses, make investments, merger or consummate acquisitions, incur debt, grant liens and make dividends or distributions, in each case subject to certain exceptions. The loan agreement also includes standard events of default, including, subject to grace periods in certain instances, payment defaults, breaches of covenants, breaches of representations and warranties, cross-defaults with certain other indebtedness, insolvency and bankruptcy defaults, change of control of the Company or any subsidiary, and a material adverse change in the business, operations or conditions of the Company. Upon the occurrence of an event of default, Midcap may declare all outstanding obligations immediately due and payable, increase the applicable interest rate by 2% and take such other actions as set forth in the Credit and Security Agreement. At December 31, 2020 and 2019, the Company was in compliance with all debt covenants.

During the year ended December 31, 2019, the Company paid fees of approximately $298 in connection with the origination of the Midcap Credit and Security Agreement. These fees were deferred and recorded as a direct deduction from the carrying value of the loan payable and are amortized to interest expense over the remaining term of the Credit Agreement.

Pacific Western

In December 2016, the Company and Pacific Western Bank, or Pacific, entered into a loan and security agreement to provide term loans in an aggregate principal amount of up to $4,000, or the Pacific loan agreement. In February 2018, the Company and Pacific amended the loan agreement to increase the aggregate term loan commitments to an aggregate principal amount of $16,199, of which the Company borrowed $11,199. The term loans under the Pacific loan agreement were secured by substantially all of the Company's assets, other than intellectual property. In connection with the original Pacific loan agreement and the amendment, the Company issued Pacific fully-vested warrants to purchase Series A Preferred Stock and Series B Preferred Stock. The initial fair value of the warrants was recorded as a direct deduction from the carrying value of the notes payable on the Consolidated Balance Sheets and was being amortized as interest expense over the term of the loan agreement. The warrants are recorded at fair value as a liability on the Consolidated Balance Sheets. Changes in the fair value of the warrant liability are recorded as other income or expense in the Consolidated Statements of Operations and Comprehensive Loss and were not material for the years ended December 31, 2020 and 2019. See Note 9, "Stock-based Compensation" for additional details.

In September 2019, the Company fully repaid all outstanding term loans related to the Pacific Western agreement. A loss on the extinguishment of debt of $555 was recognized during fiscal 2019 related to the write-off of unamortized debt issuance costs, unamortized warrants and a final payment

fee. This loss is included in Other income (loss), net, in the Consolidated Statement of Operations and Comprehensive Loss.

In May 2018, Pacific issued an irrevocable standby letter of credit in the face amount of $3,800 for the benefit of the Company's landlord, securing certain Company obligations relating to tenant improvements. As of December 31, 2020 and 2019, the outstanding letter of credit was $3,800, for which the Company held $4,041 and $4,288 as of December 31, 2020 and 2019, respectively, of restricted cash as collateral.

Convertible Notes

In March and April of 2020, the Company issued convertible promissory notes for an aggregate principal amount of $6,400. Under certain conditions, the principal would convert to an amount of equity with a fair value that exceeded the amount of the notes' principal on the conversion date. This feature of the notes was accounted for separately at fair value as a derivative liability. These notes converted to 802,155 shares of Series D Preferred Stock in September 2020. Upon conversion of the notes, the Company recorded the $1,614 fair value of the derivative liability as equity on the Consolidated Balance sheet. Changes in the fair value of the derivative were recorded in other income (loss), net in the Consolidated Statements of Operations and Comprehensive Loss and were $484 for the year ended December 31, 2020.

Notes payable for Midcap Loan Agreement and Tenant Improvement Allowance

In 2018, the Company also elected to borrow an additional $992 that was available under our lease from our landlord to be used on tenant improvements. See Note 10, "Commitments and Contingencies" for additional details. Under the terms of the lease, the note is to be repaid over a 10-year period at an 8% interest rate.

Notes payable for the Midcap loan agreement and tenant improvement allowance consisted of the following:

	December 31,	
	2020	2019
Current portion of notes payable	$ 1,073	$ 77
Long-term portion of notes payable	11,615	12,693
Less unamortized issuance costs	(201)	(275)
Notes payable, net	$ 12,487	$ 12,495

The following table presents information regarding the Company's debt principal repayment obligation as of December 31, 2020:

Years Ended December 31,	
2021	$ 1,073
2022	4,052
2023	4,060
2024	3,077
2025	114
Thereafter	312
Total Debt Principal Payments	$12,688

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Interest expense for the years ended December 31, 2020 and 2019, including amortization of deferred financing costs and original issue discount, was $1,360 and $665, respectively, and is included in other income, net.

Note 7. Convertible Preferred Stock

In November 2013, the Company was formed under the laws of the State of Delaware as Recursion Pharmaceuticals, LLC, a limited liability company. Between March 2014 and November 2015, the Company issued and sold $3,872 of principal of convertible promissory notes.

In September 2016, as part of an integrated series of transactions that comprised the Company's Series A Preferred Stock financing, the holders of all of the outstanding convertible promissory notes cancelled and exchanged their outstanding promissory notes and all obligations thereunder for 3,817,836 Series A Preferred Units, and 3,317,014 Series A-1 Preferred Units of the Company. Immediately after such exchange, Recursion Pharmaceuticals, LLC was converted from a Delaware limited liability company to Recursion Pharmaceuticals, Inc., a Delaware corporation, and each outstanding Common Unit, Series A Preferred Unit and Series A-1 Preferred Unit was exchanged on a one-for-one basis for a share of Common Stock, Series A Preferred Stock, and Series A-1 Preferred Stock, respectively. In September 2016 and November 2016, the Company issued and sold 12,119,208 and 1,994,834 shares of Series A Preferred Stock, respectively, for an aggregate purchase price of $12,910 and $2,125 ($1.06525 per share), respectively.

In July 2017, as part of an integrated series of transactions that comprised the Company's Series B Preferred Stock financing, the Company issued and sold 2,045,292 shares of Series A Preferred Stock for an aggregate purchase price of $2,179 ($1.06525 per share). In September 2017, and February 2018, the Company issued and sold 13,312,580 and 1,002,023 shares of Series B Preferred Stock for an aggregate purchase price of $55,800 and $4,200 ($4.19152 per share), less issuance costs of $87, respectively.

In February 2019, the Company issued and sold 11,511,733 shares of Series C Preferred Stock for an aggregate purchase price of $112,250 ($9.75091 per share). In a series of additional closings ending in June and August, 2019, the Company issued and sold 951,190 additional shares of Series C Preferred Stock for an aggregate purchase price of $9,275 ($9.75091 per share), less issuance costs of $2,143, which included 54,646 shares of Series C Preferred Stock as payment to a third party with a fair value of $533 ($9.75091 per share).

In September and October 2020, as part of an integrated series of transactions that comprised the Company's Series D Preferred Stock financing, the holders of all the outstanding convertible notes cancelled and exhausted their outstanding notes and all obligations thereunder for 802,155 Series D Preferred Stock of the Company. Inclusive of the exchange of the convertible note shares, the Company issued and 24,599,042 shares of Series D Preferred Stock, for an aggregate purchase price of $245,897 ($10.06181 per purchased share and $8.05 per converted share).

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Convertible Preferred Stock consisted of the following:

	December 31, 2020				
Convertible Preferred Stock	Preferred Shares Authorized	Preferred Shares Issued and Outstanding	Carrying Value	Liquidation Preferences	Shares of Common Stock Issuable Upon Conversion
Series A	20,052,268	19,977,170	$ 21,281	$ 21,281	19,977,170
Series A-1	3,317,014	3,317,014	—	—	3,317,014
Series B	14,331,778	14,314,603	59,913	60,000	14,314,603
Series C	12,637,569	12,517,569	119,915	122,058	14,857,528
Series D	30,617,846	24,599,042	247,203	247,511	24,599,042
Total convertible preferred stock	80,956,475	74,725,398	$ 448,312	$ 450,850	77,065,357

	December 31, 2019				
Convertible Preferred Stock	Preferred Shares Authorized	Preferred Shares Issued and Outstanding	Carrying Value	Liquidation Preferences	Shares of Common Stock Issuable Upon Conversion
Series A	20,052,268	19,977,170	$ 19,390	$ 21,281	19,977,170
Series A-1	3,317,014	3,317,014	1,891	—	3,317,014
Series B	14,343,707	14,314,603	59,913	60,000	14,314,603
Series C	24,000,000	12,517,569	119,915	122,058	14,857,528
Total convertible preferred stock	61,712,989	50,126,356	$ 201,109	$ 203,339	52,466,315

Liquidation Preference

In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, the holders of the Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock, and Series A Preferred Stock shall be entitled to receive, on a pari passu basis, prior and in preference to any distribution of any of the assets of the Company to the holders of the Series A-1 Preferred Stock or the Common Stock by reason of their ownership of such stock, an amount equal to the sum of i) the original issue price of $10.06181 per share of Series D Preferred Stock, $9.75091 per share of Series C Preferred Stock, $4.19152 per share of Series B Preferred Stock and $1.06525 per shares of Series A Preferred Stock and ii) all declared but unpaid dividends (if any). If upon the liquidation, dissolution or winding up of the Company, the assets of the Company legally available for distribution to the holders of the Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock, and Series A Preferred Stock are insufficient to permit the payment to such holders of the full amounts specified above, then the entire assets of the Company legally available for distribution shall be distributed with equal priority and pro rata among the holders of the Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock, and Series A Preferred Stock in to the full amounts they would otherwise be entitled to receive.

Dividend Provisions

The holders of outstanding shares of Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock, Series A Preferred Stock and Series A-1 Preferred Stock shall be entitled to receive

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dividends, when, as and if declared by the Board of Directors, out of any assets at the time legally available therefore, in preference and priority to any declaration or payment of any distribution on Common Stock in such calendar year. The right to receive dividends on shares of preferred stock are not cumulative, and no right to dividends accrue to holders of preferred stock by reason of the fact that dividends on said shares are not declared or paid. As of December 31, 2020 and 2019, there were no cumulative dividends owed or in arrears.

Conversion Rights

Each outstanding share of Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock, Series A Preferred Stock, and Series A-1 Preferred Stock is convertible into such number of fully paid and non-assessable shares of Common Stock as is determined by dividing the Series D, Series C, Series B, Series A, and Series A-1 original issue price, as stated above, by the Series D, Series C, Series B, Series A, and Series A-1 conversion price of $10.06181, $8.2152, $4.19152, $1.06525, and $1.06525, respectively.

Each share of convertible preferred stock shall automatically be converted into fully paid and non-assessable shares of common stock immediately prior to the closing of a firm commitment underwritten public offering or upon the receipt by the Company of a written request for such conversion from the holders of a majority of the Preferred Stock then outstanding (voting as a single class and on an as-converted to Common Stock basis). The conversion price of convertible preferred stock is subject to adjustment as a result of stock dividends, splits and other equity structuring transactions, and due to subsequent sales of common stock at a lower effective price.

Voting Rights

The holders of each share of convertible preferred stock are entitled to the number of votes equal to the number of shares of common stock into which such share is convertible.

Balance Sheet Classification

The Company's convertible preferred stock is classified outside of stockholders' deficit on the Consolidated Balance Sheets because the holders of such shares have liquidation rights in the event of a deemed liquidation that, in certain situations, are not solely within the control of the Company and would require the redemption of the then-outstanding convertible preferred stock. The convertible preferred stock is not redeemable, except in the event of a deemed liquidation event.

Note 8. Common stock

Each share of common stock entitles the holder to one vote on all matters submitted to a vote of the Company's stockholders. Common stockholders are entitled to receive dividends, as may be declared by the Company's board of directors. As of December 31, 2020 and 2019, no dividends had been declared.

As of December 31, 2020 and 2019, there were 125,600,000 and 100,000,000 shares respectively, of common stock authorized, of which 14,876,460 and 14,425,074 shares were outstanding, respectively.

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Additionally, the Company has reserved the following shares of common stock for issuance as follows:

	December 31, 2020
Conversion of Series A Preferred Stock	19,977,170
Conversion of Series A-1 Preferred Stock	3,317,014
Conversion of Series B Preferred Stock	14,314,603
Conversion of Series C Preferred Stock	14,857,528
Conversion of Series D Preferred Stock	24,599,042
Conversion of Series A Warrants	75,098
Conversion of Series B Warrants	17,175
Conversion of Series C Warrants	142,427
2016 Equity Incentive Plan	17,124,639
Key Personnel Incentive Plan	1,067,711
Total shares of common stock reserved for issuance	95,492,407

Note 9. Stock-based Compensation

Stock Options

Key Personnel Incentive Plan

In November 2013, the Company adopted the Key Personnel Incentive Plan, or the KPI Plan, and reserved 3,000,000 common units of the Company for sale and issuance under the KPI Plan. The KPI Plan provides for the grant of restricted units and non-statutory option awards to employees, non-employee directors and consultants of the Company. As of December 31, 2020 and 2019, there were no shares of common stock available for grant under the KPI Plan.

The KPI Plan provides for the early exercise of options. Upon exercise, such option holder receives common stock of the Company, subject to a lapsing right of repurchase. Upon termination of such individual, the Company may exercise its right to repurchase any unvested shares for the exercise price paid by the option holder.

2016 Equity Incentive Plan

In August 2016, the Board of Directors and the stockholders of the Company adopted the 2016 Equity Incentive Plan. Under the 2016 Plan 17,124,639 shares of common stock are reserved. The Company may grant options to purchase common stock, stock appreciation rights, restricted stock awards and other forms of stock-based compensation. Stock options generally vest over four years and expire no later than 10 years from the date of grant. The Board of Directors has the authority to select the employees to whom options are granted and determine the terms of each option, including i) the number of shares of common stock subject to the option; ii) when the option becomes exercisable; iii) the option exercise price, which must be at least 100% of the fair market value of the common stock as of the date of grant and iv) the duration of the option, which may not exceed 10 years.

As of December 31, 2020 and 2019, options to purchase a total of 13,958,278 and 5,785,079 shares respectively, of common stock remained outstanding and 3,433,092 and 4,932,115 remain available for grant under the 2016 Plan and the KPI Plan as of December 31, 2020 and 2019, respectively.

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Stock option activity for the year ended December 31, 2020 was as follows:

	Shares Subject to Options Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (In Years)	Aggregate Intrinsic Value
Outstanding January 1, 2020	5,785,079	$ 1.62	7.92	$ 9,910
Granted	8,884,047	3.48		
Cancelled	(259,462)	2.61		
Exercised	(451,386)	1.51		994
Outstanding December 31, 2020	13,958,278	$ 2.78	8.50	$ 12,956
Vested and exercisable at December 31, 2020	6,028,193	$ 1.51	6.79	$ 10,039
Non-vested options at December 31, 2020	7,930,085	$ 3.75	9.32	$ 2,917

The fair value of the majority of options granted to employees is estimated on the grant date using the Black-Scholes option valuation model. This valuation model for stock-based compensation expense requires the Company to make assumptions and judgments about the variables used in the calculation, including the expected term (weighted-average period of time that the options granted are expected to be outstanding), the volatility of the Company's common stock, an assumed risk-free interest rate and expected dividends. The Company uses the simplified calculation of expected life and volatility is based on an average of the historical volatilities of the common stock of several publicly traded entities with characteristics similar to those of the Company. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods corresponding with the expected life of the option. The Company uses the straight-line method for expense attribution. The weighted-average grant-date fair values of stock options granted in the years ended December 31, 2020 and 2019 were $2.19 and $2.01, respectively.

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

	Years Ended December 31,	
	2020	2019
Expected Term (in years)	6.17	6.17
Expected Volatility	64.75 - 67.80%	63.88 - 65.01%
Expected Dividend Yield	—	—
Risk-Free Interest Rate	0.60 - 1.61%	1.68 - 2.44%

During the year ended December 31, 2020 the Company also granted employee options to purchase 1,000,000 shares of common stock that had performance and market conditions in addition to service conditions. The Company estimated that the fair value of the options was approximately $2,000 upon the grant date. No expense related to these options was recorded during the year ended December 31, 2020 as the performance conditions were not considered probable.

During the years ended December 31, 2020 and 2017, the Company granted options to purchase 80,000 and 220,000 shares, respectively, of common stock to non-employee consultants. These options were granted in exchange for consulting services and vest over a period that approximates the

term of the services to be provided by the Company. The fair value of each option on the date of grant is estimated using the Black-Scholes option model. The fair value of the options granted prior to 2020 were remeasured in each period until they were fully vested. Following the adoption of ASU 2018-07 on January 1, 2020, the fair value of options granted to non-employees were no longer remeasured subsequent to the grant date. There were no grants to non-employee consultants during the years ended December 31, 2018 and 2019.

The following table presents classification of stock-based compensation expense for employees and non-employees within the Consolidated Statements of Operations and Comprehensive Loss:

	Years Ended December 31,	
	2020	2019
Research and development	$1,777	$ 915
General and administrative	2,059	470
Total	$3,836	$1,385

At December 31, 2020, there was $16,262 of unamortized stock-based compensation cost related to unvested stock options which is expected to be recognized over a weighted average period of 3.21 years.

Warrants

In connection with the execution of the December 2016 Pacific loan agreement (see Note 6, “Notes Payable” for additional details), the Company issued Pacific fully vested warrants to purchase 56,324 shares, or the 2016 Warrants, of Series A Preferred Stock at a purchase price of $1.06525 per share, exercisable through December 2026. In May 2017, the Company drew down the remaining $1,000 of additional borrowing capacity under the Pacific loan agreement, which obligated the Company to issue Pacific fully vested warrants to purchase 18,774 shares, or the 2017 Warrants, of Series A Preferred Stock at a purchase price of $1.06525 per share, exercisable through December 2026. These warrants issued to Pacific, which remained outstanding as of December 31, 2020, are immediately exercisable.

In July of 2018, the Company elected to draw the remaining $7,200 available under the amended agreement. In connection with this draw the Company issued Pacific fully vested warrants to purchase 17,175 shares, or the 2018 Warrants, of Series B Preferred Stock at a purchase price of $4.1952 per share. These warrants remained outstanding as of December 31, 2020, and all were immediately exercisable.

In January 2020, the Company issued warrants to purchase 120,000 shares, or the 2020 Warrants, of Series C Preferred Stock at a purchase price of $9.75091 per share as part of a services agreement. The warrants vest ratably over 18 months. These warrants remained outstanding and 73,333 were vested and exercisable as of December 31, 2020. The grant date fair value was $6.15 per share. At December 31, 2020, there was $281 of unamortized cost related to the unvested warrants which is expected to be recognized over seven months.

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The following table summarizes the Series A and B warrants outstanding as of December 31, 2020:

Series A	Grant Date	Number of Warrants	Exercise Price	Fair Value as of December 31, 2020	Fair Value as of December 31, 2019
2016 Warrants	12/19/2016	56,324	$ 1.06525	$ 58	$ 60
2017 Warrants	5/27/2017	18,774	$ 1.06525	$ 19	$ 20

Series B	Grant Date	Number of Warrants	Exercise Price	Fair Value as of December 31, 2020	Fair Value as of December 31, 2019
2018 Warrants	7/9/2018	17,175	$ 4.1915	$ 48	$ 48

The value of warrants issued were calculated using the Black-Scholes-Merton option-pricing model with the following weighted average assumptions:

	Years Ended December 31,	
	2020	2019
Expected Term (in years)	5.97 - 7.00	6.97 - 8.14
Expected Volatility	64.75 - 67.80%	64.65%
Expected Dividend Yield	—	—
Risk-Free Interest Rate	0.93 - 1.61%	1.92%

The FASB has issued accounting guidance on the classification of freestanding warrants and other similar instruments on shares that are redeemable (either puttable or mandatorily redeemable). The guidance requires liability classification for certain warrants issued that are exercisable into convertible preferred stock. The initial fair values of the Series A and B warrants were recorded as a direct deduction to the carrying value of the notes payable and are being amortized over the term of the loan. The Company remeasures the Series A and B warrants on each Consolidated Balance Sheet date. The change in the valuation is recorded in the Consolidated Statements of Operations and Comprehensive Loss. The initial fair value of warrants related to the debt was recorded as a debt issuance costs, which results in a reduction in the carrying value of the debt and subsequent accretion.

The Series C warrants compensation expense is being recorded ratably over the requisite service period based on the award's fair value at the date of grant in general and administrative expense. These warrants were classified as equity as they were issued to nonemployees for services and the convertible preferred stock is not redeemable, except in the event of a deemed liquidation event, which is not considered probable.

The following is a summary of the changes in the Company's warrant liability balance for the years ended December 31, 2020 and 2019:

January 1, 2019	$139
Net decrease in fair value of all warrants	(11)
December 31, 2019	$128
Net decrease in fair value of all warrants	(3)
December 31, 2020	$125

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Note 10. Commitments and Contingencies

Lease Obligations

Komas Lease

In August 2016, the Company entered a new facilities lease, with the right of use and payments beginning in January 2017. The term of the lease is 7 years. This lease includes provisions for escalating rent payments. Rent expense is recognized on a straight-line basis over the term of the lease. This lease included an allowance for tenant improvements. Tenant improvements were recorded as property and equipment and are being depreciated over the term of the lease. In conjunction with the allowance for tenant improvements, the Company recorded a lease incentive obligation of $847 which is being amortized over the term of the lease as a reduction to rent expense. As of December 31, 2020, the related unamortized lease incentive obligation was $373.

Station 41 Lease

In August 2017, the Company entered a new facilities lease, with the right of use beginning in December 2017 and payments beginning in June 2018. The term of the lease is 10 years, with one five-year renewal option exercisable by the Company. This lease includes provisions for escalating rent payments. Rent expense is recognized straight-line over the term of the lease. This lease included an allowance for tenant improvements of $3,967, the full balance of which was drawn as of December 31, 2019. Tenant improvements are being recorded as property and equipment and will be depreciated over the remaining term of the lease when they are completed. In conjunction with the allowance for tenant improvements, the Company recorded a leasehold obligation of $3,967, which is being amortized over the term of the lease as a reduction to rent expense. As of December 31, 2020, the related unamortized lease incentive obligation was $2,802.

During the year ended December 31, 2018, the Company elected to draw an additional tenant improvement loan of $992 offered in the Station 41 lease. This loan is incorporated into, and acts to increase, the base rent over the remaining life of the lease. Interest, interest accrues on the outstanding principal amount at a rate equal to 8%. The Company accounts for this additional tenant improvement loan as a Note Payable on the Consolidated Balance Sheets with the current portion being included in Current Portion of Notes Payable.

During the year ended December 31, 2019, the Company amended the Station 41 Lease to include additional space in the conjoining unit with the right to use the new space beginning in June 2020 for an additional 7 years. This amendment for the extra space includes provisions for escalating rent payments. Rent expense is recognized straight-line over the term of the lease.

Milpitas Lease

In August 2019, the Company entered a new facilities lease, with the right of use and payments beginning in August 2019. The term of the lease is 9 years. This lease includes provisions for escalating rent payments. Rent expense is recognized on a straight-line basis over the term of the lease.

Future Minimum Lease Payments

During the years ended December 31, 2020 and 2019, total rent expense was $3,706 and $3,739. The Komas, Milpitas and Station 41 leases are classified as operating leases. Future minimum

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commitments as of December 31, 2020 under the Company's lease agreements are as follows (this table does not include the $32,440 of additional total minimum lease payments the Company committed to in January 2021, as discussed in Note 16, "Subsequent Events"):

Years Ended December 31,	Amount
2021	$ 3,849
2022	3,977
2023	4,311
2024	4,247
2025	4,343
Thereafter	10,963
Total Minimum Payments	$31,690

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 therefore are cancellable contracts.

Additionally, during the year ended December 31, 2020, the Company agreed with Dell EMC to purchase an additional supercomputer, accessories and parts for an estimated price of approximately $18,834. As of December 31, 2020, the Company had incurred costs of approximately $172 related to commitment, which were accrued and capitalized as property, plant, and equipment in the Consolidated Balance Sheet.

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 corporate reimbursements of covered obligations that limits the Company's exposure and enables it to recover a portion of potential future amounts paid. The Company has no liabilities recorded for these agreements as of December 31, 2020 and 2019 as no amounts in excess of insurance coverage are probable or estimable.

Employee Agreements

The Company has signed employment agreements with certain key employees pursuant to which if their employment is terminated by the Company following a change of control of the Company, the employees are entitled to receive certain benefits, including accelerated vesting of equity incentives.

Legal Matters

The Company is not currently a party to any material litigation or other material legal proceedings. The Company may, from time to time, be involved in various legal proceedings arising from the normal course of business activities, and an unfavorable resolution of any of these matters could materially affect the Company's future results of operations, cash flows, or financial position.

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Note 11. Income Taxes

The Company did not record any income tax expense for the years ended December 31, 2020 and 2019. The Company has historically incurred operating losses and maintains a full valuation allowance against its net deferred tax assets.

The provision for income taxes consisted of the following components (all deferred):

	Years Ended December 31,	
	2020	2019
Federal	$ 20,707	$ 15,555
State	947	1,517
Change in valuation allowance	(21,654)	(17,072)
Total	$ —	$ —

The Company's effective tax rate of 0% for the years ended December 31, 2020 and 2019 differs from the statutory U.S. federal rate as follows;

	Years Ended December 31,	
	2020	2019
Statutory tax rate	$(18,271)	$(12,995)
R&D credit generation	(2,840)	(2,233)
Orphan drug credit generation	(896)	(932)
Uncertain tax positions	374	316
Other non-deductible expenses	926	288
Change in valuation allowance	20,707	15,556
Effective tax rate	$ —	$ —

The tax effects of temporary differences that give rise to significant components of the deferred tax assets are as follows:

	December 31,	
	2020	2019
Deferred tax assets:		
Reserves and accruals	$ 1,906	$ 1,846
Net operating loss carryforwards	43,954	27,665
Stock-based compensation	356	178
Research and development credit carryforwards	9,529	5,343
Definite lived intangibles	1,114	423
Other	217	31
Gross deferred tax assets	57,076	35,486
Valuation allowance	(55,439)	(33,786)
Net deferred tax asset	1,637	1,700
Deferred tax liabilities		
Depreciable assets	(1,637)	(1,700)
Net deferred tax asset	$ —	$ —

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As of December 31, 2020 and 2019, the Company recorded the portion of its deferred tax assets that was determined to meet the more likely than not threshold. A valuation allowance was recorded against the remaining deferred tax assets. Significant judgment is required in determining the Company's provision for income taxes, recording valuation allowances against deferred tax assets and evaluating the Company's uncertain tax positions. Due to net losses since inception and the uncertainty of realizing the deferred tax assets, the Company has a full valuation allowance against its net deferred tax assets. To the extent that the Company generates positive income and expects, with reasonable certainty, to continue to generate positive income, the Company may release all, or a portion of, the valuation allowance in a future period. This release would result in the recognition of all, or a portion of, the Company's deferred tax assets, resulting in a decrease to income tax expense for the period such release is made. As of December 31, 2020 and 2019, the Company's valuation allowance was $55,439 and $33,786, respectively, which increased by approximately $21,653 and $17,072 for the years ended December 31, 2020 and 2019.

NOLs and tax credit carry-forwards are subject to review and possible adjustment by the Internal Revenue Service ("IRS") and may become subject to annual limitation due to ownership changes that have occurred previously or that could occur in the future under Section 382 of the Internal Revenue Code, as amended and similar state provisions. These ownership changes may limit the amount of carryforwards that can be utilized annually to offset future taxable income. In general, an ownership change, as defined by Section 382, results from transactions increasing the ownership of certain shareholders or public groups in the stock of a corporation by more than 50% over a three-year period. The Company has not conducted a study to assess whether a change of control has occurred or whether there have been multiple changes of control since inception due to the significant complexity and cost associated with such a study. If the Company has experienced a change of control, as defined by Section 382, at any time since inception, utilization of the net operating loss carryforwards or research and development tax credit carryforwards would be subject to an annual limitation under Section 382, which is determined by first multiplying the value of the Company's stock at the time of the ownership change by the applicable long-term tax-exempt rate, and then could be subject to additional adjustments, as required. Any limitation may result in expiration of a portion of the net operating loss carryforwards or research and development tax credit carryforwards before utilization. Further, until a study is completed and any limitation is known, no amounts are being presented as an uncertain tax position.

As of December 31, 2020 and 2019, the Company had federal NOL carryforwards of $193,802 and $116,575, respectively, available to reduce taxable income, of which $18,639 expire beginning 2036 and $175,164 do not expire. The Company had state NOL carryforwards of $77,384 and $117,771 as of December 31, 2020 and 2019, respectively, available to reduce future state taxable income, of which $5,300 expire beginning 2031 and $72,084 not expire.

As of December 31, 2020, the Company also had federal and state research and development credit carryforwards of $6,686 and $2,157 respectively. As of December 31, 2019, the Company had federal and state research and development credit carryforwards of $3,846 and $1,242, respectively. The federal research and development credit carryforwards expire beginning in 2036 and the state credit carryforwards expire beginning in 2030. The Company also had federal Orphan Drug credits of $1,828 and $932 as of December 31, 2020 and 2019, respectively, which will begin expiring in 2036. The Company had reserves for uncertain tax positions against these credit carryforwards of $1,142 and $677 as of December 31, 2020 and 2019 respectively.

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The Company recognizes benefits of uncertain tax positions if it is more likely than not that such positions will be sustained upon examination based solely on their technical merits, as the largest amount of benefit that is more likely than not to be realized upon the ultimate settlement. It is the Company's policy to include penalties and interest expense related to income taxes as a component of Other income (loss), net as necessary.

The Company files income tax returns in the United States, Utah, and California. 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 2017 tax return.

Note 12. Net Loss Per Share

The following table sets forth the computation of the basic and diluted net loss per share:

	Years Ended December 31,	
	2020	2019
Numerator:		
Net loss	$ (87,006)	$ (61,879)
Denominator:		
Weighted average common shares outstanding	14,520,924	14,380,177
Net loss per share, basic and diluted	$ (5.99)	$ (4.30)

The Company's potentially dilutive securities, which include convertible preferred stock and options and warrants to purchase common stock, have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share. Therefore, the weighted average number of common shares outstanding used to calculate both basic and diluted net loss per share is the same. 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:

	Year Ended December 31,	
	2020	2019
Convertible preferred stock	60,456,450	52,466,330
Options to purchase common stock	2,424,267	5,785,079
Warrants	78,228	92,273
Total	62,958,945	58,343,682

Note 13. Related Party Transactions

On December 5, 2017, the Company entered into a loan agreement with its Chief Executive Officer, or the CEO, to provide to the CEO a loan of $595. The loan had a seven-year term. As of December 31, 2019, the outstanding balance of $595 is recorded on the Consolidated Balance Sheets within Other Non-Current assets. The outstanding balance of the loan was fully repaid during the year ended December 31, 2020.

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The acquisition of Vium was a related party transaction due to the fact that Vium was affiliated with certain investors of the Company. See Note 3, “Acquisitions” for additional details on the acquisition.

Note 14. Collaborative and Other Research and Development Contracts

In August 2020, the Company entered into a Research Collaboration and Option Agreement, or the Bayer Agreement, with Bayer AG, or Bayer, for a five-year term pursuant to which the Company and Bayer may initiate approximately ten research projects related to fibrosis across multiple organ systems, including lung, liver, and heart. Under the agreement, the Company contributed compounds from our proprietary library and Bayer contributed compounds from its proprietary library and will contribute scientific expertise throughout the collaboration.

Under the terms of the agreement, the Company received a non-refundable upfront payment of $30,000, which was recorded as unearned revenue on the Consolidated Balance Sheet. The Company determined that it has one performance obligation under the agreement, which is to perform research and development services for Bayer. Recursion determined the transaction price to be the $30,000 upfront payment received and allocated the amount to the single performance obligation. The Company is recognizing the revenue over time using a cost-based input method, based on labor costs incurred to perform the research and development services. This method of recognizing revenue requires the Company to make estimates of the total costs 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.

During the year ended December 31, 2020, the Company recognized $3,333 of revenue resulting from the collaboration. There is $10,000 and $16,667 of current and noncurrent unearned revenue, respectively, remaining as of December 31, 2020. The allocation of unearned revenue between current and noncurrent is based on our estimates of when the Company expects to incur the related costs.

Under each research project, the Company will work with Bayer to identify potential candidates for development. Under the agreement, Bayer has the first option for licenses to potential candidates. Each such license could potentially result in option exercise fees and development and commercial milestones paid to the Company with an aggregate value of up to approximately $100,000 (for an option on a lead series) or up to approximately $120,000 (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.

On October 10, 2017, the Company announced the formation of a research collaboration with Takeda Pharmaceutical Company Limited. During the years ended December 31, 2020 and 2019, the Company recognized $0 and $1,334 of revenue respectively, resulting from the collaboration. The Company does not expect future revenues from this collaboration.

Note 15. Employee Benefit Plans

The Company has an employee benefit plan under Section 401(k) of the Internal Revenue Code. The plan allows employees to make contributions up to a specified percentage of their compensation. The Company is currently contributing up to 4% of employee base salary, by matching 100% of the first 4% of annual base salary contributed by each employee. Employer expenses were approximately $1,122 and $931 during the years ended December 31, 2020 and 2019, respectively.

RECURSION PHARMACEUTICALS, INC.

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Note 16. Subsequent Events

The Company evaluated subsequent events from the Consolidated Balance Sheets date through March 3, 2021, the date at which the consolidated financial statements were issued. The Company has concluded that no events or transactions have occurred, other than those disclosed in the notes above, that require disclosure in the accompanying consolidated financial statements, other than the following:

Station 41 Lease

In January 2021, the Company amended the Station 41 Lease, increasing the leased square footage by an additional 91,478 square feet. This amendment includes provisions for escalating rent, has a 10-year term and additional total minimum payments of $32,440. This lease included a tenant improvement allowance of up to approximately $10,092.

Shares

Recursion Pharmaceuticals, Inc.

Class A Common Stock

Goldman Sachs & Co. LLC **J.P. Morgan**

BofA Securities **SVB Leerink** **Allen & Company LLC**

KeyBanc Capital Markets

Prospectus dated , 2021

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PART II
INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth the expenses to be incurred in connection with the offering described in this Registration Statement, other than underwriting discounts and commissions, all of which will be paid by us. All amounts are estimates except the Securities and Exchange Commission, or SEC, registration fee, the Financial Industry Regulatory Authority, Inc., or FINRA, filing fee and the Nasdaq listing fee.

	Amount Paid or to Be Paid
SEC registration fee	$ *
FINRA filing fee	*
Nasdaq listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees	*
Miscellaneous expenses	*
Total	$ *

* To be provided by amendment.

Item 14. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law empowers a corporation to indemnify its directors and officers and to purchase insurance with respect to liability arising out of their capacity or status as directors and officers, provided that the person acted in good faith and in a manner the person reasonably believed to be in our best interests, and, with respect to any criminal action, had no reasonable cause to believe the person's actions were unlawful. The Delaware General Corporation Law further provides that the indemnification permitted thereunder shall not be deemed exclusive of any other rights to which the directors and officers may be entitled under the corporation's bylaws, any agreement, a vote of stockholders or otherwise. The certificate of incorporation of the registrant to be in effect upon the completion of this offering provides for the indemnification of the registrant's directors and officers to the fullest extent permitted under the Delaware General Corporation Law. In addition, the bylaws of the registrant to be in effect upon the completion of this offering require the registrant to fully indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative) by reason of the fact that such person is or was a director or officer of the registrant, or is or was a director or officer of the registrant serving at the registrant's request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, to the fullest extent permitted by applicable law.

Section 102(b)(7) of the Delaware General Corporation Law permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except (1) for any breach of the director's duty of loyalty to the corporation or its stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (3) for

payments of unlawful dividends or unlawful stock repurchases or redemptions or (4) for any transaction from which the director derived an improper personal benefit. The registrant's certificate of incorporation to be in effect upon the completion of this offering provides that the registrant's directors shall not be personally liable to it or its stockholders for monetary damages for breach of fiduciary duty as a director and that if the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of the registrant's directors shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Section 174 of the Delaware General Corporation Law provides, among other things, that a director who willfully or negligently approves of an unlawful payment of dividends or an unlawful stock purchase or redemption may be held liable for such actions. A director who was either absent when the unlawful actions were approved, or dissented at the time, may avoid liability by causing his or her dissent to such actions to be entered in the books containing minutes of the meetings of the board of directors at the time such action occurred or immediately after such absent director receives notice of the unlawful acts.

As permitted by the Delaware General Corporation Law, the registrant has entered into separate indemnification agreements with each of the registrant's directors and executive officers which would require the registrant, among other things, to indemnify them against certain liabilities which may arise by reason of their status as directors or executive officers.

The registrant expects to obtain and maintain insurance policies under which its directors and officers are insured, within the limits and subject to the limitations of those policies, against certain expenses in connection with the defense of, and certain liabilities which might be imposed as a result of, actions, suits, or proceedings to which they are parties by reason of being or having been directors or officers. The coverage provided by these policies may apply whether or not the registrant would have the power to indemnify such person against such liability under the provisions of the Delaware General Corporation Law.

These indemnification provisions and the indemnification agreements entered into between the registrant and the registrant's officers and directors may be sufficiently broad to permit indemnification of the registrant's officers and directors for liabilities (including reimbursement of expenses incurred) arising under the Securities Act of 1933, as amended.

The underwriting agreement between the registrant and the underwriters filed as Exhibit 1.1 to this registration statement provides for the indemnification by the underwriters of the registrant's directors and officers and certain controlling persons against specified liabilities, including liabilities under the Securities Act with respect to information provided by the underwriters specifically for inclusion in the registration statement. The investors' rights agreement with certain holders of our capital stock also provides for cross-indemnification in connection with the registration of the registrant's Class A common stock and Class B common stock on behalf of such holders.

Item 15. Recent Sales of Unregistered Securities

The following list sets forth information regarding all unregistered securities sold by us since January 1, 2018. No underwriters were involved in the sales and the certificates representing the securities sold and issued contain legends restricting transfer of the securities without registration under the Securities Act or an applicable exemption from registration.

(1) From January 2018 through February 2018, we issued and sold an aggregate of 1,002,023 shares of our Series B convertible preferred stock at a purchase price of $4.19152 per share for an aggregate purchase price of $4.2 million.

(2) From February 2019 through August 2019, we issued and sold an aggregate of 12,517,569 shares of our Series C convertible preferred stock at a purchase price of $9.75091 per share for an aggregate purchase price of $122.1 million.

(3) From September 2020 through October 2020, we issued and sold an aggregate of 24,599,042 shares of our Series D convertible preferred stock at a purchase price of $10.06181 per share for an aggregate purchase price of $247.5 million.

(4) From January 2018 through February 27, 2021, we granted stock options to purchase an aggregate of 17,091,856 shares of common stock upon the exercise of options under our 2016 Plan at exercise prices per share ranging from $0.46 to $6.65, for an aggregate exercise price of approximately $50.1 million.

(5) From January 2018 through February 27, 2021, we issued and sold to certain service providers of ours an aggregate of 895,711 shares of common stock upon the exercise of options under our 2016 Plan at exercise prices per share ranging from $0.46 to $3.33, for an aggregate exercise price of approximately $1.8 million.

(6) From January 2018 through February 27, 2021, we granted stock options to purchase an aggregate of 46,000 shares of common stock upon the exercise of options under our KPI Plan at exercise prices per share of $0.55, for an aggregate exercise price of approximately $0.02 million.

(7) In January 2020, we issued warrants to a service provider to purchase 120,000 shares of Series C Preferred Stock at a purchase price of $9.75091 per share as part of a services agreement.

The offers, sales and issuances of the securities described in Items 15(1), 15(2) and 15(3) were exempt from registration under the Securities Act under Section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder as transactions by an issuer not involving a public offering. The recipients of securities in each of these transactions acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions was an accredited person and had adequate access, through employment, business, or other relationships, to information about the registrant.

The offers, sales and issuances of the securities described in Items 15(4) and 15(5) were exempt from registration under the Securities Act under either (1) Rule 701 in that the transactions were under compensatory benefit plans and contracts relating to compensation as provided under Rule 701 or (2) Section 4(a)(2) of the Securities Act as transactions by an issuer not involving any public offering. The recipients of such securities were the registrant's employees, consultants or directors and received the securities under our 2016 Plan. The recipients of securities in each of these transactions represented their intention to acquire the securities for investment only and not with view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the securities issued in these transactions.

Item 16. Exhibit and Financial Statement Schedules

(a) Exhibits.

See the Exhibit Index immediately preceding the signature page hereto for a list of exhibits filed as part of this registration statement on Form S-1, which Exhibit Index is incorporated herein by reference.

(b) Financial Statement Schedules.

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

Item 17. Undertakings

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

EXHIBIT INDEX

Exhibit number	Description
1.1*	Form of Underwriting Agreement.
3.1	Amended and Restated Certificate of Incorporation of the Registrant, as currently in effect.
3.2*	Form of Amended and Restated Certificate of Incorporation of the Registrant, to be in effect upon the completion of this offering.
3.3	Bylaws of the Registrant, as currently in effect.
3.4*	Form of Amended and Restated Bylaws of the Registrant, to be in effect upon the completion of this offering.
4.1	Amended and Restated Investors' Rights Agreement by and among the Registrant and certain of its stockholders, dated September 1, 2020.
4.2*	Specimen Class A common stock certificate of the Registrant.
5.1*	Opinion of Wilson Sonsini Goodrich & Rosati, Professional Corporation.
10.1+*	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers.
10.2+*	2016 Equity Incentive Plan, as amended, and forms of agreement thereunder.
10.3+*	2021 Equity Incentive Plan and forms of agreements thereunder, to be in effect upon the completion of this offering.
10.4+*	2021 Employee Stock Purchase Plan and forms of agreements thereunder, to be in effect upon the completion of this offering.
10.5+*	Form of Executive Officer Employment Agreement between the Registrant and each executive officer.
10.9+*	Executive Incentive Compensation Plan.
10.10+*	Change in Control and Severance Policy.
10.11+*	Outside Director Compensation Policy.
10.12	Office Lease by and between Vestar Gateway, LLC and Registrant, dated November 13, 2017, as amended.
10.13	Amended and Restated Lease by and between Berrueta Family L.P. and Mousera, Inc. dated July 27, 2015, as amended and assigned to Registrant on August 16, 2019.
10.14#	Research Collaboration and Option Agreement by and between Bayer AG and the Registrant, dated August 28, 2020.
10.15#	Amended and Restated License Agreement between the Registrant and University of Utah Research Foundation, dated February 9, 2016.
10.16#	Exclusive License Agreement No. A2019-1229 between Ohio State Innovation Foundation and Registrant, dated December 21, 2018.
10.17#	License Agreement by and between Takeda Pharmaceutical Company Limited and Registrant, dated May 1, 2020.
10.18	Lease Agreement by and between Industry Office SLC, LLC and Registrant, dated February 10, 2021.
23.1*	Consent of Independent Registered Public Accounting Firm.
23.2*	Consent of Wilson Sonsini Goodrich & Rosati, Professional Corporation (included in Exhibit 5.1).
24.1*	Power of Attorney (see page II-6 to this Form S-1).

* To be filed by amendment.
\+ Indicated management contract or compensatory plan.
\# Portions of the exhibit, marked by brackets and asterisks [***], have been omitted because the omitted information is not material and (i) would likely cause competitive harm to the registrant if publicly disclosed or (ii) is information that the registrant treats as private or confidential.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Salt Lake City, Utah, on , 2021.

RECURSION PHARMACEUTICALS, INC.

By: _____
Christopher Gibson
Chief Executive Officer

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Christopher Gibson and Michael Secora as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and substitution, for him or her and in his or her name, place and stead, in any and all capacities to sign any or all amendments (including post-effective amendments) to this registration statement and any and all additional registration statements pursuant to Rule 462(b) of the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as they, he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agents or any of them, or their, his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
Christopher Gibson	President, Chief Executive Officer and Director *(Principal Executive Officer)*	, 2021
Michael Secora	Chief Financial Officer *(Principal Financial and Accounting Officer)*	, 2021
Zachary Bogue	Director	, 2021
Blake Borgeson	Director	, 2021
Terry-Ann Burrell	Director	, 2021
R. Martin Chavez	Chair of the Board	, 2021

Signature	Title	Date
Zavain Dar	Director	, 2021
Robert Hershberg	Director	, 2021
Dean Li	Director	, 2021

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION OF

RECURSION PHARMACEUTICALS, INC.

Recursion Pharmaceuticals, Inc., a corporation organized and existing under the laws of the State of Delaware (the "***Corporation***"), certifies that:

1. The name of the Corporation is Recursion Pharmaceuticals, Inc. The Corporation's original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on September 1, 2016.

2. This Amended and Restated Certificate of Incorporation was duly adopted in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware, and has been duly approved by the written consent of the stockholders of the Corporation in accordance with Section 228 of the General Corporation Law of the State of Delaware.

3. The text of the Certificate of Incorporation is amended and restated to read as set forth in EXHIBIT A attached hereto.

IN WITNESS WHEREOF, Recursion Pharmaceuticals, Inc. has caused this Amended and Restated Certificate of Incorporation to be signed by Christopher Gibson, a duly authorized officer of the Corporation, on August 28, 2020.

/s/ Christopher Gibson

Christopher Gibson, Chief Executive Officer

EXHIBIT A

ARTICLE I

The name of the Corporation is Recursion Pharmaceuticals, Inc.

ARTICLE II

The purpose of this corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

ARTICLE III

The address of the Corporation's registered office in the State of Delaware is 1209 Orange St., City of Wilmington, County of New Castle, 19801. The name of the registered agent at such address is National Registered Agents, Inc.

ARTICLE IV

The total number of shares of stock that the corporation shall have authority to issue is 206,556,475, consisting of 125,600,000 shares of Common Stock, $0.00001 par value per share (the "***Common Stock***"), and 80,956,475 shares of Preferred Stock. The first series of Preferred Stock shall be designated "***Series A Preferred Stock***," $0.00001 par value per share, and shall consist of 20,052,268 shares. The second series of Preferred Stock shall be designated "***Series A-1 Preferred Stock***," $0.00001 par value per share, and shall consist of 3,317,014 shares. The third series of Preferred Stock shall be designated "***Series B Preferred Stock***," $0.00001 par value per share, and shall consist of 14,331,778 shares. The fourth series of Preferred Stock shall be designated "***Series C Preferred Stock***," $0.00001 par value per share, and shall consist of 12,637,569 shares. The fifth series of Preferred Stock shall be designated "***Series D Preferred Stock***," $0.00001 par value per share, and shall consist of 30,617,846 shares.

ARTICLE V

The terms and provisions of the Common Stock and Preferred Stock are as follows:

1. **Definitions.** For purposes of this ARTICLE V, the following definitions shall apply:

(a) "***Conversion Price***" shall mean $1.06525 per share for both the Series A Preferred Stock and Series A-1 Preferred Stock (subject to adjustment from time to time for Recapitalizations and as otherwise set forth elsewhere herein), shall mean $4.19152 per share for the Series B Preferred Stock (subject to adjustment from time to time for Recapitalizations and as otherwise set forth elsewhere herein), shall mean $8.21520 per share for the Series C Preferred Stock (subject to adjustment from time to time for Recapitalizations and as otherwise set forth elsewhere herein) and shall mean $10.06181 per share for the Series D Preferred Stock (subject to adjustment from time to time for Recapitalizations and as otherwise set forth elsewhere herein).

(b) "***Convertible Securities***" shall mean any evidences of indebtedness, shares or other securities convertible into or exchangeable for Common Stock.

(c) "***Corporation***" shall mean Recursion Pharmaceuticals, Inc.

(d) "***Distribution***" shall mean the transfer of cash or other property without consideration whether by way of dividend or otherwise, other than dividends on Common Stock payable in Common Stock, or the purchase or redemption of shares of the Corporation by the Corporation or its subsidiaries for cash or property other than: (i) repurchases of Common Stock issued to or held by employees, officers, directors or consultants of the Corporation or its subsidiaries upon termination of their employment or services pursuant to agreements providing for the right of said repurchase, (ii) repurchases of Common Stock issued to or held by employees, officers, directors or consultants of the Corporation or its subsidiaries pursuant to rights of first refusal contained in agreements providing for such right, and (iii) any other repurchase or redemption of capital stock of the Corporation approved by the holders of a majority of the then-outstanding Common Stock and Preferred Stock of the Corporation, each voting as separate classes.

(e) "***Dividend Rate***" shall mean an annual rate of $0.0852 per share for both the Series A Preferred Stock and the Series A-1 Preferred Stock (subject to adjustment from time to time for Recapitalizations as set forth elsewhere herein), shall mean an annual rate of $0.33532 for the Series B Preferred Stock (subject to adjustment from time to time for Recapitalizations as set forth elsewhere herein), shall mean an annual rate of $0.78007 per share for the Series C Preferred Stock (subject to adjustment from time to time for Recapitalizations as set forth elsewhere herein) and shall mean an annual rate of $0.80494 per share for the Series D Preferred Stock (subject to adjustment from time to time for Recapitalizations as set forth elsewhere herein).

(f) "***Liquidation Preference***" shall mean $1.06525 per share for the Series A Preferred Stock (subject to adjustment from time to time for Recapitalizations as set forth elsewhere herein), $0.00 per share for the Series A-1 Preferred Stock, $4.19152 per share for the Series B Preferred Stock (subject to adjustment from time to time for Recapitalizations as set forth elsewhere herein), $9.75091 per share for the Series C Preferred Stock (subject to adjustment from time to time for Recapitalizations as set forth elsewhere herein) and $10.06181 per share for the Series D Preferred Stock (subject to adjustment from time to time for Recapitalizations as set forth elsewhere herein).

(g) "***Options***" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

(h) "***Original Issue Price***" shall mean $1.06525 per share for both the Series A Preferred Stock and Series A-1 Preferred Stock (subject to adjustment from time to time for Recapitalizations as set forth elsewhere herein), shall mean $4.19152 per share for the Series B Preferred Stock (subject to adjustment from time to time for Recapitalizations as set forth elsewhere herein), shall mean $9.75091 per share for the Series C Preferred Stock (subject to adjustment from time to time for Recapitalizations as set forth elsewhere herein) and shall mean $10.06181 per share for the Series D Preferred Stock (subject to adjustment from time to time for Recapitalizations as set forth elsewhere herein).

(i) "***Preferred Directors***" shall mean the Series A Director and the Series B Director.

(j) "***Preferred Stock***" shall mean the Series A Preferred Stock, the Series A-1 Preferred Stock, the Series B Preferred Stock, the Series C Preferred Stock and the Series D Preferred Stock.

(k) "***Recapitalization***" shall mean any stock dividend, stock split, combination of shares, reorganization, recapitalization, reclassification or other similar event.

(l) "***Series A Director***" shall mean the director designated pursuant to Section 2.2(b) of the Amended and Restated Voting Agreement by and among the Corporation and the parties named therein dated on or about the Filing Date, as such may be amended from time to time (the "***Voting Agreement***").

(m) "***Series B Director***" shall mean the director designated pursuant to Section 2.2(a) of the Voting Agreement.

2. **Dividends.**

(a) ***Preferred Stock.*** In any calendar year, the holders of outstanding shares of Preferred Stock shall be entitled to receive dividends, when, as and if declared by the Board of Directors, out of any assets at the time legally available therefor, at the Dividend Rate specified for such shares of Preferred Stock payable in preference and priority to any declaration or payment of any Distribution on Common Stock in such calendar year. No Distributions shall be made with respect to the Common Stock unless dividends on the Preferred Stock have been declared in accordance with the preferences stated herein and all declared dividends on the Preferred Stock have been paid or set aside for payment to the Preferred Stock holders. The right to receive dividends on shares of Preferred Stock shall not be cumulative, and no right to dividends shall accrue to holders of Preferred Stock by reason of the fact that dividends on said shares are not declared or paid. Payment of any dividends to the holders of Preferred Stock shall be on a *pro rata*, *pari passu* basis in proportion to the Dividend Rates for each series of Preferred Stock.

(b) ***Additional Dividends.*** The Corporation shall not declare, set aside or pay any dividends on any share of Common Stock (other than dividends on Common Stock payable solely in Common Stock) unless a dividend (including the amount of any dividends paid pursuant to the above provisions of this Section 2) is declared, set aside or paid with respect to all outstanding shares of Preferred Stock in an amount for each such share of Preferred Stock at least equal to the aggregate amount of the dividends for all shares of Common Stock into which each such share of Preferred Stock could then be converted, calculated on the record date for determination of holders entitled to receive such dividend.

(c) ***Non-Cash Distributions.*** Whenever a Distribution provided for in this Section 2 shall be payable in property other than cash, the value of such Distribution shall be deemed to be the fair market value of such property as determined in good faith by the Board of Directors.

(d) ***Waiver of Dividends.*** Any dividend preference of the Preferred Stock may be waived, in whole or in part, by the consent or vote of the holders of the majority of the outstanding shares of Preferred Stock; *provided, however,* that such waiver must apply equally to all series of the Preferred Stock.

3. **Liquidation Rights.**

(a) ***Liquidation Preference.*** In the event of any liquidation, dissolution or winding up of the Corporation, either voluntary or involuntary, the holders of the Series D Preferred Stock, the holders of Series C Preferred Stock, the holders of the Series B Preferred Stock and the holders of the Series A Preferred Stock shall be entitled to receive, on a *pari passu* basis, prior and in preference to any Distribution of any of the assets of the Corporation to the holders of the Series A-1 Preferred Stock or the holders of the Common Stock by reason of their ownership of such stock, an amount per share for each share of Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock and Series A Preferred Stock held by them equal to the sum of (i) the applicable Liquidation Preference specified for each such share of Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock and Series A Preferred Stock and (ii) all declared but unpaid dividends (if any) on such shares of Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock and Series A Preferred Stock, or such lesser amount as may be approved by the holders of at least 70% of the outstanding shares of Series D Preferred Stock, the holders of the majority of outstanding shares of Series C Preferred Stock, the holders of the majority of the outstanding shares of Series B Preferred Stock and the holders of a majority of the outstanding shares of Series A Preferred Stock, as applicable, with each such series voting as a separate class. If upon the liquidation, dissolution or winding up of the Corporation, the assets of the Corporation legally available for distribution to the holders of the Series D

Preferred Stock, Series C Preferred Stock, Series B Preferred Stock and Series A Preferred Stock are insufficient to permit the payment to such holders of the full amounts specified in this Section 3(a), then the entire assets of the Corporation legally available for distribution shall be distributed with equal priority and *pro rata* among the holders of the Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock and Series A Preferred Stock in proportion to the full amounts they would otherwise be entitled to receive pursuant to this Section 3(a).

(b) ***Remaining Assets.*** After the payment or setting aside for payment to the holders of Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock and Series A Preferred Stock of the full amounts specified in Section 3(a), the entire remaining assets of the Corporation legally available for distribution shall be distributed *pro rata* to holders of the Common Stock of the Corporation in proportion to the number of shares of Common Stock held by them.

(c) Notwithstanding the above, for purposes of determining the amount each holder of Preferred Stock is entitled to receive in the event of a liquidation, dissolution or winding up of the Corporation, each such holder of Preferred Stock shall be deemed to have converted (regardless of whether such holder actually converted such holder's shares of Preferred Stock into Common Stock immediately prior to the liquidation, dissolution or winding up of the Corporation) if, as a result of an actual conversion, such holder would receive, in the aggregate, an amount greater than the amount that would be distributed to such holder if such holder did not convert such Preferred Stock into Common Stock. If any such holder shall be deemed to have converted Preferred Stock into Common Stock pursuant to this paragraph, then such holder shall not be entitled to receive any distribution that would otherwise be made to holders of the Preferred Stock that have not converted (or have not been deemed to have converted) into Common Stock.

(d) ***Shares not Treated as Both Preferred Stock and Common Stock in any Distribution.*** Shares of Preferred Stock shall not be entitled to be converted into shares of Common Stock in order to participate in any Distribution, or series of Distributions, as shares of Common Stock, without first foregoing participation in the Distribution, or series of Distributions, as shares of Preferred Stock.

(e) ***Reorganization.*** For purposes of this Section 3, a liquidation, dissolution or winding up of the Corporation shall be deemed to be occasioned by, or to include, (i) the acquisition of the Corporation by another entity by means of any transaction or series of related transactions to which the Corporation is party (or a subsidiary of the Corporation is a party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation) (including, without limitation, any stock acquisition, reorganization, merger or consolidation but excluding a consolidation with a wholly-owned subsidiary of the Corporation, any sale of stock primarily for capital raising purposes in which the Corporation is the surviving corporation or any merger effected exclusively to change the domicile of the Corporation) other than a transaction or series of related transactions in which the holders of the voting securities of the Corporation outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, as a result of shares in the Corporation held by such holders prior to such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of the Corporation or such other surviving or resulting entity (or if the Corporation or such other surviving or resulting entity is a wholly-owned subsidiary immediately following such acquisition, its parent); (ii) a sale, lease, exclusive license or other disposition of all or substantially all of the assets of the Corporation and its subsidiaries taken as a whole by means of any transaction or series of related transactions, except where such sale, lease, exclusive license or other disposition is to a wholly-owned subsidiary of the Corporation; or (iii) any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary. The treatment of any transaction or series of related transactions as a liquidation, dissolution or winding up pursuant to clause (i) or (ii) of the preceding sentence may be waived with respect to all series of Preferred Stock by the consent or vote of (i) at least a majority of the then-outstanding shares of Preferred Stock (voting as a single class and on an as-converted to Common Stock basis) and (ii) at least 70% of the then-outstanding shares of Series D Preferred Stock, voting as a separate class.

(f) ***Valuation of Non-Cash Consideration.*** If any assets of the Corporation distributed to stockholders in connection with any liquidation, dissolution, or winding up of the Corporation are other than cash, then the value of such assets shall be their fair market value as determined in good faith by the Board of Directors, *except that* any publicly-traded securities to be distributed to stockholders in a liquidation, dissolution, or winding up of the Corporation shall be valued as follows:

(i) if the securities are then traded on a national securities exchange, then the value of the securities shall be deemed to be the average of the closing prices of the securities on such exchange over the ten (10) trading day period ending five (5) trading days prior to the Distribution;

(ii) if the securities are actively traded over-the-counter, then the value of the securities shall be deemed to be the average of the closing bid prices of the securities over the ten (10) trading day period ending five (5) trading days prior to the Distribution.

In the event of a merger or other acquisition of the Corporation by another entity, the Distribution date shall be deemed to be the date such transaction closes.

For the purposes of this Section 3(f), "***trading day***" shall mean any day which the exchange or system on which the securities to be distributed are traded is open and "***closing prices***" or "***closing bid prices***" shall be deemed to be: (i) for securities traded primarily on the New York Stock Exchange or a Nasdaq market, the last reported trade price or sale price, as the case may be, at 4:00 p.m., New York time, on that day and (ii) for securities listed or traded on other exchanges, markets and systems, the market price as of the end of the regular hours trading period that is generally accepted as such for such exchange, market or system. If, after the date of the filing of this Amended and Restated Certificate of Incorporation (the "***Filing Date***"), the benchmark times generally accepted in the securities industry for determining the market price of a stock as of a given trading day shall change from those set forth above, the fair market value shall be determined as of such other generally accepted benchmark times.

(g) ***Allocation of Escrow and Contingent Consideration.*** In the event of a liquidation, dissolution or winding up of the Corporation, if any portion of the consideration payable to the stockholders of the Corporation is payable only upon satisfaction of contingencies (the "***Additional Consideration***"), the definitive agreement governing such liquidation, dissolution or winding up of the Corporation shall provide that (a) the portion of such consideration that is not Additional Consideration (such portion, the "***Initial Consideration***") shall be allocated among the holders of capital stock of the Corporation in accordance with Sections 3(a) through 3(c) as if the Initial Consideration were the only consideration payable in connection with such liquidation, dissolution or winding up of the Corporation; and (b) any Additional Consideration which becomes payable to the stockholders of the Corporation upon satisfaction of such contingencies shall be allocated among the holders of capital stock of the Corporation in accordance with Sections 3(a) through 3(c) after taking into account the previous payment of the Initial Consideration as part of the same transaction. For the purposes of this Section 3(g), consideration placed into escrow or retained as holdback to be available for satisfaction of indemnification or similar obligations in connection with such liquidation, dissolution or winding up of the Corporation shall be deemed to be Additional Consideration.

4. **Conversion.** The holders of the Preferred Stock shall have conversion rights as follows:

(a) ***Right to Convert.*** Each share of Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share at the office of the Corporation or any transfer agent for the Preferred Stock, into that number of fully-paid, nonassessable shares of Common Stock

determined by dividing the Original Issue Price for the relevant series by the Conversion Price for such series. The number of shares of Common Stock into which each share of Preferred Stock of a series may be converted is hereinafter referred to as the "***Conversion Rate***" for each such series. Upon any decrease or increase in the Conversion Price for any series of Preferred Stock, as described in this Section 4(a), the Conversion Rate for such series shall be appropriately increased or decreased.

(b) ***Automatic Conversion.*** Each share of Preferred Stock shall automatically be converted into fully-paid, non-assessable shares of Common Stock at the then effective Conversion Rate for such share (i) immediately prior to the closing of a firm commitment underwritten initial public offering pursuant to an effective registration statement filed under the Securities Act of 1933, as amended (the "***Securities Act***"), covering the offer and sale of the Corporation's Common Stock, *provided* that the offering price per share is not less than $10.06181 (as adjusted for Recapitalizations) and the aggregate gross proceeds to the Corporation are not less than $150,000,000 or (ii) upon the receipt by the Corporation of a written request for such conversion from the holders of a majority of the Preferred Stock then outstanding (voting as a single class and on an as-converted to Common Stock basis), including the holders of at least 70% of the then outstanding shares of Series D Preferred Stock (voting as a separate class), or, if later, the effective date for conversion specified in such requests (each of the events referred to in (i) and (ii) are referred to herein as an "***Automatic Conversion Event***").

(c) ***Mechanics of Conversion.*** No fractional shares of Common Stock shall be issued upon conversion of Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the then fair market value of a share of Common Stock as determined by the Board of Directors. For such purpose, all shares of Preferred Stock held by each holder of Preferred Stock shall be aggregated, and any resulting fractional share of Common Stock shall be paid in cash. Before any holder of Preferred Stock shall be entitled to convert the same into full shares of Common Stock, and to receive certificates therefor, the holder shall either (A) surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Preferred Stock or (B) notify the Corporation or its transfer agent that such certificates have been lost, stolen or destroyed and execute an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates, and shall give written notice to the Corporation at such office that the holder elects to convert the same; *provided*, *however,* that on the date of an Automatic Conversion Event, the outstanding shares of Preferred Stock shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent; *provided further*, however, that the Corporation shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such Automatic Conversion Event unless either the certificates evidencing such shares of Preferred Stock are delivered to the Corporation or its transfer agent as provided above, or the holder notifies the Corporation or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates. On the date of the occurrence of an Automatic Conversion Event, each holder of record of shares of Preferred Stock shall be deemed to be the holder of record of the Common Stock issuable upon such conversion, notwithstanding that the certificates representing such shares of Preferred Stock shall not have been surrendered at the office of the Corporation, that notice from the Corporation shall not have been received by any holder of record of shares of Preferred Stock, or that the certificates evidencing such shares of Common Stock shall not then be actually delivered to such holder.

(d) ***Adjustments to Conversion Price for Diluting Issues.***

(i) ***Special Definition.*** For purposes of this paragraph 4(d), "***Additional Shares of Common***" shall mean all shares of Common Stock issued (or, pursuant to paragraph 4(d)(iii), deemed to be issued) by the Corporation after the Filing Date, other than issuances or deemed issuances of:

(1) shares of Common Stock upon the conversion of the Preferred Stock;

(2) shares of Common Stock and options, warrants or other rights to purchase Common Stock issued or issuable to employees, officers or directors of, or consultants or advisors to the Corporation or any subsidiary pursuant to stock grants, restricted stock purchase agreements, option plans, purchase plans, incentive programs or similar arrangements approved by the Board of Directors (including Options granted prior to the Filing Date);

(3) shares of Common Stock upon the exercise or conversion of Options, warrants, convertible notes, Convertible Securities or other rights to acquire securities of the Corporation outstanding as of the Filing Date;

(4) shares of Common Stock issued or issuable pursuant to a stock split or as a dividend or distribution on capital stock of the Corporation or pursuant to any event for which adjustment is made pursuant to paragraph 4(e), 4(f) or 4(g) hereof;

(5) shares of Common Stock issued or issuable in a registered public offering under the Securities Act;

(6) shares of Common Stock or Options issued or issuable to banks, equipment lessors, real property lessors, financial institutions or other persons engaged in the business of making loans pursuant to a debt financing, commercial leasing or real property leasing transaction approved by the Board of Directors, including both of the Preferred Directors;

(7) shares of Common Stock issued or issuable in connection with any other transaction in which an exemption from the provisions of this Section 4(d) is approved by the affirmative vote of (i) at least a majority of the then-outstanding shares of Preferred Stock, voting as a single class on an as-converted to Common Stock basis and (ii) at least 70% of the then-outstanding shares of Series D Preferred Stock, voting as a separate class;

(8) shares of Series D Preferred Stock issued pursuant to the Series D Preferred Stock Purchase Agreement dated on or about the Filing Date among the Corporation and the signatories thereto, as such may be amended from time to time (the "***Purchase Agreement***");

(9) shares of Common Stock or Options issued or issuable in connection with sponsored research, collaboration, technology license, development, OEM, marketing or other similar agreements or strategic partnerships approved by the Board of Directors, including both of the Preferred Directors; and

(10) shares of Common Stock or Options issued or issuable to suppliers or third-party service providers in connection with the provision of goods or services pursuant to transactions approved by the Board of Directors, including both of the Preferred Directors.

(ii) ***No Adjustment of Conversion Price.*** No adjustment in the Conversion Price of a particular series of Preferred Stock shall be made in respect of the issuance of Additional Shares of Common unless the consideration per share (as determined pursuant to paragraph 4(d)(v)) for an Additional Share of Common issued or deemed to be issued by the Corporation is less than the Conversion Price in effect on the date of, and immediately prior to such issue, for such series of Preferred Stock.

(iii) ***Deemed Issue of Additional Shares of Common.*** In the event the Corporation at any time or from time to time after the Filing Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number) of Common Stock issuable upon the exercise of such Options or, in the case of Convertible Securities, the conversion or exchange of such Convertible Securities or, in the case of Options for Convertible Securities, the exercise of such Options and the conversion or exchange of the underlying securities, shall be deemed to have been issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, *provided* that in any such case in which shares are deemed to be issued:

(1) no further adjustment in the Conversion Price of any series of Preferred Stock shall be made upon the subsequent issue of Convertible Securities or shares of Common Stock in connection with the exercise of such Options or conversion or exchange of such Convertible Securities;

(2) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any change in the consideration payable to the Corporation or in the number of shares of Common Stock issuable upon the exercise, conversion or exchange thereof (other than a change pursuant to the anti-dilution provisions of such Options or Convertible Securities such as this Section 4(d) or pursuant to Recapitalization provisions of such Options or Convertible Securities such as Sections 4(e), 4(f) and 4(g) hereof), the Conversion Price of each series of Preferred Stock and any subsequent adjustments based thereon shall be recomputed to reflect such change as if such change had been in effect as of the original issue thereof (or upon the occurrence of the record date with respect thereto);

(3) no readjustment pursuant to clause (2) above shall have the effect of increasing the Conversion Price of a series of Preferred Stock to an amount above the Conversion Price that would have resulted from any other issuances of Additional Shares of Common and any other adjustments provided for herein between the original adjustment date and such readjustment date;

(4) upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been exercised, the Conversion Price of each series of Preferred Stock computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto) and any subsequent adjustments based thereon shall, upon such expiration, be recomputed as if:

(a) in the case of Convertible Securities or Options for Common Stock, the only Additional Shares of Common issued were the shares of Common Stock, if any, actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Corporation for the issue of such exercised Options plus the consideration actually received by the Corporation upon such exercise or for the issue of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Corporation upon such conversion or exchange, and

(b) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Corporation for the Additional Shares of Common deemed to have been then issued was the consideration actually received by the Corporation for the issue of such exercised Options, plus the consideration deemed to have been received by the Corporation (determined pursuant to Section 4(d)(v)) upon the issue of the Convertible Securities with respect to which such Options were actually exercised; and

(5) if such record date shall have been fixed and such Options or Convertible Securities are not issued on the date fixed therefor, the adjustment previously made in the Conversion Price which became effective on such record date shall be canceled as of the close of business on such record date, and thereafter the Conversion Price shall be adjusted pursuant to this paragraph 4(d)(iii) as of the actual date of their issuance.

(iv) ***Adjustment of Conversion Price Upon Issuance of Additional Shares of Common.*** In the event this Corporation shall issue Additional Shares of Common (including Additional Shares of Common deemed to be issued pursuant to paragraph 4(d)(iii)) without consideration or for a consideration per share less than the applicable Conversion Price of a series of Preferred Stock in effect on the date of and immediately prior to such issue, then, the Conversion Price of the affected series of Preferred Stock shall be reduced, concurrently with such issue, to a price (calculated to the nearest cent) determined by multiplying such Conversion Price by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue plus the number of shares which the aggregate consideration received by the Corporation for the total number of Additional Shares of Common so issued would purchase at such Conversion Price, and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue plus the number of such Additional Shares of Common so issued. Notwithstanding the foregoing, the Conversion Price shall not be reduced at such time if the amount of such reduction would be less than $0.01, but any such amount shall be carried forward, and a reduction will be made with respect to such amount at the time of, and together with, any subsequent reduction which, together with such amount and any other amounts so carried forward, equal $0.01 or more in the aggregate. For the purposes of this Section 4(d)(iv), all shares of Common Stock issuable upon conversion of all outstanding shares of Preferred Stock and the exercise and/or conversion of any other outstanding Convertible Securities and all outstanding Options shall be deemed to be outstanding.

(v) ***Determination of Consideration.*** For purposes of this Section 4(d), the consideration received by the Corporation for the issue (or deemed issue) of any Additional Shares of Common shall be computed as follows:

(1) ***Cash and Property.*** Such consideration shall:

(a) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation before deducting any reasonable discounts, commissions or other expenses allowed, paid or incurred by the Corporation for any underwriting or otherwise in connection with such issuance;

(b) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors; and

(c) in the event Additional Shares of Common are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (a) and (b) above, as reasonably determined in good faith by the Board of Directors.

(2) ***Options and Convertible Securities.*** The consideration per share received by the Corporation for Additional Shares of Common deemed to have been issued pursuant to paragraph 4(d)(iii) shall be determined by dividing

(x) the total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities by

(y) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

(e) ***Adjustments for Subdivisions or Combinations of Common Stock.*** In the event the outstanding shares of Common Stock shall be subdivided (by stock split, by payment of a stock dividend or otherwise), into a greater number of shares of Common Stock, the Conversion Price of each series of Preferred Stock in effect immediately prior to such subdivision shall, concurrently with the effectiveness of such subdivision, be proportionately decreased. In the event the outstanding shares of Common Stock shall be combined (by reclassification or otherwise) into a lesser number of shares of Common Stock, the Conversion Prices in effect immediately prior to such combination shall, concurrently with the effectiveness of such combination, be proportionately increased.

(f) ***Adjustments for Subdivisions or Combinations of Preferred Stock.*** In the event the outstanding shares of Preferred Stock or a series of Preferred Stock shall be subdivided (by stock split, by payment of a stock dividend or otherwise), into a greater number of shares of Preferred Stock, the Dividend Rate, Original Issue Price and Liquidation Preference of the affected series of Preferred Stock in effect immediately prior to such subdivision shall, concurrently with the effectiveness of such subdivision, be proportionately decreased. In the event the outstanding shares of Preferred Stock or a series of Preferred Stock shall be combined (by reclassification or otherwise) into a lesser number of shares of Preferred Stock, the Dividend Rate, Original Issue Price and Liquidation Preference of the affected series of Preferred Stock in effect immediately prior to such combination shall, concurrently with the effectiveness of such combination, be proportionately increased.

(g) ***Adjustments for Reclassification, Exchange and Substitution.*** Subject to Section 3 ("***Liquidation Rights***"), if the Common Stock issuable upon conversion of the Preferred Stock shall be changed into the same or a different number of shares of any other class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of shares provided for above), then, in any such event, in lieu of the number of shares of Common Stock which the holders would otherwise have been entitled to receive each holder of such Preferred Stock shall have the right thereafter to convert such shares of Preferred Stock into a number of shares of such other class or classes of stock which a holder of the number of shares of Common Stock deliverable upon conversion of such series of Preferred Stock immediately before that change would have been entitled to receive in such reorganization or reclassification, all subject to further adjustment as provided herein with respect to such other shares.

(h) ***Certificate as to Adjustments.*** Upon the occurrence of each adjustment or readjustment of the Conversion Price pursuant to this Section 4, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and readjustments, (ii) the Conversion Price at the time in effect and (iii) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of Preferred Stock.

(i) ***Waiver of Adjustment of Conversion Price.*** Notwithstanding anything herein to the contrary, any downward adjustment of the Conversion Price of the Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock or Series C Preferred Stock may be waived by the written consent or vote of the holders of the majority of the outstanding shares of such series either before or after the issuance causing the adjustment, and any downward adjustment of the Conversion Price of the Series D Preferred Stock may be waived by the written consent or vote of the holders of at least 70% of the outstanding shares of Series D Preferred Stock (voting as a separate class) either before or after the issuance causing the adjustment. Any such waiver shall bind all future holders of shares of such series of Preferred Stock.

(j) ***Notices of Record Date.*** In the event that this Corporation shall propose at any time:

(i) to declare any Distribution upon its Common Stock, whether in cash, property, stock or other securities, whether or not a regular cash dividend and whether or not out of earnings or earned surplus;

(ii) to effect any reclassification or recapitalization of its Common Stock outstanding involving a change in the Common Stock; or

(iii) to voluntarily liquidate or dissolve or to enter into any transaction deemed to be a liquidation, dissolution or winding up of the corporation pursuant to Section 3(e);

then, in connection with each such event, this Corporation shall send to the holders of the Preferred Stock prior written notice of the date on which a record shall be taken for such Distribution (and specifying the date on which the holders of Common Stock shall be entitled thereto and, if applicable, the amount and character of such Distribution) or for determining rights to vote in respect of the matters referred to in (ii) and (iii) above.

Such written notice shall be given by first class mail (or express courier), postage prepaid, addressed to the holders of Preferred Stock at the address for each such holder as shown on the books of the Corporation and shall be deemed given on the date such notice is mailed.

The notice provisions set forth in this section may be waived prospectively or retrospectively by the consent or vote of the holders of a majority of the Preferred Stock, voting as a single class and on an as-converted to Common Stock basis.

(k) ***Reservation of Stock Issuable Upon Conversion.*** The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock solely for the purpose of effecting the conversion of the shares of the Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all then outstanding shares of the Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Preferred Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

5. **Voting.**

(a) ***Restricted Class Voting.*** Except as otherwise expressly provided herein or as required by law, the holders of Preferred Stock and the holders of Common Stock shall vote together and not as separate classes.

(b) ***No Series Voting.*** Other than as provided herein or required by law, there shall be no series voting.

(c) ***Preferred Stock.*** Each holder of Preferred Stock shall be entitled to the number of votes equal to the number of shares of Common Stock into which the shares of Preferred Stock held by such holder could be converted as of the record date. The holders of shares of the Preferred Stock shall be entitled to vote on all matters on which the Common Stock shall be entitled to vote. Holders of Preferred Stock shall be entitled to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation. Fractional votes shall not, however, be permitted and any fractional voting rights resulting from the above formula (after aggregating all shares into which shares of Preferred Stock held by each holder could be converted), shall be disregarded.

(d) ***Election of Directors.*** The Board of Directors shall consist of eight members. So long as at least 3,000,000 shares (as adjusted for Recapitalizations) of Series B Preferred Stock remain outstanding, the holders of the Series B Preferred Stock, voting as a separate class, shall be entitled to elect one (1) member of the Corporation's Board of Directors, who shall be the Series B Director, at each meeting or pursuant to each consent of the Corporation's stockholders for the election of directors. So long as at least 4,000,000 shares (as adjusted for Recapitalizations) of Series A Preferred Stock remain outstanding, the holders of the Series A Preferred Stock and Series A-1 Preferred Stock, voting together as a single class on an as-converted to Common Stock basis, shall be entitled to elect one (1) member of the Corporation's Board of Directors, who shall be the Series A Director, at each meeting or pursuant to each consent of the Corporation's stockholders for the election of directors. The holders of Common Stock, voting as a separate class, shall be entitled to elect two (2) members of the Corporation's Board of Directors, collectively the Common Directors, at each meeting or pursuant to each consent of the Corporation's stockholders for the election of directors; provided that one of the Common Directors shall be the Corporation's then serving Chief Executive Officer, who shall be the CEO Director. One (1) member of the Board of Directors, who shall be the First Mutual Director, shall be nominated in accordance with Section 2.2(d) of the Voting Agreement and elected with the approval of both (i) the holders of a majority of the outstanding shares of Common Stock, voting as a separate class, and (ii) the holders of a majority of the outstanding shares of Preferred Stock, voting together as a single class on an as-converted to Common Stock basis, at each meeting or pursuant to each consent of the Corporation's stockholders for the election of directors. One (1) member of the Board of Directors, who shall be the Second Mutual Director, shall be nominated in accordance with Section 2.2(e) of the Voting Agreement and elected with the approval of both (i) the holders of a majority of the outstanding shares of Common Stock, voting as a separate class, and (ii) the holders of a majority of the outstanding shares of Preferred Stock, voting together as a single class on an as-converted to Common Stock basis, at each meeting or pursuant to each consent of the Corporation's stockholders for the election of directors. One (1) member of the Board of Directors, who shall be the Third Mutual Director, shall be nominated in accordance with Section 2.2(f) of the Voting Agreement and elected with the approval of both (i) the holders of a majority of the outstanding shares of Common Stock, voting as a separate class, and (ii) the holders of a majority of the outstanding shares of Preferred Stock, voting together as a single class on an as-converted to Common Stock basis, at each meeting or pursuant to each consent of the Corporation's stockholders for the election of directors. One (1) member of the Board of Directors, who shall be the Fourth Mutual Director, shall be elected with the approval of both (i) the holders of a majority of the outstanding shares of Common Stock, voting as a separate class, and (ii) the holders of a majority of the outstanding shares of Preferred Stock, voting together as a single class on an as-converted to Common Stock basis, at each meeting or pursuant to each consent of the Corporation's stockholders for the election of directors. If a vacancy on the Board of Directors is to be filled by the Board of Directors, only directors elected by the same class or classes of stockholders as those who would be entitled to vote to fill such vacancy shall vote to fill such vacancy.

(e) ***Number and Voting Power of Directors***. Each member of the Board of Directors shall be entitled to cast one (1) vote on all matters and resolutions presented to the Board of Directors. In the event the requisite affirmative vote on any matter or resolution presented to the Board of Directors cannot otherwise be obtained by directors entitled to cast one (1) vote, each of the then serving Series B Director, Series A Director and CEO Director shall thereupon instead be entitled to cast two (2) votes on such matter or resolution (such additional tiebreaking votes, the "***Casting Votes***"). The Casting Vote power shall terminate and no longer exist upon such date as the number of authorized members of the Board of Directors is increased to a number in excess of eight (8) or decreased to a number less than eight (8).

(f) ***Adjustment in Authorized Common Stock.*** The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares of Common Stock then outstanding) by an affirmative vote of the holders of a majority of the outstanding shares of capital stock of the Corporation, voting together as a single class and on an as-converted to Common Stock basis, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law of Delaware.

(g) ***Common Stock.*** Each holder of shares of Common Stock shall be entitled to one vote for each share thereof held.

6. **Protective Provisions.**

(a) ***Preferred Stock Protective Provisions.*** So long as at least 4,000,000 shares (as adjusted for Recapitalizations) of Preferred Stock shall be issued and outstanding, the Corporation shall not, without first obtaining the approval (by vote or written consent as provided by law) of the holders of a majority of the outstanding shares of the Preferred Stock, voting together as a single class and on an as-converted to Common Stock basis (in addition to any other vote required by law or the Certificate of Incorporation or Bylaws):

(i) amend, alter or repeal any provision of the Certificate of Incorporation or Bylaws of the Corporation (including pursuant to a merger), unless such amendment is for the purpose of creating a new class of Preferred Stock with an original issue price per share greater than the Original Issue Price of the Series D Preferred Stock;

(ii) alter the rights, preferences, privileges or powers of the Preferred Stock or any series thereof so as to adversely affect such shares;

(iii) effect any transaction or series of related transactions deemed to be a liquidation, dissolution or winding up of the Corporation pursuant to Section 3(e), where such transaction results in a payment per share to the holders of Series D Preferred Stock with respect to such holders' shares of Series D Preferred Stock of less than the Original Issue Price of the Series D Preferred Stock;

(iv) increase or decrease the size of the Board of Directors;

(v) redeem shares of the Corporation's capital stock (other than shares of capital stock repurchased upon termination of an officer, employee, director or consultant pursuant to a restricted stock purchase agreement or similar agreement approved by the Board of Directors (including agreements and forms of agreements approved in advance) either at a meeting or pursuant to a unanimous written consent);

(vi) create, authorize or issue any debt securities if the aggregate indebtedness of the Corporation and its subsidiaries for the borrowed money following such action would exceed $500,000, unless approved by the Board of Directors, including the Preferred Directors;

(vii) create or hold the capital stock of any subsidiary that is not wholly owned (directly or indirectly) by the Corporation, unless approved by the Board of Directors, including the Preferred Directors;

(viii) declare or pay any Distribution with respect to the capital stock of the Corporation;

(ix) increase the number of shares reserved for issuance under the Corporation's equity compensation plans or arrangements, or authorize any new equity compensation plans or arrangements;

(x) change the Corporation's principal line of business; or

(xi) enter into any transaction worth more than $150,000 with any director, executive officer or 5% stockholder of the Corporation or any member of their immediate family, unless such transaction (i) is for compensation paid to a director or executive officer for the provision of services by such director or executive officer to the Corporation and (ii) is approved by either (x) the Board of Directors, including the Preferred Directors or (y) a committee of the Board of Directors comprised of at least two directors without a direct or indirect material interest in such transaction.

(b) ***Series D Preferred Stock Protective Provisions.*** So long as at least 7,884,095 shares (as adjusted for Recapitalizations) of Series D Preferred Stock shall be issued and outstanding, the Corporation shall not, without first obtaining the approval (by vote or written consent as provided by law) of the holders of at least 70% of the outstanding shares of the Series D Preferred Stock, voting together as a single class and on an as-converted to Common Stock basis (in addition to any other vote required by law or the Certificate of Incorporation or Bylaws):

(i) amend, alter or repeal any provision of the Certificate of Incorporation or Bylaws of the Corporation (including pursuant to a merger), if such amendment is for the purpose of creating a new class of Preferred Stock with an original issue price per share less than the Original Issue Price of the Series D Preferred Stock;

(ii) alter the rights, preferences, privileges or powers of the Series D Preferred Stock so as to adversely affect such shares;

(iii) effect any transaction or series of related transactions deemed to be a liquidation, dissolution or winding up of the Corporation pursuant to Section 3(e), where such transaction results in a payment per share to the holders of Series D Preferred Stock with respect to such holders' shares of Series D Preferred Stock of less than the Original Issue Price of the Series D Preferred Stock;

(iv) create or hold the capital stock of any subsidiary that is not wholly owned (directly or indirectly) by the Corporation; or

(v) create, authorize or issue any debt securities if the aggregate indebtedness of the Corporation and its subsidiaries for the borrowed money following such action would exceed $500,000, unless approved by the Board of Directors, including the Preferred Directors.

7. **Notices.** Any notice required by the provisions of this ARTICLE V to be given to the holders of Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at such holder's address appearing on the books of the Corporation.

ARTICLE VI

The Corporation is to have perpetual existence.

ARTICLE VII

Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

ARTICLE VIII

Unless otherwise set forth herein, the number of directors that constitute the Board of Directors of the Corporation shall be fixed by, or in the manner provided in, the Bylaws of the Corporation.

ARTICLE IX

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors of the Corporation is expressly authorized to adopt, amend or repeal the Bylaws of the Corporation.

ARTICLE X

1. To the fullest extent permitted by the Delaware General Corporation Law as the same exists or as may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director. If the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended. Neither any amendment nor repeal of this Article X, nor the adoption of any provision of this Corporation's Certificate of Incorporation inconsistent with this Article X, shall eliminate or reduce the effect of this Article X, in respect of any matter occurring, or any action or proceeding accruing or arising or that, but for this Article X, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

2. The Corporation shall have the power to indemnify, to the extent permitted by the Delaware General Corporation Law, as it presently exists or may hereafter be amended from time to time, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "***Proceeding***") by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any such Proceeding. A right to indemnification or to advancement of expenses arising under a provision of this Certificate of Incorporation or a bylaw of the Corporation shall not be eliminated or impaired by an amendment to this Certificate of Incorporation or the Bylaws of the Corporation after the occurrence of the act or omission that is the subject of the civil, criminal, administrative or investigative action, suit or proceeding for which indemnification or advancement of expenses is sought, unless the provision in effect at the time of such act or omission explicitly authorizes such elimination or impairment after such action or omission has occurred.

ARTICLE XI

Meetings of stockholders may be held within or outside of the State of Delaware, as the Bylaws may provide. The books of the Corporation may be kept (subject to any provision contained in the statutes) outside of the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation.

ARTICLE XII

To the extent permitted by law, the Corporation renounces any expectancy that a Covered Person offer the Corporation an opportunity to participate in a Specified Opportunity and waives any claim that the Specified Opportunity constitutes a corporate opportunity that should have been presented by the Covered Person to the Corporation; *provided*, *however*, that the Covered Person acts in good faith. A "***Covered Person***" is any member of the Board of Directors of the Corporation (who is not an employee of the Corporation or any of its subsidiaries) who is a partner, member or employee of a Fund. A "***Specified Opportunity***" is any transaction or other matter that is presented to the Covered Person in his or her capacity as a partner, member or employee of a Fund (and other than in connection with his or her service as a member of the Board of Directors of the Corporation) that may be an opportunity of interest for both the Corporation and the Fund. A "***Fund***" is an entity that is a holder of Preferred Stock and that is primarily in the business of investing in other entities, or an entity that manages such an entity.

AMENDED AND RESTATED BYLAWS OF

RECURSION PHARMACEUTICALS, INC.

Adopted

April 23, 2020

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(Continued)

AMENDED AND RESTATED BYLAWS

ARTICLE I — MEETINGS OF STOCKHOLDERS

1.1 ***Place of Meetings***. Meetings of stockholders of Recursion Pharmaceuticals, Inc. (the "***Company***") shall be held at any place, within or outside the State of Delaware, determined by the Company's board of directors (the "***Board***"). The Board may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the Delaware General Corporation Law (the "***DGCL***"). In the absence of any such designation or determination, stockholders' meetings shall be held at the Company's principal executive office.

1.2 ***Annual Meeting.*** Unless directors are elected by written consent in lieu of an annual meeting as permitted by Section 211(b) of the DGCL, an annual meeting of stockholders shall be held for the election of directors at such date and time as may be designated by resolution of the Board from time to time. Stockholders may, unless the certificate of incorporation otherwise provides, act by written consent to elect directors; *provided, however,* that, if such consent is less than unanimous, such action by written consent may be in lieu of holding an annual meeting only if all of the directorships to which directors could be elected at an annual meeting held at the effective time of such action are vacant and are filled by such action. Any other proper business may be transacted at the annual meeting.

1.3 ***Special Meeting.*** A special meeting of the stockholders may be called at any time by the Board, Chairperson of the Board, Chief Executive Officer or President (in the absence of a Chief Executive Officer) or by one or more stockholders holding shares in the aggregate entitled to cast not less than 10% of the votes at that meeting.

If any person(s) other than the Board calls a special meeting, the request shall:

(i) be in writing;

(ii) specify the time of such meeting and the general nature of the business proposed to be transacted; and

(iii) be delivered personally or sent by registered mail or by facsimile transmission to the Chairperson of the Board, the Chief Executive Officer, the President (in the absence of a Chief Executive Officer) or the Secretary of the Company.

The officer(s) receiving the request shall cause notice to be promptly given to the stockholders entitled to vote at such meeting, in accordance with these bylaws, that a meeting will be held at the time requested by the person or persons calling the meeting. No business may be transacted at such special meeting other than the business specified in such notice to stockholders. Nothing contained in this paragraph of this **section 1.3** shall be construed as limiting, fixing, or affecting the time when a meeting of stockholders called by action of the Board may be held.

1.4 ***Notice of Stockholders' Meetings.*** Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, the record date for

determining the stockholders entitled to vote at the meeting, if such date is different from the record date for determining stockholders entitled to notice of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Except as otherwise provided in the DGCL, the certificate of incorporation or these bylaws, the written notice of any meeting of stockholders shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting.

1.5 ***Quorum.*** Except as otherwise provided by law, the certificate of incorporation or these bylaws, at each meeting of stockholders the presence in person or by proxy of the holders of shares of stock having a majority of the votes which could be cast by the holders of all outstanding shares of stock entitled to vote at the meeting shall be necessary and sufficient to constitute a quorum. Where a separate vote by a class or series or classes or series is required, a majority of the outstanding shares of such class or series or classes or series, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter, except as otherwise provided by law, the certificate of incorporation or these bylaws.

If, however, such quorum is not present or represented at any meeting of the stockholders, then either (i) the chairperson of the meeting, or (ii) the stockholders entitled to vote at the meeting, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, in the manner provided in **section 1.6**, until a quorum is present or represented.

1.6 ***Adjourned Meeting; Notice.*** Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of the adjourned meeting if the time, place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Company may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for stockholders entitled to vote is fixed for the adjourned meeting, the Board shall fix a new record date for notice of such adjourned meeting in accordance with Section 213(a) of the DGCL and **section 1.10** of these bylaws, and shall give notice of the adjourned meeting to each stockholder of record entitled to vote at such adjourned meeting as of the record date fixed for notice of such adjourned meeting.

1.7 ***Conduct of Business.*** Meetings of stockholders shall be presided over by the Chairperson of the Board, if any, or in his or her absence by the Vice Chairperson of the Board, if any, or in the absence of the foregoing persons by the Chief Executive Officer, or in the absence of the foregoing persons by the President, or in the absence of the foregoing persons by a Vice President, or in the absence of the foregoing persons by a chairperson designated by the Board, or in the absence of such designation by a chairperson chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence the chairperson of the meeting may appoint any person to act as secretary of the meeting. The chairperson of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of business, and shall have the power to adjourn the meeting to another place, if any, date or time, whether or not a quorum is present.

1.8 ***Voting.*** The stockholders entitled to vote at any meeting of stockholders shall be determined in accordance with the provisions of **section 1.10** of these bylaws, subject to Section 217 (relating to voting rights of fiduciaries, pledgors and joint owners of stock) and Section 218 (relating to voting trusts and other voting agreements) of the DGCL.

Except as may be otherwise provided in the certificate of incorporation, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of capital stock held by such stockholder which has voting power upon the matter in question. Voting at meetings of stockholders need not be by written ballot and, unless otherwise required by law, need not be conducted by inspectors of election unless so determined by the holders of shares of stock having a majority of the votes which could be cast by the holders of all outstanding shares of stock entitled to vote thereon which are present in person or by proxy at such meeting. If authorized by the Board, such requirement of a written ballot shall be satisfied by a ballot submitted by electronic transmission (as defined in **section 7.2** of these bylaws), *provided* that any such electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder or proxy holder.

Except as otherwise required by law, the certificate of incorporation or these bylaws, in all matters other than the election of directors, the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders. Except as otherwise required by law, the certificate of incorporation or these bylaws, directors shall be elected by a plurality of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Where a separate vote by a class or series or classes or series is required, in all matters other than the election of directors, the affirmative vote of the majority of shares of such class or series or classes or series present in person or represented by proxy at the meeting shall be the act of such class or series or classes or series, except as otherwise provided by law, the certificate of incorporation or these bylaws.

1.9 ***Stockholder Action by Written Consent Without a Meeting.*** Unless otherwise provided in the certificate of incorporation, any action required by the DGCL to be taken at any annual or special meeting of stockholders of a corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

Every written consent shall bear the date of signature of each stockholder who signs the consent, and no written consent shall be effective to take the corporate action referred to therein unless, within 60 days of the earliest dated consent delivered in the manner required by Section 228 of the DGCL to the Company, written consents signed by a sufficient number of holders to take action are delivered to the Company by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the Company having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Company's registered office shall be by hand or by certified or registered mail, return receipt requested. Any person executing a consent may provide, whether through instruction to an agent or otherwise, that such a consent will be effective at a future time (including a time determined upon the happening of an event), no later than 60 days after such instruction is given or such provision is made, and, for the purposes of this **section 1.9**, if evidence of such instruction or provision is provided to the Company, such later effective time shall serve as the date of signature. Unless otherwise provided, any such consent shall be revocable prior to its becoming effective.

An electronic transmission (as defined in **section 7.2**) consenting to an action to be taken and transmitted by a stockholder or proxy holder, or by a person or persons authorized to act for a stockholder or proxy holder, shall be deemed to be written, signed and dated for purposes of this section, *provided* that any such electronic transmission sets forth or is delivered with information from which the Company can determine (i) that the electronic transmission was transmitted by the stockholder or proxy holder or by a

person or persons authorized to act for the stockholder or proxy holder and (ii) the date on which such stockholder or proxy holder or authorized person or persons transmitted such electronic transmission.

In the event that the Board shall have instructed the officers of the Company to solicit the vote or written consent of the stockholders of the Company, an electronic transmission of a stockholder written consent given pursuant to such solicitation may be delivered to the Secretary or the President of the Company or to a person designated by the Secretary or the President. The Secretary or the President of the Company or a designee of the Secretary or the President shall cause any such written consent by electronic transmission to be reproduced in paper form and inserted into the corporate records.

Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for notice of such meeting had been the date that written consents signed by a sufficient number of holders to take the action were delivered to the Company as provided in Section 228 of the DGCL. In the event that the action which is consented to is such as would have required the filing of a certificate under any provision of the DGCL, if such action had been voted on by stockholders at a meeting thereof, the certificate filed under such provision shall state, in lieu of any statement required by such provision concerning any vote of stockholders, that written consent has been given in accordance with Section 228 of the DGCL.

1.10 ***Record Dates.*** In order that the Company may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If the Board so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination.

If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of and to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however,* that the Board may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance with the provisions of Section 213 of the DGCL and this Section 1.10 at the adjourned meeting.

In order that the Company may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board. If no record date has been fixed by the Board, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board is required by law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Company in accordance with applicable law. If no record date has been fixed by the Board and prior action by the Board is required by law, the record date for determining stockholders entitled to

consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board adopts the resolution taking such prior action.

In order that the Company may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

1.11 ***Proxies.*** Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 212 of the DGCL.

1.12 ***List of Stockholders Entitled to Vote.*** The officer who has charge of the stock ledger of the Company shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting; *provided, however,* if the record date for determining the stockholders entitled to vote is less than 10 days before the meeting date, the list shall reflect the stockholders entitled to vote as of the tenth day before the meeting date, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. The Company shall not be required to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting for a period of at least ten days prior to the meeting: (i) on a reasonably accessible electronic network, *provided* that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the Company's principal place of business. In the event that the Company determines to make the list available on an electronic network, the Company may take reasonable steps to ensure that such information is available only to stockholders of the Company. If the meeting is to be held at a place, then a list of stockholders entitled to vote at the meeting shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be examined by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then such list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

ARTICLE II — DIRECTORS

2.1 ***Powers.*** The business and affairs of the Company shall be managed by or under the direction of the Board, except as may be otherwise provided in the DGCL or the certificate of incorporation.

2.2 ***Number of Directors.*** The Board shall consist of one or more members, each of whom shall be a natural person. Unless the certificate of incorporation fixes the number of directors, the number of directors shall be determined from time to time by resolution of the Board. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

2.3 ***Election, Qualification and Term of Office of Directors.*** Except as provided in **section 2.4** of these bylaws, and subject to **sections 1.2** and **1.9** of these bylaws, directors shall be elected at each annual meeting of stockholders. Directors need not be stockholders unless so required by the certificate of incorporation or these bylaws. The certificate of incorporation or these bylaws may prescribe other qualifications for directors. Each director shall hold office until such director's successor is elected and qualified or until such director's earlier death, resignation or removal.

2.4 ***Resignation and Vacancies.*** Any director may resign at any time upon notice given in writing or by electronic transmission to the Company. A resignation is effective when the resignation is delivered unless the resignation specifies a later effective date or an effective date determined upon the happening of an event or events. A resignation which is conditioned upon the director failing to receive a specified vote for reelection as a director may provide that it is irrevocable. Unless otherwise provided in the certificate of incorporation or these bylaws, when one or more directors resign from the Board, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective.

Unless otherwise provided in the certificate of incorporation or these bylaws:

(i) Vacancies and newly created directorships resulting from any increase in the authorized number of directors elected by all of the stockholders having the right to vote as a single class may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director.

(ii) Whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the provisions of the certificate of incorporation, vacancies and newly created directorships of such class or classes or series may be filled by a majority of the directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected.

If at any time, by reason of death or resignation or other cause, the Company should have no directors in office, then any officer or any stockholder or an executor, administrator, trustee or guardian of a stockholder, or other fiduciary entrusted with like responsibility for the person or estate of a stockholder, may call a special meeting of stockholders in accordance with the provisions of the certificate of incorporation or these bylaws, or may apply to the Court of Chancery for a decree summarily ordering an election as provided in Section 211 of the DGCL.

If, at the time of filling any vacancy or any newly created directorship, the directors then in office constitute less than a majority of the whole Board (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least 10% of the voting stock at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office as aforesaid, which election shall be governed by the provisions of Section 211 of the DGCL as far as applicable.

A director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office and until such director's successor is elected and qualified, or until such director's earlier death, resignation or removal.

2.5 ***Place of Meetings; Meetings by Telephone.*** The Board may hold meetings, both regular and special, either within or outside the State of Delaware.

Unless otherwise restricted by the certificate of incorporation or these bylaws, members of the Board, or any committee designated by the Board, may participate in a meeting of the Board, or any committee, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

2.6 ***Conduct of Business.*** Meetings of the Board shall be presided over by the Chairperson of the Board, if any, or in his or her absence by the Vice Chairperson of the Board, if any, or in the absence of the foregoing persons by a chairperson designated by the Board, or in the absence of such designation by a chairperson chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

2.7 ***Regular Meetings.*** Regular meetings of the Board may be held without notice at such time and at such place as shall from time to time be determined by the Board.

2.8 ***Special Meetings; Notice.*** Special meetings of the Board for any purpose or purposes may be called at any time by the Chairperson of the Board, the Chief Executive Officer, the President, the Secretary or any two directors.

Notice of the time and place of special meetings shall be:

(i) delivered personally by hand, by courier or by telephone;

(ii) sent by United States first-class mail, postage prepaid;

(iii) sent by facsimile;

(iv) sent by electronic mail; or

(v) otherwise given by electronic transmission (as defined in **section 7.2**),

directed to each director at that director's address, telephone number, facsimile number, electronic mail address or other contact for notice by electronic transmission, as the case may be, as shown on the Company's records.

If the notice is (i) delivered personally by hand, by courier or by telephone, (ii) sent by facsimile, (iii) sent by electronic mail or (iv) otherwise given by electronic transmission, it shall be delivered, sent or otherwise directed to each director, as applicable, at least 24 hours before the time of the holding of the meeting. If the notice is sent by United States mail, it shall be deposited in the United States mail at least four days before the time of the holding of the meeting. Any oral notice may be communicated to the director. The notice need not specify the place of the meeting (if the meeting is to be held at the Company's principal executive office) nor the purpose of the meeting.

2.9 ***Quorum; Voting.*** At all meetings of the Board, a majority of the total authorized number of directors shall constitute a quorum for the transaction of business. If a quorum is not present at any meeting of the Board, then the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

The vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board, except as may be otherwise specifically provided by statute, the certificate of incorporation or these bylaws.

If the certificate of incorporation provides that one or more directors shall have more or less than one vote per director on any matter, every reference in these bylaws to a majority or other proportion of the directors shall refer to a majority or other proportion of the votes of the directors.

2.10 ***Board Action by Written Consent Without a Meeting.*** Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the Board, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form. Any person (whether or not then a director) may provide, whether through instruction to an agent or otherwise, that a consent to action will be effective at a future time (including a time determined upon the happening of an event), no later than 60 days after such instruction is given or such provision is made and such consent shall be deemed to have been given for purposes of this **section 2.10** at such effective time so long as such person is then a director and did not revoke the consent prior to such time. Any such consent shall be revocable prior to its becoming effective.

2.11 ***Fees and Compensation of Directors.*** Unless otherwise restricted by the certificate of incorporation or these bylaws, the Board shall have the authority to fix the compensation of directors.

2.12 ***Removal of Directors.*** Unless otherwise restricted by statute, the certificate of incorporation or these bylaws, any director or the entire Board may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of such director's term of office.

ARTICLE III — COMMITTEES

3.1 ***Committees of Directors.*** The Board may designate one or more committees, each committee to consist of one or more of the directors of the Company. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board or in these bylaws, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Company, and may authorize the seal of the Company to be affixed to all papers that may require it; but no such committee shall have the power or authority to (i) approve or adopt, or recommend to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopt, amend or repeal any bylaw of the Company.

3.2 ***Committee Minutes.*** Each committee shall keep regular minutes of its meetings and report the same to the Board when required.

3.3 ***Meetings and Actions of Committees.*** Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of:

(i) **section 2.5** (Place of Meetings; Meetings by Telephone);

(ii) **section 2.7** (Regular Meetings);

(iii) **section 2.8** (Special Meetings; Notice);

(iv) **section 2.9** (Quorum; Voting);

(v) **section 2.10** (Board Action by Written Consent Without a Meeting); and

(vi) **section 7.5** (Waiver of Notice)

with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the Board and its members. *However*:

(i) the time of regular meetings of committees may be determined either by resolution of the Board or by resolution of the committee;

(ii) special meetings of committees may also be called by resolution of the Board; and

(iii) notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The Board may adopt rules for the government of any committee not inconsistent with the provisions of these bylaws.

Any provision in the certificate of incorporation providing that one or more directors shall have more or less than one vote per director on any matter shall apply to voting in any committee or subcommittee, unless otherwise provided in the certificate of incorporation or these bylaws.

3.4 ***Subcommittees.*** Unless otherwise provided in the certificate of incorporation, these bylaws or the resolutions of the Board designating the committee, a committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and delegate to a subcommittee any or all of the powers and authority of the committee.

ARTICLE IV — OFFICERS

4.1 ***Officers.*** The officers of the Company shall be a President and a Secretary. The Company may also have, at the discretion of the Board, a Chairperson of the Board, a Vice Chairperson of the Board, a Chief Executive Officer, one or more Vice Presidents, a Chief Financial Officer, a Treasurer, one or more Assistant Treasurers, one or more Assistant Secretaries, and any such other officers as may be appointed in accordance with the provisions of these bylaws. Any number of offices may be held by the same person.

4.2 ***Appointment of Officers.*** The Board shall appoint the officers of the Company, except such officers as may be appointed in accordance with the provisions of **section 4.3** of these bylaws.

4.3 ***Subordinate Officers.*** The Board may appoint, or empower the Chief Executive Officer or, in the absence of a Chief Executive Officer, the President, to appoint, such other officers and agents as the business of the Company may require. Each of such officers and agents shall hold office for such period,

have such authority, and perform such duties as are provided in these bylaws or as the Board may from time to time determine.

4.4 ***Removal and Resignation of Officers.*** Any officer may be removed, either with or without cause, by an affirmative vote of the majority of the Board at any regular or special meeting of the Board or, except in the case of an officer chosen by the Board, by any officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time by giving written notice to the Company. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice. Unless otherwise specified in the notice of resignation, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Company under any contract to which the officer is a party.

4.5 ***Vacancies in Offices.*** Any vacancy occurring in any office of the Company shall be filled by the Board or as provided in **section 4.3**.

4.6 ***Representation of Shares of Other Corporations.*** Unless otherwise directed by the Board, the President or any other person authorized by the Board or the President is authorized to vote, represent and exercise on behalf of the Company all rights incident to any and all shares of any other corporation or corporations standing in the name of the Company. The authority granted herein may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by such person having the authority.

4.7 ***Authority and Duties of Officers.*** Except as otherwise provided in these bylaws, the officers of the Company shall have such powers and duties in the management of the Company as may be designated from time to time by the Board and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board.

ARTICLE V — INDEMNIFICATION

5.1 ***Indemnification of Directors and Officers in Third Party Proceedings.*** Subject to the other provisions of this **Article V**, the Company shall indemnify, to the fullest extent permitted by the DGCL, as now or hereinafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "***Proceeding***") (other than an action by or in the right of the Company) by reason of the fact that such person is or was a director or officer of the Company, or is or was a director or officer of the Company serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such Proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any Proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

5.2 ***Indemnification of Directors and Officers in Actions by or in the Right of the Company***. Subject to the other provisions of this **Article V**, the Company shall indemnify, to the fullest extent permitted by the DGCL, as now or hereinafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Company to procure a judgment in its favor by reason of the fact that such person is or was a director or officer of the Company, or is or was a director or officer of the Company serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Company unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

5.3 ***Successful Defense***. To the extent that a present or former director or officer of the Company has been successful on the merits or otherwise in defense of any action, suit or proceeding described in **section 5.1** or **section 5.2**, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

5.4 ***Indemnification of Others***. Subject to the other provisions of this **Article V**, the Company shall have power to indemnify its employees and agents to the extent not prohibited by the DGCL or other applicable law. The Board shall have the power to delegate to such person or persons the determination of whether employees or agents shall be indemnified.

5.5 ***Advanced Payment of Expenses***. Expenses (including attorneys' fees) actually and reasonably incurred by an officer or director of the Company in defending any Proceeding shall be paid by the Company in advance of the final disposition of such Proceeding upon receipt of a written request therefor (together with documentation reasonably evidencing such expenses) and an undertaking by or on behalf of the person to repay such amounts if it shall ultimately be determined that the person is not entitled to be indemnified under this **Article V** or the DGCL. Such expenses (including attorneys' fees) actually and reasonably incurred by former directors and officers or other employees and agents of the Company or by persons serving at the request of the Company as directors, officers, employees or agents of another corporation, partnership, joint venture, trust or other enterprise may be so paid upon such terms and conditions, if any, as the Company deems appropriate. The right to advancement of expenses shall not apply to any Proceeding (or any part of any Proceeding) for which indemnity is excluded pursuant to these bylaws, but shall apply to any Proceeding (or any part of any Proceeding) referenced in **section 5.6(ii)** or **5.6(iii)** prior to a determination that the person is not entitled to be indemnified by the Company.

5.6 ***Limitation on Indemnification***. Subject to the requirements in **section 5.3** and the DGCL, the Company shall not be obligated to indemnify any person pursuant to this **Article V** in connection with any Proceeding (or any part of any Proceeding):

(i) for which payment has actually been made to or on behalf of such person under any statute, insurance policy, indemnity provision, vote or otherwise, except with respect to any excess beyond the amount paid;

(ii) for an accounting or disgorgement of profits pursuant to Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of federal, state or local statutory law or common law, if such person is held liable therefor (including pursuant to any settlement arrangements);

(iii) for any reimbursement of the Company by such person of any bonus or other incentive-based or equity-based compensation or of any profits realized by such person from the sale of securities of the Company, as required in each case under the Securities Exchange Act of 1934, as amended (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "***Sarbanes-Oxley Act***"), or the payment to the Company of profits arising from the purchase and sale by such person of securities in violation of Section 306 of the Sarbanes-Oxley Act), if such person is held liable therefor (including pursuant to any settlement arrangements);

(iv) initiated by such person, including any Proceeding (or any part of any Proceeding) initiated by such person against the Company or its directors, officers, employees, agents or other indemnitees, unless (a) the Board authorized the Proceeding (or the relevant part of the Proceeding) prior to its initiation, (b) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law, (c) otherwise required to be made under **section 5.7** or (d) otherwise required by applicable law; or

(v) if prohibited by applicable law.

5.7 ***Determination; Claim***. If a claim for indemnification or advancement of expenses under this **Article V** is not paid by the Company or on its behalf within 90 days after receipt by the Company of a written request therefor, the claimant shall be entitled to an adjudication by a court of competent jurisdiction of his or her entitlement to such indemnification or advancement of expenses. To the extent not prohibited by law, the Company shall indemnify such person against all expenses actually and reasonably incurred by such person in connection with any action for indemnification or advancement of expenses from the Company under this **Article V**, to the extent such person is successful in such action. In any such suit, the Company shall, to the fullest extent not prohibited by law, have the burden of proving that the claimant is not entitled to the requested indemnification or advancement of expenses.

5.8 ***Non-Exclusivity of Rights***. The indemnification and advancement of expenses provided by, or granted pursuant to, this **Article V** shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the certificate of incorporation or any statute, bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office. The Company is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advancement of expenses, to the fullest extent not prohibited by the DGCL or other applicable law.

5.9 ***Insurance***. The Company may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Company would have the power to indemnify such person against such liability under the provisions of the DGCL.

5.10 ***Survival***. The rights to indemnification and advancement of expenses conferred by this **Article V** shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

5.11 ***Effect of Repeal or Modification***. A right to indemnification or to advancement of expenses arising under a provision of the certificate of incorporation or a bylaw shall not be eliminated or impaired by an amendment to the certificate of incorporation or these bylaws after the occurrence of the act or omission that is the subject of the civil, criminal, administrative or investigative action, suit or proceeding for which indemnification or advancement of expenses is sought, unless the provision in effect at the time of such act or omission explicitly authorizes such elimination or impairment after such action or omission has occurred.

5.12 ***Certain Definitions***. For purposes of this **Article V**, references to the "***Company***" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this **Article V** with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued. For purposes of this **Article V**, references to "***other enterprises***" shall include employee benefit plans; references to "***fines***" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "***serving at the request of the Company***" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "***not opposed to the best interests of the Company***" as referred to in this **Article V**.

ARTICLE VI — STOCK

6.1 ***Stock Certificates; Partly Paid Shares***. The shares of the Company shall be represented by certificates, *provided* that the Board may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Company. Every holder of stock represented by certificates shall be entitled to have a certificate signed by, or in the name of the Company by the Chairperson of the Board or Vice-Chairperson of the Board, or the President or a Vice-President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Company representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Company with the same effect as if such person were such officer, transfer agent or registrar at the date of issue. The Company shall not have power to issue a certificate in bearer form.

The Company may issue the whole or any part of its shares as partly paid and subject to call for the remainder of the consideration to be paid therefor. Upon the face or back of each stock certificate issued to represent any such partly paid shares, or upon the books and records of the Company in the case of

uncertificated partly paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated. Upon the declaration of any dividend on fully paid shares, the Company shall declare a dividend upon partly paid shares of the same class, but only upon the basis of the percentage of the consideration actually paid thereon.

6.2 ***Special Designation on Certificates***. If the Company is authorized to issue more than one class of stock or more than one series of any class, then the powers, the designations, the preferences, and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate that the Company shall issue to represent such class or series of stock; *provided* that, except as otherwise provided in Section 202 of the DGCL, in lieu of the foregoing requirements there may be set forth on the face or back of the certificate that the Company shall issue to represent such class or series of stock, a statement that the Company will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Within a reasonable time after the issuance or transfer of uncertificated stock, the Company shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to this **section 6.2** or Sections 156, 202(a) or 218(a) of the DGCL or with respect to this **section 6.2** a statement that the Company will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Except as otherwise expressly provided by law, the rights and obligations of the holders of uncertificated stock and the rights and obligations of the holders of certificates representing stock of the same class and series shall be identical.

6.3 ***Lost Certificates***. Except as provided in this **section 6.3**, no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the Company and cancelled at the same time. The Company may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Company may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Company a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

6.4 ***Dividends***. The Board, subject to any restrictions contained in the certificate of incorporation or applicable law, may declare and pay dividends upon the shares of the Company's capital stock. Dividends may be paid in cash, in property, or in shares of the Company's capital stock, subject to the provisions of the certificate of incorporation.

The Board may set apart out of any of the funds of the Company available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve.

6.5 ***Stock Transfer Agreements***. The Company shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the Company to restrict the transfer of shares of stock of the Company of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

6.6 ***Registered Stockholders***. The Company:

(i) shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner;

(ii) shall be entitled to hold liable for calls and assessments the person registered on its books as the owner of shares; and

(iii) shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of another person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

6.7 ***Transfers***. Transfers of record of shares of stock of the Company shall be made only upon its books by the holders thereof, in person or by an attorney duly authorized, and, if such stock is certificated, upon the surrender of a certificate or certificates for a like number of shares, properly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer.

ARTICLE VII — MANNER OF GIVING NOTICE AND WAIVER

7.1 ***Notice of Stockholder Meetings***. Notice of any meeting of stockholders, if mailed, is given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the Company's records. An affidavit of the Secretary or an Assistant Secretary of the Company or of the transfer agent or other agent of the Company that the notice has been given shall, in the absence of fraud, be *prima facie* evidence of the facts stated therein.

7.2 ***Notice by Electronic Transmission***. Without limiting the manner by which notice otherwise may be given effectively to stockholders pursuant to the DGCL, the certificate of incorporation or these bylaws, any notice to stockholders given by the Company under any provision of the DGCL, the certificate of incorporation or these bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the Company. Any such consent shall be deemed revoked if:

(i) the Company is unable to deliver by electronic transmission two consecutive notices given by the Company in accordance with such consent; and

(ii) such inability becomes known to the Secretary or an Assistant Secretary of the Company or to the transfer agent, or other person responsible for the giving of notice.

However, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.

Any notice given pursuant to the preceding paragraph shall be deemed given:

(i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice;

(ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice;

(iii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and

(iv) if by any other form of electronic transmission, when directed to the stockholder.

An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of the Company that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be *prima facie* evidence of the facts stated therein.

An "***electronic transmission***" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

Notice by a form of electronic transmission shall not apply to Sections 164, 296, 311, 312 or 324 of the DGCL.

7.3 ***Notice to Stockholders Sharing an Address***. Except as otherwise prohibited under the DGCL, without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Company under the provisions of the DGCL, the certificate of incorporation or these bylaws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Any such consent shall be revocable by the stockholder by written notice to the Company. Any stockholder who fails to object in writing to the Company, within 60 days of having been given written notice by the Company of its intention to send the single notice, shall be deemed to have consented to receiving such single written notice.

7.4 ***Notice to Person with Whom Communication is Unlawful***. Whenever notice is required to be given, under the DGCL, the certificate of incorporation or these bylaws, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the Company is such as to require the filing of a certificate under the DGCL, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

7.5 ***Waiver of Notice***. Whenever notice is required to be given under any provision of the DGCL, the certificate of incorporation or these bylaws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the certificate of incorporation or these bylaws.

ARTICLE VIII — GENERAL MATTERS

8.1 ***Fiscal Year***. The fiscal year of the Company shall be fixed by resolution of the Board and may be changed by the Board.

8.2 ***Seal***. The Company may adopt a corporate seal, which shall be in such form as may be approved from time to time by the Board. The Company may use the corporate seal by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

8.3 ***Annual Report***. The Company shall cause an annual report to be sent to the stockholders of the Company to the extent required by applicable law. If and so long as there are fewer than 100 holders of record of the Company's shares, the requirement of sending an annual report to the stockholders of the Company is expressly waived (to the extent permitted under applicable law).

8.4 ***Construction; Definitions***. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the DGCL shall govern the construction of these bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term "***person***" includes both a corporation and a natural person.

ARTICLE IX — AMENDMENTS

These bylaws may be adopted, amended or repealed by the stockholders entitled to vote. However, the Company may, in its certificate of incorporation, confer the power to adopt, amend or repeal bylaws upon the directors. The fact that such power has been so conferred upon the directors shall not divest the stockholders of the power, nor limit their power to adopt, amend or repeal bylaws.

A bylaw amendment adopted by stockholders which specifies the votes that shall be necessary for the election of directors shall not be further amended or repealed by the Board.

Exhibit 4.1

RECURSION PHARMACEUTICALS, INC.

AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

September 1, 2020

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RECURSION PHARMACEUTICALS, INC.
AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

This Amended and Restated Investors' Rights Agreement (this "***Agreement***") is dated as of September 1, 2020, and is among Recursion Pharmaceuticals, Inc., a Delaware corporation (the "***Company***"), the persons and entities listed on Exhibit A (the "***Existing Investors***"), the persons and entities listed on Exhibit B (the "***New Investors***," and together with the Existing Investors, the "***Investors***") and the persons and entities listed on Exhibit C (the "***Founders***").

RECITALS

The Company, the Founders and the Existing Investors are parties to an Amended and Restated Investors' Rights Agreement dated February 12, 2019 (the "***Prior Rights Agreement***").

The Company and certain of the Investors (collectively, together with their permitted transferees, the "***Participating Investors***") have entered into the Series D Preferred Stock Purchase Agreement of even date herewith, as may be amended from time to time (the "***Purchase Agreement***"), which provides for, among other things, the purchase by the Participating Investors of shares of Series D Preferred Stock.

To induce the Participating Investors to enter into the Purchase Agreement and purchase shares of Series D Preferred Stock thereunder, the Company, the Founders and Existing Investors executing this Agreement, which include the parties or the holders of a sufficient number of shares of capital stock of the Company necessary to amend the Prior Rights Agreement pursuant to Section 5.1 therein, desire to amend and restate the Prior Rights Agreement in its entirety in the manner set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, and other consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree that the Prior Rights Agreement shall be superseded and replaced in its entirety by this Agreement, and the parties hereto further agree as follows:

SECTION 1

DEFINITIONS

1.1 Certain Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

(a) "***Affiliate***" means, with respect to any specified person or entity, any other person or entity who, directly or indirectly, controls, is controlled by, or is under common control with such person or entity, including without limitation any general partner, managing member, officer, director or trustee of such person or entity, or any venture capital fund or registered investment company now or hereafter existing that is controlled by one or more general partners, managing members or investment adviser of, or shares the same management company or investment adviser with, such person or entity. For purposes of this definition of "Affiliate," the term "control" when used with respect to any person or entity, shall mean the power to direct the management or policies of such person or entity, directly or indirectly, whether through ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" shall have meanings correlative to the foregoing.

(b) "***Bad Actor Disqualification***" means any "bad actor" disqualification described in Rule 506(d)(1)(i) through (viii) under the Securities Act.

(c) "***Change of Control***" shall mean a transaction qualifying as a deemed liquidation, dissolution or winding up of the Company pursuant to Article V, Section 3(e) of the Company's certificate of incorporation, as amended from time to time (the "***Certificate of Incorporation***").

(d) "***Commission***" shall mean the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

(e) "***Common Stock***" means the Common Stock of the Company.

(f) "***Conversion Stock***" shall mean shares of Common Stock issued upon conversion of the Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock, Series A Preferred Stock or Series A-1 Preferred Stock.

(g) "***Exchange Act***" shall mean the Securities Exchange Act of 1934, as amended, or any similar successor federal statute and the rules and regulations thereunder, all as the same shall be in effect from time to time.

(h) "***Existing Investors***" shall have the meaning set forth in the preamble to this Agreement.

(i) "***Founder***" shall have the meaning set forth in the preamble to this Agreement.

(j) "***Founder Stock***" shall mean (i) all shares of Common Stock held by the Founders, and (ii) any Common Stock issued as (or issuable upon the conversion or exercise of any warrant, right or other security that is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of such shares.

(k) "***Holder***" shall mean any Investor who holds Registrable Securities and any holder of Registrable Securities to whom the registration rights conferred by this Agreement have been duly and validly transferred in accordance with Section 2.12 and Section 5.4 of this Agreement.

(l) "***Indemnified Party***" shall have the meaning set forth in Section 2.6(c).

(m) "***Indemnifying Party***" shall have the meaning set forth in Section 2.6(c).

(n) "***Initial Closing***" shall mean the date of the initial sale of shares of the Company's Series D Preferred Stock pursuant to the Purchase Agreement.

(o) "***Initial Public Offering***" shall mean the closing of the Company's first firm commitment underwritten public offering of the Company's Common Stock registered under the Securities Act.

(p) "***Initiating Holders***" shall mean any Holder or Holders who in the aggregate hold not less than fifty percent (50%) of the outstanding Registrable Securities.

(q) "***Investors***" shall have the meaning set forth in the preamble to this Agreement.

(r) "***New Investors***" shall have the meaning set forth in the preamble to this Agreement.

(s) "***New Securities***" shall have the meaning set forth in Section 4.1(a).

(t) "***Purchase Agreement***" shall have the meaning set forth in the Recitals.

(u) "***Registrable Securities***" shall mean (i) shares of Common Stock issued or issuable pursuant to the conversion of the Shares, (ii) shares of Founder Stock; *provided, however,* that such Founder Stock shall not be deemed Registrable Securities and the Founders shall not be deemed Holders for the purposes of Sections 2.1, 2.3, 3, 4.1 and 5.1, and (iii) any Common Stock issued as a dividend or other distribution with respect to or in exchange for or in replacement of the shares referenced in (i) or (ii) above. Furthermore, Registrable Securities shall not include any shares of Common Stock described in clause (i) or (ii) above which have previously been registered or which have been sold to the public either pursuant to a registration statement or Rule 144, or, with respect to registration rights under this Agreement, which have been sold in a private transaction in which the transferor's rights under this Agreement are not validly assigned in accordance with this Agreement.

(v) The terms "***register***," "***registered***" and "***registration***" shall refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act and applicable rules and regulations thereunder, and the declaration or ordering of the effectiveness of such registration statement.

(w) "***Registration Expenses***" shall mean all expenses incurred in effecting any registration pursuant to this Agreement, including, without limitation, all registration, qualification, and filing fees, printing expenses, escrow fees, fees and disbursements of counsel for the Company and one special counsel for the Holders (but not including any fees and disbursements of such special counsel in excess of $30,000), blue sky fees and expenses, and expenses of any regular or special audits incident to or required by any such registration, but shall not include Selling Expenses, fees and disbursements of other counsel for the Holders and the compensation of regular employees of the Company, which shall be paid in any event by the Company.

(x) "***Restricted Securities***" shall mean any Registrable Securities required to bear the first legend set forth in Section 2.8(c).

(y) "***Rule 144***" shall mean Rule 144 as promulgated by the Commission under the Securities Act, as such Rule may be amended from time to time, or any similar successor rule that may be promulgated by the Commission.

(z) "***Rule 145***" shall mean Rule 145 as promulgated by the Commission under the Securities Act, as such Rule may be amended from time to time, or any similar successor rule that may be promulgated by the Commission

(aa) "***Securities Act***" shall mean the Securities Act of 1933, as amended, or any similar successor federal statute and the rules and regulations thereunder, all as the same shall be in effect from time to time.

(bb) "***Selling Expenses***" shall mean all underwriting discounts, selling commissions and stock transfer taxes applicable to the sale of Registrable Securities and fees and disbursements of counsel for any Holder (other than the fees and disbursements of one special counsel to the Holders included in Registration Expenses).

(cc) "***Series A Preferred Stock***" shall mean shares of the Company's Series A Preferred Stock, par value $0.00001 per share.

(dd) "***Series A-1 Preferred Stock***" shall mean shares of the Company's Series A-1 Preferred Stock, par value $0.00001 per share.

(ee) "***Series B Preferred Stock***" shall mean shares of the Company's Series B Preferred Stock, par value $0.00001 per share.

(ff) "***Series C Preferred Stock***" shall mean shares of the Company's Series C Preferred Stock, par value $0.00001 per share.

(gg) "***Series D Preferred Stock***" shall mean shares of the Company's Series D Preferred Stock, par value $0.00001 per share.

(hh) "***Shares***" shall mean the Company's Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock, Series A Preferred Stock and Series A-1 Preferred Stock.

(ii) "***Significant Holders***" shall have the meaning set forth in Section 4.1.

(jj) "***Voting Agreement***" shall mean the Amended and Restated Voting Agreement dated of even date herewith, among the Company, the Common Holders and the Investors listed on the Schedule of Investors thereto, as may be amended from time to time.

(kk) "***Withdrawn Registration***" shall mean a forfeited demand registration under Section 2.1 in accordance with the terms and conditions of Section 2.4.

SECTION 2

REGISTRATION RIGHTS

2.1 Requested Registration.

(a) ***Request for Registration.*** Subject to the conditions set forth in this Section 2.1, if the Company shall receive from Initiating Holders a written request signed by such Initiating Holders that the Company effect any registration with respect to all or a part of the Registrable Securities (such request shall state the number of shares of Registrable Securities to be disposed of and the intended methods of disposition of such shares by such Initiating Holders), the Company will:

(i) promptly give written notice of the proposed registration to all other Holders; and

(ii) as soon as practicable, file and use its commercially reasonable efforts to effect such registration (including, without limitation, filing post-effective amendments, appropriate qualifications under applicable blue sky or other state securities laws, and appropriate compliance with the Securities Act) and to permit or facilitate the sale and distribution of all or such portion of such Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any Holder or Holders joining in such request as are specified in a written request received by the Company within twenty (20) days after such written notice from the Company is mailed or delivered.

(b) ***Limitations on Requested Registration***. The Company shall not be obligated to effect, or to take any action to effect, any such registration pursuant to this Section 2.1:

(i) Prior to the earlier of (A) the five (5) year anniversary of the date of this Agreement or (B) one hundred eighty (180) days following the effective date of the first registration statement filed by the Company covering an underwritten offering of any of its securities to the general public (or the subsequent date on which all market stand-off agreements applicable to the offering have terminated);

(ii) If the Initiating Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration statement, propose to sell Registrable Securities and such other securities (if any) for aggregate proceeds that (after deduction for underwriter's discounts and expenses related to the issuance) are less than $5,000,000;

(iii) In any particular jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such registration, qualification, or compliance, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act;

(iv) After the Company has initiated two such registrations pursuant to this Section 2.1 (counting for these purposes only (x) registrations which have been declared or ordered effective and pursuant to which securities have been sold, and (y) Withdrawn Registrations).

(v) During the period starting with the date sixty (60) days prior to the Company's good faith estimate of the date of filing of, and ending on a date one hundred eighty (180) days after the effective date of, a Company-initiated registration (or ending on the subsequent date on which all market stand-off agreements applicable to the offering have terminated); *provided* that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective;

(vi) If the Initiating Holders propose to dispose of shares of Registrable Securities that may be registered on Form S-3 pursuant to a request made under Section 2.3;

(vii) If the Initiating Holders do not request that such offering be firmly underwritten by underwriters selected by the Initiating Holders (subject to the consent of the Company); or

(viii) If the Company and the Initiating Holders are unable to obtain the commitment of the underwriter described in clause (b)(vii) above to firmly underwrite the offer.

(c) ***Deferral***. If (i) in the good faith judgment of the board of directors of the Company, the filing of a registration statement covering the Registrable Securities would be detrimental to the Company and the board of directors of the Company concludes, as a result, that it is in the best interests of the Company to defer the filing of such registration statement at such time, and (ii) the Company shall furnish to such Holders a certificate signed by the President of the Company stating that in the good faith judgment of the board of directors of the Company, it would be detrimental to the Company for such registration statement to be filed in the near future and that it is, therefore, in the best interests of the Company to defer the filing of such registration statement, then (in addition to the limitations set forth in Section 2.1(b)(v) above) the Company shall have the right to defer such filing for a period of not more than one hundred eighty (180) days after receipt of the request of the Initiating Holders, and, provided further, that the Company shall not defer its obligation in this manner more than twice in any twelve-month period.

(d) ***Underwriting***. The right of any Holder to include all or any portion of its Registrable Securities in such a registration pursuant to this Section 2.1 shall be conditioned upon such Holder's participation in such an underwriting and the inclusion of such Holder's Registrable Securities to the extent provided herein. The Company shall (together with all Holders proposing to distribute their securities through such underwriting) enter into an underwriting agreement in customary form with the representative of the underwriter or underwriters selected for such underwriting by a majority in interest of the Initiating Holders, which underwriters are reasonably acceptable to the Company.

Notwithstanding any other provision of this Section 2.1, if the underwriters advise the Initiating Holders in writing that marketing factors require a limitation on the number of shares to be underwritten, the number of Registrable Securities that may be so included shall be allocated as follows: (i) first, among all Holders requesting to include Registrable Securities in such registration statement based on the *pro rata* percentage of Registrable Securities held by such Holders and assuming conversion and (ii) second, to the Company, which the Company may allocate, at its discretion, for its own account, or for the account of other holders or employees of the Company.

If a person who has requested inclusion in such registration as provided above does not agree to the terms of any such underwriting, such person shall be excluded therefrom by written notice from the Company, the underwriter or the Initiating Holders. The securities so excluded shall also be withdrawn from registration. Any Registrable Securities or other securities excluded or withdrawn from such underwriting shall also be withdrawn from such registration. If shares are so withdrawn from the registration and if the number of shares to be included in such registration was previously reduced as a result of marketing factors pursuant to this Section 2.1(d), then the Company shall then offer to all Holders who have retained rights to include securities in the registration the right to include additional Registrable Securities in the registration in an aggregate amount equal to the number of shares so withdrawn, with such shares to be allocated among such Holders requesting additional inclusion, as set forth above.

2.2 Company Registration.

(a) ***Company Registration.*** If the Company shall determine to register any of its securities either for its own account or the account of a security holder or holders, other than a registration pursuant to Section 2.1 or 2.3, a registration relating solely to employee benefit plans, a registration relating to the offer and sale of debt securities, a registration relating to a corporate reorganization or other Rule 145 transaction, or a registration on any registration form that does not permit secondary sales, the Company will:

(i) promptly give written notice of the proposed registration to all Holders; and

(ii) use its commercially reasonable efforts to include in such registration (and any related qualification under blue sky laws or other compliance), except as set forth in Section 2.2(b) below, and in any underwriting involved therein, all of such Registrable Securities as are specified in a written request or requests made by any Holder or Holders received by the Company within ten (10) days after such written notice from the Company is mailed or delivered. Such written request may specify all or a part of a Holder's Registrable Securities.

(b) ***Underwriting.*** If the registration of which the Company gives notice is for a registered public offering involving an underwriting, the Company shall so advise the Holders as a part of the written notice given pursuant to Section 2.2(a)(i). In such event, the right of any Holder to registration pursuant to this Section 2.2 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company, and other holders of securities of the Company with registration rights to participate therein distributing their securities through such underwriting) enter into an underwriting agreement in customary form with the representative of the underwriter or underwriters selected by the Company.

Notwithstanding any other provision of this Section 2.2, if the underwriters advise the Company in writing that marketing factors require a limitation on the number of shares to be underwritten, the underwriters may (subject to the limitations set forth below) limit the number of Registrable Securities to be included in, the registration and underwriting. The Company shall so advise all holders of securities requesting registration, and the number of shares of securities that are entitled to be included in the registration and underwriting shall be allocated, as follows: (i) first, to the Company for securities being sold for its own account, (ii) second, to the Holders who are not Founders requesting to include Registrable Securities in such registration statement based on the *pro rata* percentage of Registrable Securities held by such Holders, assuming conversion, and (iii) third, to the

Holders who are Founders requesting to include Registrable Securities in such registration statement based on the *pro rata* percentage of Registrable Securities held by such Holders, assuming conversion. Notwithstanding the foregoing, (i) in no event shall the number of Registrable Securities included in the offering be reduced unless all other securities (other than securities to be sold by the Company) are first entirely excluded from the offering, (ii) no such reduction shall reduce the number of the Registrable Securities of the Holders who are not Founders included in such registration below twenty percent (20%) of the total number of securities included in such registration, unless such offering is the Company's Initial Public Offering and such registration does not include shares of any other selling stockholders (excluding shares registered for the account of the Company), in which event any or all of the Registrable Securities of the Holders may be excluded; and (iii) any Registrable Securities which are not held by Founders may not be excluded from such underwriting unless all Registrable Securities held by Founders are first excluded from such offering.

If a person who has requested inclusion in such registration as provided above does not agree to the terms of any such underwriting, such person shall also be excluded therefrom by written notice from the Company or the underwriter. The Registrable Securities or other securities so excluded shall also be withdrawn from such registration. Any Registrable Securities or other securities excluded or withdrawn from such underwriting shall be withdrawn from such registration.

(c) ***Right to Terminate Registration***. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 2.2 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration.

2.3 Registration on Form S-3.

(a) ***Request for Form S-3 Registration***. After its Initial Public Offering, the Company shall use its commercially reasonable efforts to qualify for registration on Form S-3 or any comparable or successor form or forms. After the Company has qualified for the use of Form S-3, in addition to the rights contained in the foregoing provisions of this Section 2 and subject to the conditions set forth in this Section 2.3, if the Company shall receive from the Initiating Holders of Registrable Securities a written request that the Company effect any registration on Form S-3 or any similar short form registration statement with respect to all or part of the Registrable Securities (such request shall state the number of shares of Registrable Securities to be disposed of and the intended methods of disposition of such shares by such Initiating Holders), the Company will take all such action with respect to such Registrable Securities as required by Section 2.1(a)(i) and 2.1(a)(ii).

(b) ***Limitations on Form S-3 Registration.*** The Company shall not be obligated to effect, or take any action to effect, any such registration pursuant to this Section 2.3:

(i) In the circumstances described in either Sections 2.1(b)(i), 2.1(b)(iii) or 2.1(b)(v);

(ii) If the Initiating Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) on Form S-3 at an aggregate price to the public of less than $1,000,000;

(iii) If, in a given twelve-month period, the Company has effected two (2) such registrations in such period; or

(iv) If, the Company has effected three (3) such registrations in total.

(c) ***Deferral.*** The provisions of Section 2.1(c) shall apply to any registration pursuant to this Section 2.3.

(d) ***Underwriting.*** If the Initiating Holders of Registrable Securities requesting registration under this Section 2.3 intend to distribute the Registrable Securities covered by their request by means of an underwriting, the provisions of Section 2.1(d) shall apply to such registration. Notwithstanding anything contained herein to the contrary, registrations effected pursuant to this Section 2.3 shall not be counted as requests for registration or registrations effected pursuant to Section 2.1.

2.4 Expenses of Registration. All Registration Expenses incurred in connection with registrations pursuant to Sections 2.1, 2.2 and 2.3 shall be borne by the Company; *provided*, *however*, that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Sections 2.1 and 2.3 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered or because a sufficient number of Holders shall have withdrawn so that the minimum offering conditions set forth in Sections 2.1 and 2.3 are no longer satisfied (in which case all participating Holders shall bear such expenses *pro rata* among each other based on the number of Registrable Securities requested to be so registered), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to a demand registration pursuant to Section 2.1; *provided*, *however*, in the event that a withdrawal by the Holders is based upon material adverse information relating to the Company that is different from the information known or available (upon request from the Company or otherwise) to the Holders requesting registration at the time of their request for registration under Section 2.1, such registration shall not be treated as a counted registration for purposes of Section 2.1, even though the Holders do not bear the Registration Expenses for such registration. All Selling Expenses relating to securities registered on behalf of the Holders shall be borne by the holders of securities included in such registration *pro rata* among each other on the basis of the number of Registrable Securities so registered.

2.5 Registration Procedures. In the case of each registration effected by the Company pursuant to Section 2, the Company will keep each Holder advised in writing as to the initiation of each registration and as to the completion thereof. At its expense, the Company will use its commercially reasonable efforts to:

(a) Keep such registration effective for a period ending on the earlier of the date which is sixty (60) days from the effective date of the registration statement or such time as the Holder or Holders have completed the distribution described in the registration statement relating thereto;

(b) To the extent the Company is a well-known seasoned issuer (as defined in Rule 405 under the Securities Act) (a "***WKSI***") at the time any request for registration is submitted to the Company in accordance with Section 2.3, (i) if so requested, file an automatic shelf registration statement (as defined in Rule 405 under the Securities Act) (an "***automatic shelf registration statement***") to effect such registration, and (ii) remain a WKSI (and not become an ineligible issuer (as defined in Rule 405 under the Securities Act)) during the period during which such automatic shelf registration statement is required to remain effective in accordance with this Agreement;

(c) Prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement for the period set forth in subsection (a) above;

(d) Furnish such number of prospectuses, including any preliminary prospectuses, and other documents incident thereto, including any amendment of or supplement to the prospectus, as a Holder from time to time may reasonably request;

(e) Use its reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdiction as shall be reasonably requested by the Holders; *provided*, that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions;

(f) Notify each seller of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading or incomplete in light of the circumstances then existing, and following such notification promptly prepare and furnish to such seller a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such shares, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or incomplete in light of the circumstances then existing;

(g) If at any time when the Company is required to re-evaluate its WKSI status for purposes of an automatic shelf registration statement used to effect a request for registration in accordance with Section 2.3 (i) the Company determines that it is not a WKSI, (ii) the registration statement is required to be kept effective in accordance with this Agreement, and (iii) the registration rights of the applicable Holders have not terminated, promptly amend the registration statement onto a form the Company is then eligible to use or file a new registration statement on such form, and keep such registration statement effective in accordance with the requirements otherwise applicable under this Agreement;

(h) If (i) a registration made pursuant to a shelf registration statement is required to be kept effective in accordance with this Agreement after the third anniversary of the initial effective date of the shelf registration statement and (ii) the registration rights of the applicable Holders have not terminated, file a new registration statement with respect to any unsold Registrable Securities subject to the original request for registration prior to the end of the three year period after the initial effective date of the shelf registration statement, and keep such registration statement effective in accordance with the requirements otherwise applicable under this Agreement;

(i) Provide a transfer agent and registrar for all Registrable Securities registered pursuant to such registration statement and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(j) Cause all such Registrable Securities registered pursuant hereunder to be listed on each securities exchange on which similar securities issued by the Company are then listed; and

(k) In connection with any underwritten offering pursuant to a registration statement filed pursuant to Section 2.1, enter into an underwriting agreement in form reasonably necessary to effect the offer and sale of Common Stock, provided such underwriting agreement contains reasonable and customary provisions, and provided further, that each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

2.6 Indemnification.

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, each of its officers, directors and partners, legal counsel and accountants and each person controlling such Holder within the meaning of Section 15 of the Securities Act, with respect to which registration, qualification or compliance has been effected pursuant to this Section 2, and each underwriter, if any, and each person who controls within the meaning of Section 15 of the Securities Act any underwriter, against all expenses, claims,

losses, damages and liabilities (or actions, proceedings or settlements in respect thereof) arising out of or based on: (i) any untrue statement (or alleged untrue statement) of a material fact contained or incorporated by reference in any registration statement, any prospectus included in the registration statement, any issuer free writing prospectus (as defined in Rule 433 of the Securities Act), any issuer information (as defined in Rule 433 of the Securities Act) filed or required to be filed pursuant to Rule 433(d) under the Securities Act or any other document incident to any such registration, qualification or compliance prepared by or on behalf of the Company or used or referred to by the Company, (ii) any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or (iii) any violation (or alleged violation) by the Company of the Securities Act, any state securities laws or any rule or regulation thereunder applicable to the Company and relating to action or inaction required of the Company in connection with any offering covered by such registration, qualification or compliance, and the Company will reimburse each such Holder, each of its officers, directors, partners, legal counsel and accountants and each person controlling such Holder, each such underwriter and each person who controls any such underwriter, for any legal and any other expenses reasonably incurred in connection with investigating and defending or settling any such claim, loss, damage, liability or action; *provided* that the Company will not be liable in any such case to the extent that any such claim, loss, damage, liability, or action arises out of or is based on any untrue statement or omission based upon written information furnished to the Company by such Holder, any of such Holder's officers, directors, partners, legal counsel or accountants, any person controlling such Holder, such underwriter or any person who controls any such underwriter, and stated to be specifically for use therein; and *provided, further* that, the indemnity agreement contained in this Section 2.6(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld).

(b) To the extent permitted by law, each Holder will, if Registrable Securities held by such Holder are included in the securities as to which such registration, qualification or compliance is being effected, indemnify and hold harmless the Company, each of its directors, officers, partners, legal counsel and accountants and each underwriter, if any, of the Company's securities covered by such a registration statement, each person who controls the Company or such underwriter within the meaning of Section 15 of the Securities Act, each other such Holder, and each of their officers, directors and partners, and each person controlling each other such Holder, against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based on: (i) any untrue statement (or alleged untrue statement) of a material fact contained or incorporated by reference in any prospectus, offering circular or other document (including any related registration statement, notification, or the like) incident to any such registration, qualification or compliance, or (ii) any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse the Company and such Holders, directors, officers, partners, legal counsel and accountants, persons, underwriters, or control persons for any legal or any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability or action, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such registration statement, prospectus, offering circular or other document in reliance upon and in conformity with written information furnished to the Company by such Holder and stated to be specifically for use therein; *provided, however*, that the obligations of such Holder hereunder shall not apply to amounts paid in settlement of any such claims, losses, damages or liabilities (or actions in respect thereof) if such settlement is effected without the consent of such Holder (which consent shall not be unreasonably withheld); and *provided* that in no event shall any indemnity under this Section 2.6 exceed the gross proceeds from the offering received by such Holder, except in the case of fraud or willful misconduct by such Holder.

(c) Each party entitled to indemnification under this Section 2.6 (the "***Indemnified Party***") shall give notice to the party required to provide indemnification (the "***Indemnifying Party***") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of such claim or any litigation resulting therefrom; *provided* that

counsel for the Indemnifying Party, who shall conduct the defense of such claim or any litigation resulting therefrom, shall be approved by the Indemnified Party (whose approval shall not be unreasonably withheld), and the Indemnified Party may participate in such defense at such party's expense; and *provided further* that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Section 2.6, to the extent such failure is not prejudicial. No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. Each Indemnified Party shall furnish such information regarding itself or the claim in question as an Indemnifying Party may reasonably request in writing and as shall be reasonably required in connection with defense of such claim and litigation resulting therefrom.

(d) If the indemnification provided for in this Section 2.6 is held by a court of competent jurisdiction to be unavailable to an Indemnified Party with respect to any loss, liability, claim, damage, or expense referred to herein, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party hereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of such loss, liability, claim, damage, or expense in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and of the Indemnified Party on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage, or expense as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party and of the Indemnified Party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the Indemnifying Party or by the Indemnified Party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission. No person or entity will be required under this Section 2.6(d) to contribute any amount in excess of the gross proceeds from the offering received by such person or entity, except in the case of fraud or willful misconduct by such person or entity. No person or entity guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person or entity who was not guilty of such fraudulent misrepresentation.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

2.7 Information by Holder. Each Holder of Registrable Securities shall furnish to the Company such information regarding such Holder and the distribution proposed by such Holder as the Company may reasonably request in writing and as shall be reasonably required in connection with any registration, qualification, or compliance referred to in this Section 2.

2.8 Restrictions on Transfer. The holder of each certificate representing Registrable Securities by acceptance thereof agrees to comply in all respects with the provisions of this Section 2.8. Each Holder agrees not to make any sale, assignment, transfer, pledge or other disposition of all or any portion of the Restricted Securities, or any beneficial interest therein, unless and until the transferee thereof has agreed in writing for the benefit of the Company to take and hold such Restricted Securities subject to, and to be bound by, the terms and conditions set forth in this Agreement, including, without limitation, this Section 2.8 and Section 2.10, and:

(i) There is then in effect a registration statement under the Securities Act covering such proposed disposition and the disposition is made in accordance with the registration statement; or

(ii) The Holder shall have given prior written notice to the Company of the Holder's intention to make such disposition and shall have furnished the Company with a detailed description of the manner and circumstances of the proposed disposition, and the Holder shall have furnished the Company, at the Holder's expense, with (i) an opinion of counsel reasonably satisfactory to the Company to the effect that such disposition will not require registration of such Restricted Securities under the Securities Act or (ii) a "no action" letter from the Commission to the effect that the transfer of such securities without registration will not result in a recommendation by the staff of the Commission that action be taken with respect thereto, whereupon the holder of such Restricted Securities shall be entitled to transfer such Restricted Securities in accordance with the terms of the notice delivered by the Holder to the Company.

(b) Notwithstanding the provisions of Section 2.8(a), no such registration statement or opinion of counsel shall be necessary for (i) a transfer not involving a change in beneficial ownership, (ii) transactions involving the distribution without consideration of Restricted Securities by any Holder to (x) a parent, subsidiary or other Affiliate of the Holder, if the Holder is a corporation or similar entity, (y) any of the Holder's partners, members or other equity owners, or retired partners, retired members or other equity owners, or to the estate of any of the Holder's partners, members or other equity owners or retired partners, retired members or other equity owners, or (z) a venture capital fund that is controlled by or under common control with one or more general partners or managing members of, or shares the same management company with, the Holder; or (iii) with respect to Scottish Mortgage Investment Trust plc ("***Scottish Mortgage***") only, a transfer in compliance with all applicable securities laws to any person or entity which receives, directly or indirectly, investment management or management advisory services from Baillie Gifford & Co. or any of its subsidiaries or owned Affiliates; *provided*, in each case, that the Holder shall give written notice to the Company of the Holder's intention to effect such disposition and shall have furnished the Company with a detailed description of the manner and circumstances of the proposed disposition.

(c) Each certificate representing Registrable Securities shall (unless otherwise permitted by the provisions of this Agreement) be stamped or otherwise imprinted with a legend substantially similar to the following (in addition to any legend required under applicable state securities laws):

> THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE ISSUER THAT SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION OTHERWISE COMPLIES WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.
>
> THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO (1) RESTRICTIONS ON TRANSFERABILITY AND RESALE, INCLUDING A LOCK-UP PERIOD IN THE EVENT OF A PUBLIC OFFERING, AS SET FORTH IN AN INVESTORS' RIGHTS AGREEMENT, AND (2) VOTING RESTRICTIONS AS SET FORTH IN A VOTING AGREEMENT AMONG THE COMPANY AND THE ORIGINAL HOLDERS OF THESE SHARES, COPIES OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE COMPANY.

(d) The first legend referring to federal and state securities laws identified in Section 2.8(c) stamped on a certificate evidencing the Restricted Securities and the stock transfer instructions and record notations with respect to the Restricted Securities shall be removed and the Company shall issue a certificate without such legend to the holder of Restricted Securities if (i) those securities are registered under the Securities Act, or (ii) the holder provides the Company with an opinion of counsel reasonably acceptable to the Company to the effect that a sale or transfer of those securities may be made without registration, qualification or legend.

(e) Each Investor agrees not to make any sale, assignment, transfer, pledge or other disposition of any securities of the Company, or any beneficial interest therein, to any person other than the Company unless and until the proposed transferee confirms to the reasonable satisfaction of the Company that neither the proposed transferee nor any of its directors, executive officers, other officers that may serve as a director or officer of any company in which it invests, general partners or managing members nor any person that would be deemed a beneficial owner of those securities (in accordance with Rule 506(d) of the Securities Act) is subject to any Bad Actor Disqualification, except as set forth in Rule 506(d)(2)(ii) or (iii) or (d)(3) under the Securities Act and disclosed, reasonably in advance of the transfer, in writing in reasonable detail to the Company.

(f) The Company shall not be obligated to recognize any attempted sale, assignment, transfer, pledge or other disposition of all or any portion of the Restricted Securities, or any beneficial interest therein, made other than in compliance with the terms and conditions of this Agreement. The Holders consent to the Company making a notation on its records and giving instructions to any transfer agent of the Restricted Securities in order to implement the restrictions on transfer established in this Agreement.

2.9 Rule 144 Reporting. With a view to making available the benefits of certain rules and regulations of the Commission that may permit the sale of the Restricted Securities to the public without registration, the Company agrees to use its commercially reasonable efforts to:

(a) Make and keep adequate current public information with respect to the Company available in accordance with Rule 144 under the Securities Act, at all times from and after ninety (90) days following the effective date of the first registration statement under the Securities Act filed by the Company for an offering of its securities to the general public;

(b) File with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act at any time after it has become subject to such reporting requirements; and

(c) So long as a Holder owns any Restricted Securities, furnish to the Holder forthwith upon written request a written statement by the Company as to its compliance with the reporting requirements of Rule 144 (at any time from and after ninety (90) days following the effective date of the first registration statement filed by the Company for an offering of its securities to the general public), and of the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed as a Holder may reasonably request in availing itself of any rule or regulation of the Commission allowing a Holder to sell any such securities without registration.

2.10 Market Stand-Off Agreement. If requested by the Company or an underwriter of Common Stock (or other securities) of the Company, each Holder shall not sell or otherwise transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, of any Common Stock (or other securities) of the Company held by such Holder (other than those included in the registration) during the period from the filing or initial confidential submission of the registration statement for the Company's Initial Public Offering under the Securities Act that includes securities to be sold on behalf of the Company to the public in an underwritten public offering under the Securities Act through the end of the 180-day period following the effective date of the registration statement (or such other period as may be requested by the Company or an underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports and (ii) analyst recommendations and opinions, including, but not limited to, the

restrictions contained in NYSE Rule 472(f)(4), or any successor provisions or amendments thereto). The obligations described in this Section 2.10 shall not apply to a registration relating solely to employee benefit plans on Form S-1 or Form S-8 or similar forms that may be promulgated in the future, or a registration relating solely to a transaction on Form S-4 or similar forms that may be promulgated in the future; and shall be applicable to the Holders only if all officers and directors are subject to the same restrictions and the Company uses commercially reasonable efforts to obtain a similar agreement from all stockholders individually owning more than one percent (1%) of the Company's outstanding Common Stock (after giving effect to conversion into Common Stock of all outstanding Preferred Stock). The Company may impose stop-transfer instructions and may stamp each such certificate with the second legend set forth in Section 2.8(c) with respect to the shares of Common Stock (or other securities) subject to the foregoing restriction until the end of such one hundred eighty (180) day (or other) period. Each Holder agrees to execute a market standoff agreement with said underwriters in customary form consistent with the provisions of this Section 2.10.

2.11 Delay of Registration. No Holder shall have any right to take any action to restrain, enjoin, or otherwise delay any registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

2.12 Transfer or Assignment of Registration Rights. The rights to cause the Company to register securities granted to a Holder by the Company under this Section 2 may be transferred or assigned by a Holder only to a transferee or assignee who acquires at least fifty percent (50%) of the shares of Registrable Securities originally acquired by such Holder from the Company (or all such transferring Holder's Registrable Securities if less); provided that (i) such transfer or assignment of Registrable Securities is effected in accordance with the terms of Section 2.8, the Amended and Restated Right of First Refusal and Co-Sale Agreement dated as of the date hereof, by and among the Company and the parties thereto, as may be amended from time to time, and applicable securities laws, (ii) the Company is given written notice prior to said transfer or assignment, stating the name and address of the transferee or assignee and identifying the securities with respect to which such registration rights are intended to be transferred or assigned and (iii) the transferee or assignee of such rights assumes in writing the obligations of such Holder under this Agreement, including without limitation the obligations set forth in Section 2.10.

2.13 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of Holders holding a majority of the Registrable Securities (excluding any of such shares held by any Holders whose rights to request registration or inclusion in any registration pursuant to this Section 2 have terminated in accordance with Section 2.14), enter into any agreement with any holder or prospective holder of any securities of the Company giving such holder or prospective holder any registration rights the terms of which are *pari passu* with or senior to the registration rights granted to the Holders hereunder.

2.14 Termination of Registration Rights. The right of any Holder to request registration or inclusion in any registration pursuant to Sections 2.1, 2.2 or 2.3 shall terminate on the earlier of (i) such date, on or after the closing of the Company's first registered public offering of Common Stock, on which all shares of Registrable Securities held or entitled to be held upon conversion by such Holder may immediately be sold under Rule 144 during any ninety (90) day period, (ii) two (2) years after the closing of the Company's Initial Public Offering and (iii) a Change of Control.

SECTION 3

COVENANTS

3.1 Basic Financial Information and Inspection Rights.

(a) ***Basic Financial Information***. The Company will furnish the following reports to each Significant Holder:

(i) If requested, within 150 days of the end of the fiscal year of the Company, a consolidated balance sheet of the Company and its subsidiaries, if any, as at the end of such fiscal year, and consolidated statements of income and cash flows of the Company and its subsidiaries, if any, for such year, prepared in accordance with U.S. generally accepted accounting principles consistently applied, certified by independent public accountants of recognized national standing approved by the Board, including at least one Preferred Director (as defined in the Certificate of Incorporation).

(ii) Upon request, as soon as practicable after the end of the first, second and third quarterly accounting periods in each fiscal year of the Company, an unaudited consolidated balance sheet of the Company and its subsidiaries, if any, as of the end of each such quarterly period, and unaudited consolidated statements of income and cash flows of the Company and its subsidiaries, if any, for such period, prepared in accordance with U.S. generally accepted accounting principles consistently applied with the exception of footnotes required under U.S. generally accepted accounting principles, subject to changes resulting from normal year-end audit adjustments.

(iii) Upon request, prior to the beginning of each fiscal year, the current annual budget for such fiscal year.

(iv) Upon request, as soon as practicable, an up-to-date capitalization table.

(v) Reasonable access, at such Significant Holder's expense, to Company facilities and personnel, with prior notice given to the Company and at a mutually agreeable time.

3.2 Confidentiality. Anything in this Agreement to the contrary notwithstanding, no Holder by reason of this Agreement shall have access to any trade secrets or classified information of the Company. The Company shall not be required to comply with any information rights of Section 3 in respect of any Holder whom the Company reasonably determines to be a competitor or an officer, employee, director or holder of more than ten percent (10%) of a competitor; *provided* that Bayer Aktiengesellschaft ("***Bayer***") shall not be deemed a competitor under this Section 3.2. Each Holder acknowledges that the information received by them pursuant to this Agreement may be confidential and for its use only, and it will not use such confidential information in violation of the Exchange Act or reproduce, disclose or disseminate such information to any other person (other than (i) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company, provided that such attorneys, accountants, consultants, and other professionals are also bound to treat such information as confidential by a written agreement or similar professional obligations; (ii) to any prospective purchaser of any Registrable Securities from such Holder, if such prospective purchaser agrees to be bound by the provisions of this Section 3.2; (iii) to any existing Affiliate, partner, member, stockholder, or wholly owned subsidiary of such Holder in the ordinary course of business, provided that such Investor informs such person that such information is confidential and directs such person to maintain the confidentiality of such information; or (iv) as may otherwise be required by law, provided that Holder will use its best efforts to notify the Company, prior to such disclosure and if practicable allow the Company to review and modify such disclosure, except in connection with the exercise of rights under this Agreement, unless the Company has made such information available to the public generally or such Holder is required to disclose such information by a governmental authority. Furthermore, nothing contained herein shall prevent any Holder from, nor shall any investor be deemed a competitor by virtue of (i) entering into any business, entering into any agreement with a third party, or investing in or engaging in investment discussions with any other company (whether or not competitive with the Company), provided that such Holder does not, except as permitted in accordance with this Section 3.2, disclose or otherwise make use of any proprietary or

confidential information of the Company in connection with such activities. Notwithstanding the foregoing, any confidential information obtained by Bayer pursuant to any license, collaboration, services, license or other similar agreement between the Company and Bayer, whether existing now or in the future, including that certain Research Collaboration and Option Agreement, dated on or about the date hereof (each, a "***Commercial Agreement***"), will be subject to the confidentiality obligations set forth in such agreement, which confidentiality obligations supersede the provisions of this Section 3.2 in its entirety as it may pertain to the subject matter of such Commercial Agreement or any confidential information obtained by Bayer pursuant to such Commercial Agreement.

3.3 "Bad Actor" Notice. Each party to this Agreement will promptly notify each other party to this Agreement in writing if it or, to its knowledge, any person specified in Rule 506(d)(1) under the Securities Act becomes subject to any Bad Actor Disqualification.

3.4 Termination of Covenants. The covenants set forth in this Section 3 shall terminate and be of no further force and effect at such time as the Company (i) consummates an Initial Public Offering, (ii) becomes subject to the reporting provisions of the Exchange Act, or (iii) upon a Change of Control.

3.5 Insurance. The Company shall maintain directors and officers insurance from a carrier, in an amount and on terms and conditions satisfactory to the board of directors of the Company, including the director designated by Data Collective IV, L.P. (together with DCVC Opportunity Fund II, L.P., "***DCVC***" and the director so designated the "***DCVC Designee***").

3.6 Equity Awards. Unless otherwise approved by the board of directors of the Company, including the DCVC Designee, the vesting arrangements for equity issued to employees or consultants (the "***Awards***") shall (i) provide that twenty five percent (25%) of the shares subject to such Award shall vest on the one (1) year anniversary of the commencement of such individual's status as a service provider, and thereafter one-thirty sixth ($1/36^{th}$) of the remaining shares subject to the Award shall vest each month thereafter, subject to the participant continuing to be an employee or service provider through each such date and (ii) may not include accelerated vesting, unless acceleration is trigged by both (a) termination of such employee or service provider and (b) a Change of Control and (iii) provide that unvested shares of Common Stock issued pursuant to Awards provide that Common Stock may be repurchased by the Company at the lower of the original purchase price or the then current fair market value, upon termination of continuous service by such employee or consultant.

3.7 Board Matters. So long as Lux Ventures IV, L.P. ("***Lux***") is entitled to designate a member of the board of directors of the Company (the "***Lux Designee***") pursuant to the Voting Agreement, the Lux Designee shall be entitled to be appointed to all committees and subcommittees established by the board of directors of the Company. So long as DCVC is entitled to designate the DCVC Designee pursuant to the Voting Agreement, the DCVC Designee shall be entitled to be appointed to all committees and subcommittees established by the board of directors of the Company.

3.8 Successor Indemnification. If the Company or any of its successors or assignees consolidates with or merges into any other company, corporation or entity and is not the continuing or surviving corporation or entity of such consolidation or merger, then to the extent necessary, proper provisions shall be made so that the successors and assignees of the Company assume the obligations of the Company with respect to indemnification of members of the board of directors as in effect immediately before such transaction, whether such obligations are contained in the Company's bylaws, Certificate of Incorporation, as amended, or elsewhere, as the case may be.

3.9 Confidential Information and Invention Assignment Agreement. The Company will cause each person now or hereafter employed or engaged by it or by any subsidiary (or engaged by the Company or any subsidiary as a consultant or independent contractor) with access to confidential information or trade secrets, or performing services that consist of the development of technology, to enter into a customary nondisclosure and proprietary rights assignment agreement.

3.10 At-Will Employees. Unless otherwise approved by the board of directors of the Company, including one of the Preferred Directors, all Company employees hired after the date of this Agreement shall be employed on an at-will basis.

3.11 Executive Officers; Severance. Unless otherwise approved by the board of directors of the Company, including the Preferred Directors, (i) each executive officer of the Company must be a full-time employee of the Company and (ii) no severance payments may be paid to former employees, unless (A) the Company agreed to make such severance payment in a written instrument that was executed prior to the execution of this Agreement or (B) such severance payment is in an amount no greater than $25,000, such former employee is a non-executive employee (i.e. held a position equivalent to or lower than Vice President) and such severance payment is made in partial consideration for entering into a waiver of claims against the Company.

3.12 FIRPTA. Upon request of Investor, the Company shall provide (i) a statement (in such form as may be reasonably requested by Investor) conforming to the requirements of Section 1.897-2(h)(1)(i) and 1.1445-2(c)(3)(i) of the Treasury Regulations certifying that interests in the Company do not constitute "United States real property interests" under Section 897(c) of the Internal Revenue Code of 1986, as amended; and (ii) evidence in form and substance satisfactory to Investor that the Company has delivered to the Internal Revenue Service the notification required under Section 1.897-2(h)(2) of the Treasury Regulations.

3.13 Compliance Policies. The Company will maintain policies reasonably designed to provide, taking into account the Company's size and scope of business, for the Company's compliance with all laws, rules, regulations and orders applicable to its business, operations, properties, assets, products and services, including all applicable anti-bribery and anti-corruption laws (such as Part 12 of the United States Anti-Terrorism, Crime and Security Act of 2001; the United States Money Laundering Control Act of 1986; the United States International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001; the United States Foreign Corrupt Practices Act, as amended; and laws applicable in the United Kingdom that prohibit bribery, corrupt practices or money laundering, including, for the avoidance of doubt, the Bribery Act 2010).

SECTION 4

RIGHT OF FIRST REFUSAL

4.1 Right of First Refusal to Significant Holders. The Company hereby grants to (a) Bayer, so long as Bayer holds at least 2,000,000 shares of Series D Preferred Stock and/or Conversion Stock (as presently constituted and subject to subsequent adjustments for stock splits, stock dividends, reverse stock splits and the like), and (b) each Holder who owns at least 2,000,000 Shares and/or Conversion Stock (as presently constituted and subject to subsequent adjustments for stock splits, stock dividends, reverse stock splits and the like) ((a) and (b) collectively, the "***Significant Holders***"), the right of first refusal to purchase its *pro rata* share of New Securities (as defined in this Section 4.1(a)) which the Company may, from time to time, propose to sell and issue after the date of this Agreement. A Significant Holder's *pro rata* share, for purposes of this right of first refusal, is equal to the ratio of (a) the number of shares of Common Stock owned by such Significant Holder immediately prior to the issuance of New Securities (assuming full conversion of the Shares and full conversion or exercise of all outstanding convertible securities, rights, options and warrants held by said Significant Holder) to (b) the total number of shares of Common Stock outstanding immediately prior to the issuance of New Securities (assuming full conversion of the Shares and full conversion or exercise of all outstanding convertible securities, rights, options and warrants and including shares reserved for issuance under any equity plan of the Company's). For

purposes of this Agreement, (i) South Ferry #2, LP, WM Group Holdings, LLC, Eli Levitin, Lux IV, L.P. and WO Select may aggregate the number of Shares and/or Conversion Stock held by such Investors for purposes of satisfying the 2,000,000 Shares and/or Conversion Stock threshold set forth above and (ii) Benjamin A. Smith, BENJAMIN SMITH 2006 GRAT ARTICLE I(E) TRUST DATED APRIL 19, 2006, Janaka Sheehan Maduraperuma and Laurion Capital Master Fund Ltd. may aggregate the number of Shares and/or Conversion Stock held by such Investors for purposes of satisfying the 2,000,000 Shares and/or Conversion Stock threshold set forth above.

(a) "***New Securities***" shall mean any capital stock (including Common Stock and/or Preferred Stock) of the Company whether now authorized or not, and rights, convertible securities, options or warrants to purchase such capital stock, and securities of any type whatsoever that are, or may become, exercisable or convertible into capital stock; *provided* that the term "***New Securities***" does not include the securities that are excluded from the definition of "Additional Shares of Common" pursuant to Article V, Section 4(d)(i) of the Certificate of Incorporation.

(b) In the event the Company proposes to undertake an issuance of New Securities, it shall give each Significant Holder written notice of its intention, describing the type of New Securities, their price, and the general terms upon which the Company proposes to issue the same. Each Significant Holder shall have fifteen (15) days after any such notice is delivered to agree to purchase such Holder's *pro rata* share of such New Securities for the price and upon the terms specified in the notice by giving written notice to the Company, in substantially the form attached as Schedule 1, and stating therein the quantity of New Securities to be purchased. At the expiration of such fifteen (15) day period, the Company shall promptly notify each Significant Holder that elects to purchase or acquire all the shares available to it (each, a "***Fully Exercising Holder***") of any other Significant Holder's failure to do likewise. During the subsequent ten (10) day period commencing after the Company has given such notice, each Fully Exercising Holder may, by giving notice to the Company, elect to purchase or acquire, in addition to the number of New Securities specified by such Fully Exercising Holder above, up to such Holder's *pro rata* share of such New Securities for which Significant Holders were entitled to subscribe but that were not subscribed for by the Significant Holders, which pro rata share is equal to the proportion such Fully Exercising Holder's *pro rata* share of such New Securities bears to the *pro rata* share of such New Securities then held by all Fully Exercising Holders who wish to purchase such unsubscribed shares. Nothing in this subsection shall limit the Company from issuing and selling New Securities to other investors prior to the expiration of the fifteen (15) day and subsequent ten (10) day notice periods, as applicable, provided that the Company has reserved (and not sold) a sufficient number of New Securities to fully comply with the rights of first refusal of the Significant Holders under this Section 4.1.

(c) In the event the Holders fail to exercise fully the right of first refusal within said fifteen (15) day or subsequent ten (10) day period, as applicable (the "***Election Period***"), the Company shall have ninety (90) days thereafter to sell that portion of the New Securities with respect to which the Significant Holders' right of first refusal option set forth in this Section 4.1 was not exercised, at a price and upon terms no more favorable to the purchasers thereof than specified in the Company's notice to Significant Holders delivered pursuant to Section 4.1(b). In the event the Company has not sold such New Securities within such ninety (90) day period following the Election Period, or such ninety (90) day period following the date of said agreement, the Company shall not thereafter issue or sell any New Securities, without first again offering such securities to the Significant Holders in the manner provided in this Section 4.1.

(d) The right of first refusal granted under this Agreement shall expire upon, and shall not be applicable to, the Company's Initial Public Offering or a Change of Control.

(e) A Holder will not have a right of first refusal to purchase a *pro rata* share of New Securities in accordance with this Section 4 and will not be a Significant Holder for purposes of the right of first refusal granted under this Section 4 if such Holder is (i) not an "accredited investor" (as defined in Rule 501(a) under the Securities Act) and such issuance of New Securities is otherwise being offered only to "accredited investors" as defined in Rule 501(a) under the Securities Act, or (ii) for so long as, the Holder, any of its directors, executive officers, other officers that may serve as a director or officer of any company in which it invests, general partners or managing members or any person that would be deemed a beneficial owner of the securities of the Company held by the Holder (in accordance with Rule 506(d) of the Securities Act) is subject to any Bad Actor Disqualification, except as set forth in Rule 506(d)(2)(ii) or (iii) or (d)(3) under the Securities Act.

SECTION 5

MISCELLANEOUS

5.1 Amendment. Except as expressly provided herein, neither this Agreement nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument referencing this Agreement and signed by the Company and the Holders holding a majority of the Registrable Securities (excluding any of such shares that have been sold to the public or pursuant to Rule 144, and excluding, with respect to Section 2 (other than Sections 2.8, 2.9 and 2.10), any of such shares held by any Holders whose rights to request registration or inclusion in any registration pursuant to Section 2 have terminated in accordance with Section 2.14); provided, however, that Holders purchasing shares of Series D Preferred Stock in a Closing (as defined in the Purchase Agreement) after the Initial Closing may become parties to this Agreement, by executing a counterpart of this Agreement without any amendment of this Agreement pursuant to this paragraph or any consent or approval of any other Holder; and, provided, however, that if any amendment, waiver, discharge or termination operates in a manner that treats any Investor differently and adversely from other Investors, the consent of such Investor shall also be required for such amendment, waiver, discharge or termination (it being agreed that, so long as all Significant Holders are offered the opportunity to participate on substantially the same terms in a transaction subject to the rights in Section 4, a waiver of the provisions of Section 4 with respect to a particular transaction shall be deemed to apply to all Investors in the same fashion if such waiver does so by its terms, without regard to whether all or any of the Significant Holders ultimately purchase securities in such transaction); and provided, however, that any amendment, waiver, discharge or termination of Section 2.8(b)(iii), Section 3.14 or this proviso (but excluding an amendment and restatement of this Agreement that preserves the substance of Section 2.8(b)(iii), Section 3.14 or this proviso) shall require the consent of Scottish Mortgage; and provided, however, that any amendment, waiver, discharge or termination of the proviso in the second sentence of Section 3.2, the last sentence of Section 3.2, 4.1(a) or this proviso of Section 5.1 (but excluding an amendment and restatement of this Agreement that preserves the substance of the provision in the second sentence of Section 3.2, the last sentence of Section 3.2, 4.1(a) and this proviso of Section 5.1) shall require the consent of Bayer. Any such amendment, waiver, discharge or termination effected in accordance with this paragraph shall be binding upon each Holder and each future holder of all such securities of Holder. Each Holder acknowledges that by the operation of this paragraph, the holders of a majority of the Registrable Securities (excluding any of such shares that have been sold to the public or pursuant to Rule 144, and excluding, with respect to Section 2 (other than Sections 2.8, 2.9 and 2.10), any of such shares held by any Holders whose rights to request registration or inclusion in any registration pursuant to Section 2 have terminated in accordance with Section 2.14) will have the right and power to diminish or eliminate all rights of such Holder under this Agreement. Notwithstanding anything to the contrary contained herein, if the Company issues additional shares of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock or Series D Preferred Stock after the date hereof (i) as a condition to the issuance of such shares the Company shall require that such purchaser become a party to this Agreement by executing and delivering a counterpart signature page hereto and (ii) each such person shall, upon execution and delivery thereof, be added to the Exhibit B attached hereto and be deemed an Investor for all purposes under this Agreement. The Company is authorized to update Exhibit B of this Agreement to reflect any additional issuance of Series A Preferred Stock, Series A-1 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock or Series D Preferred Stock without the consent of the Investors or any other Holder.

5.2 Notices. All notices and other communications required or permitted hereunder shall be in writing and shall be mailed by registered or certified mail, postage prepaid, sent by facsimile or electronic mail (if to an Investor or Holder) or otherwise delivered by hand, messenger or courier service addressed:

(a) if to an Investor, to the Investor's address, facsimile number or electronic mail address as shown in the Company's records, as may be updated in accordance with the provisions hereof, with a copy (which shall not constitute notice) to Ken Eheman, Wyrick Robbins Yates & Ponton LLP, 4101 Lake Boone Trail, Suite 300, Raleigh, North Carolina 27607;

(b) if to any Holder, to such address, facsimile number or electronic mail address as shown in the Company's records, or, until any such Holder so furnishes an address, facsimile number or electronic mail address to the Company, then to the address of the last holder of such shares for which the Company has contact information in its records; or

(c) if to the Company, to the attention of the Chief Executive Officer or Chief Financial Officer of the Company at 41 South Rio Grande St., Salt Lake City, UT 84101, or at such other current address as the Company shall have furnished to the Investors or Holders, with a copy (which shall not constitute notice) to Patrick J. Schultheis, Wilson Sonsini Goodrich & Rosati, P.C., 701 Fifth Avenue, Suite 5100, Seattle, Washington 98104.

Each such notice or other communication shall for all purposes of this Agreement be treated as effective or having been given (i) if delivered by hand, messenger or courier service, when delivered (or if sent via a nationally-recognized overnight courier service, freight prepaid, specifying next-business-day delivery, one business day after deposit with the courier), or (ii) if sent via mail, at the earlier of its receipt or five days after the same has been deposited in a regularly-maintained receptacle for the deposit of the United States mail, addressed and mailed as aforesaid, or (iii) if sent via facsimile, upon confirmation of facsimile transfer or, if sent via electronic mail, upon confirmation of delivery when directed to the relevant electronic mail address, if sent during normal business hours of the recipient, or if not sent during normal business hours of the recipient, then on the recipient's next business day. In the event of any conflict between the Company's books and records and this Agreement or any notice delivered hereunder, the Company's books and records will control absent fraud or error.

Subject to the limitations set forth in Delaware General Corporation Law §232(e), each Investor and Holder consents to the delivery of any notice to stockholders given by the Company under the Delaware General Corporation Law or the Certificate of Incorporation or bylaws by (i) facsimile telecommunication to the facsimile number set forth on Exhibit A (or to any other facsimile number for the Investor or Holder in the Company's records), (ii) electronic mail to the electronic mail address set forth on Exhibit A (or to any other electronic mail address for the Investor or Holder in the Company's records), (iii) posting on an electronic network together with separate notice to the Investor or Holder of such specific posting or (iv) any other form of electronic transmission (as defined in the Delaware General Corporation Law) directed to the Investor or Holder. This consent may be revoked by an Investor or Holder by written notice to the Company and may be deemed revoked in the circumstances specified in Delaware General Corporation Law §232.

5.3 Governing Law. This Agreement shall be governed in all respects by the internal laws of the State of Delaware as applied to agreements entered into among Delaware residents to be performed entirely within Delaware, without regard to principles of conflicts of law.

5.4 Successors and Assigns. This Agreement, and any and all rights, duties and obligations hereunder, may be assigned by a Holder to a transferee of Shares that is an Affiliate of such Holder, but in all other cases shall not be assigned, transferred, delegated or sublicensed by any Investor without the prior written consent of the Company. Any attempt by an Investor without such permission to assign, transfer, delegate or sublicense any rights, duties or obligations that arise under this Agreement shall be void. Subject to the foregoing and except as otherwise provided herein, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto.

5.5 Entire Agreement. This Agreement and the exhibits hereto constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and, subject to Section 5.18, supersedes in its entirety the Prior Rights Agreement. No party hereto shall be liable or bound to any other party in any manner with regard to the subjects hereof or thereof by any warranties, representations or covenants except as specifically set forth herein.

5.6 Delays or Omissions. Except as expressly provided herein, no delay or omission to exercise any right, power or remedy accruing to any party to this Agreement upon any breach or default of any other party under this Agreement shall impair any such right, power or remedy of such non-defaulting party, nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any party to this Agreement, shall be cumulative and not alternative.

5.7 Severability. If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, portions of such provision, or such provision in its entirety, to the extent necessary, shall be severed from this Agreement, and such court will replace such illegal, void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the same economic, business and other purposes of the illegal, void or unenforceable provision. The balance of this Agreement shall be enforceable in accordance with its terms.

5.8 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement. All references in this Agreement to sections, paragraphs and exhibits shall, unless otherwise provided, refer to sections and paragraphs hereof and exhibits attached hereto.

5.9 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be enforceable against the parties that execute such counterparts, and all of which together shall constitute one instrument.

5.10 Telecopy Execution and Delivery. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. At the request of any party hereto, all parties hereto agree to execute and deliver an original of this Agreement as well as any facsimile, telecopy or other reproduction hereof.

5.11 Jurisdiction; Venue. Each of the parties hereto hereby submits and consents irrevocably to the exclusive jurisdiction of the courts of the State of Delaware and the United States District Court for the District of Delaware for the interpretation and enforcement of the provisions of this Agreement.

5.12 Further Assurances. Each party hereto agrees to execute and deliver, by the proper exercise of its corporate, limited liability company, partnership or other powers, all such other and additional instruments and documents and do all such other acts and things as may be necessary to more fully effectuate this Agreement.

5.13 Termination Upon Change of Control. Notwithstanding anything to the contrary herein, this Agreement (excluding any then-existing obligations) shall terminate upon a Change of Control.

5.14 Conflict. In the event of any conflict between the terms of this Agreement and the Certificate of Incorporation or its bylaws, the terms of the Certificate of Incorporation or its bylaws, as the case may be, will control.

5.15 Aggregation of Stock. All securities held or acquired by affiliated entities (including affiliated venture capital funds) or persons shall be aggregated together for purposes of determining the availability of any rights under this Agreement.

5.16 Jury Trial. **EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING (WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATED TO THIS AGREEMENT**.

5.17 Waivers. Effective and contingent upon the execution of this Agreement by the Company and such other parties necessary to amend the Prior Rights Agreement pursuant to Section 5.1 therein, the undersigned Significant Holders (as defined in the Prior Rights Agreement) hereby waive, on behalf of themselves and all other Significant Holders the rights of first refusal and notice rights contained in Section 4.1 of the Prior Rights Agreement with respect to the sale and issuance of Series D Preferred Stock (and the Common Stock issuable upon conversion thereof).

5.18 Prior Agreement; Waiver. Effective upon and contingent upon (a) the execution and delivery of this Agreement by the Company, Founders and Existing Investors and (b) the Initial Closing, the Prior Rights Agreement automatically shall terminate and be of no further force and effect and shall be amended and restated in its entirety as set forth in this Agreement. If the Purchase Agreement is terminated prior to the Initial Closing, this Agreement shall automatically terminate without any further action by the parties hereto, after which no party shall have any further obligation or liability to any other party pursuant to this Agreement, and the Prior Rights Agreement shall remain in full force and effect. The Existing Investors hereby waive any and all rights they may have under Section 4 of the Prior Rights Agreement or otherwise with respect to the Company's issuance of the shares of Series D Preferred Stock pursuant to the Purchase Agreement (or the Common Stock issuable upon conversion of such shares of Series D Preferred Stock).

(*signature page follows*)

The parties are signing this Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

RECURSION PHARMACEUTICALS, INC.
a Delaware corporation

By: */s/ Christopher Gibson*
Name: Christopher Gibson
Title: Chief Executive Officer

(Signature Page to Amended and Restated Investors' Rights Agreement)

The parties are signing this Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

Lux Co-Invest Opportunities, L.P.

By: Lux Co-Invest Partners, LLC, its General Partner

By: */s/ Peter Hebert*
Peter Hebert, Managing Member

(Signature Page to Amended and Restated Investors' Rights Agreement)

The parties are signing this Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

Lux Ventures IV, L.P.

By: Lux Ventures Partners IV, LLC, its General Partner

By: */s/ Peter Hebert*
Peter Hebert, Managing Member

(Signature Page to Amended and Restated Investors' Rights Agreement)

The parties are signing this Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

BAYER AKTIENGESELLSCHAFT

By: */s/ Christian Bank*

Printed Name: Christian Bank

Title: Head of Legal M&A

By: */s/ Paul Fort*

Printed Name: Paul Fort

Title: Senior Counsel

(Signature Page to Amended and Restated Investors' Rights Agreement)

The parties are signing this Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

MDC Capital Partners (Ventures) LP, acting by its general partner

By: MDC Capital Partners (Ventures) GP, LP, itself acting by its general partner

By: MDC Capital Partners (Ventures) GP, LLC

By: */s/ Ibrahim Ajami*
Ibrahim Ajami

Title: _____

(Signature Page to Amended and Restated Investors' Rights Agreement)

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INVESTOR

SCOTTISH MORTGAGE INVESTMENT TRUST PLC
Executed for an on behalf of Scottish Mortgage Investment Trust plc, acting through its agent, Baille Gifford & Co.

By: */s/ Tom Slater*

Printed Name: Tom Slater

Title: Partner

(Signature Page to Amended and Restated Investors' Rights Agreement)

The parties are signing this Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

DCVC, L.P.

By: DCVC V GP, LLC, its General Partner

By: */s/ Zachary Bogue*
Zachary Bogue, Managing Member

(Signature Page to Amended and Restated Investors' Rights Agreement)

The parties are signing this Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

SymBiosis II, LLC

By: */s/ Erron Smith*

Printed Name: Erron Smith

Title: Secretary

(Signature Page to Amended and Restated Investors' Rights Agreement)

The parties are signing this Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

SAMSARA BIOCAPITAL, L.P.

By: Samsara BioCapital GP, LLC, its General Partner

By: */s/ SA*
Srinivas Akkaraju, MD, PhD, Managing Member

(Signature Page to Amended and Restated Investors' Rights Agreement)

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INVESTOR

Two Sigma Ventures II, LLC

By: Two Sigma Investments, LP, its Investment Manager

By: */s/ Colin Beime*
Colin Beime, Authorized Signatory

(Signature Page to Amended and Restated Investors' Rights Agreement)

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INVESTOR

CASDIN PARTNERS MASTER FUND, L.P.

By: Casdin Partners GP, LLC, its General Partner

By: */s/ Kevin O'Brien*
Kevin O'Brien, General Counsel

(Signature Page to Amended and Restated Investors' Rights Agreement)

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INVESTOR

Harvard Management Private Equity Corporation

By: */s/ Richard Slocum*
Name: Richard Slocum, Authorized Signatory

By: */s/ Kathryn I Murtagh*
Name: Kathryn Murtagh, Authorized Signatory

(Signature Page to Amended and Restated Investors' Rights Agreement)

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INVESTOR

Laurion Capital Master Fund Ltd.

By: */s/ Daniel Woelfe*
Daniel Woelfe
Title: Director

(Signature Page to Amended and Restated Investors' Rights Agreement)

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INVESTOR

Regents of the University of Minnesota

By: */s/ Stuart Mason*
Stuart Mason, Chief Investment Officer

(Signature Page to Amended and Restated Investors' Rights Agreement)

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INVESTOR

Zions SBIC, LLC

By: */s/ Kent Madsen*
Kent Madsen
Title: Manager

(Signature Page to Amended and Restated Investors' Rights Agreement)

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INVESTOR

INTERMOUNTAIN VENTURES FUND, LLC

By: Intermountain Ventures, LLC, its Managing Member

By: */s/ Nickolas Mark*
Nickolas Mark, Vice President

(Signature Page to Amended and Restated Investors' Rights Agreement)

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INVESTOR

WO Select Investments, LLC
(*Print investor name*)

/s/ Aaron Wolfson
(*Signature*)

Aaron Wolfson
(*Print name of signatory, if signing for an entity*)

Manager
(*Print title of signatory, if signing for an entity*)

(Signature Page to Amended and Restated Investors' Rights Agreement)

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INVESTOR

Obsidian Ventures, LLC

By: */s/ Michael Boren*
Michael Boren
Title: Manager

(Signature Page to Amended and Restated Investors' Rights Agreement)

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INVESTOR

/s/ John B. Metcalf
John B. Metcalf

(Signature Page to Amended and Restated Investors' Rights Agreement)

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INVESTOR

_/s/ Ryuk Byun
Ryuk Byun

(Signature Page to Amended and Restated Investors' Rights Agreement)

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INVESTOR

_/s/ Sanyog Reddy
Sanyog (Sunny) Reddy

(Signature Page to Amended and Restated Investors' Rights Agreement)

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INVESTOR

Thirty Fifth Investment Company, LLC

By: */s/ Ibrahim Ajami*
Ibrahim Ajami, Authorized Signatory

(Signature Page to Amended and Restated Investors' Rights Agreement)

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INVESTOR

/s/ Bryan White
Bryan White

(Signature Page to Amended and Restated Investors' Rights Agreement)

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INVESTOR

Midwest Community Development Fund VIII, LLC, a Delaware limited liability Company

By: Advantage Capital Community Development Fund LLC, its Managing Member

By: */s/ Reid Hutchins*
Reid Hutchins, Authorized Signatory

(Signature Page to Amended and Restated Investors' Rights Agreement)

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INVESTOR

Two Sigma Ventures Co-Invest Fund LLC – Investment Series 4

By: */s/ Colin Beime*
Colin Beime, Authorized Signatory

(Signature Page to Amended and Restated Investors' Rights Agreement)

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INVESTOR

FTF DIVERSIFIED HOLDINGS LP, a Delaware limited partnership

By: Concerto Management, Inc., its General Partner

By: */s/ A Fadell*
Anthony Fadell, CEO/President

(Signature Page to Amended and Restated Investors' Rights Agreement)

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INVESTOR

Felicis Side Fund V, L.P.

By: Felicis Ventures GP V, LLC, its General Partner

By: */s/ Sundeep Peechu*
Sundeep Peechu, Managing Director

(Signature Page to Amended and Restated Investors' Rights Agreement)

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INVESTOR

Felicis Side Fund V, L.P.

By: Felicis Ventures GP V, LLC, its General Partner

By: */s/ Sundeep Peechu*
Sundeep Peechu, Managing Director

(Signature Page to Amended and Restated Investors' Rights Agreement)

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INVESTOR

Felicis Side Fund VII, L.P.

By: Felicis Ventures GP VII, LLC, its General Partner

By: */s/ Sundeep Peechu*
Sundeep Peechu, Managing Director

(Signature Page to Amended and Restated Investors' Rights Agreement)

The parties are signing this Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

Ferro Investments, Ltd.

(Print investor name)

/s/ Roberto Avila

(Signature)

Roberto Kriete Avila

(Print name of signatory, if signing for an entity)

Director

(Print title of signatory, if signing for an entity)

(Signature Page to Amended and Restated Investors' Rights Agreement)

The parties are signing this Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

KA Godfrey 2018 Gift Trust

(Print investor name)

/s/ J P Godfrey

(Signature)

Jason P Godfrey

(Print name of signatory, if signing for an entity)

Trustee

(Print title of signatory, if signing for an entity)

(Signature Page to Amended and Restated Investors' Rights Agreement)

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INVESTOR

Gerardo Lema 2003 Trust

By: */s/ Gerald Lema*
Gerald Lema

Title: Trustee

(Signature Page to Amended and Restated Investors' Rights Agreement)

The parties are signing this Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

Travis Series of Cerelia Family Holdings, LLC

By: */s/ Amy Blackburn Wages*
Amy Blackburn Wages, Member and Manager

(Signature Page to Amended and Restated Investors' Rights Agreement)

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INVESTOR

_/s/ Janaka Sheehan Maduraperuma
Janaka Sheehan Maduraperuma

(Signature Page to Amended and Restated Investors' Rights Agreement)

The parties are signing this Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

Catalio Nexus Fund II, LP

By: Catalio Nexus GP II, LLC, its General Partner

By: */s/ R. Jacob Vogelstein*
R. Jacob Vogelstein, Manager and Member

(Signature Page to Amended and Restated Investors' Rights Agreement)

The parties are signing this Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

Lorence Kim Revocable Trust

By: */s/ Lorence Kim*
Lorence Kim

Title: Trustee

(Signature Page to Amended and Restated Investors' Rights Agreement)

The parties are signing this Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

Catalio Access Fund II, LLC

By: Catalio Access Manager I, LLC

By: */s/ R. Jacob Vogelstein*
R. Jacob Vogelstein, Manager and Member

(Signature Page to Amended and Restated Investors' Rights Agreement)

The parties are signing this Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

DCVC Opportunity Fund II, L.P., on behalf of itself and as nominee for certain affiliated entities

By: DCVC Opportunity Fund II GP, LLC, its General Partner

By: */s/ Zachary Bogue*
Zachary Bogue, Managing Member

(Signature Page to Amended and Restated Investors' Rights Agreement)

The parties are signing this Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

Data Collective IV, L.P., on behalf of itself and as nominee for certain affiliated entities

By: Data Collective IV GP, LLC, its General Partner

By: */s/ Zachary Bogue*
Zachary Bogue, Managing Member

(Signature Page to Amended and Restated Investors' Rights Agreement)

The parties are signing this Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

BENJAMIN SMITH 2006 GRAT ARTICLE I(E) TRUST
DATED APRIL 19, 2006

By: */s/ Lorna Brittan-Smith*
Lorna Brittan-Smith, Trustee

(Signature Page to Amended and Restated Investors' Rights Agreement)

The parties are signing this Amended and Restated Investors' Rights Agreement as of the date stated in the introductory clause.

INVESTOR

/s/ Benjamin A. Smith
Benjamin A. Smith

(Signature Page to Amended and Restated Investors' Rights Agreement)

SCHEDULE 1

NOTICE AND WAIVER/ELECTION OF RIGHT OF FIRST REFUSAL

I do hereby waive or exercise, as indicated below, my rights of first refusal under the Amended and Restated Investors' Rights Agreement dated as of September 1, 2020 (the *"Agreement"*):

1. Waiver of ___ days' notice period in which to exercise right of first refusal: **(please check only one)**

   ( ) **WAIVE** in full, on behalf of all Holders, the ___-day notice period provided to exercise my right of first refusal granted under the Agreement.

   ( ) **DO NOT WAIVE** the notice period described above.

2. Issuance and Sale of New Securities: **(please check only one)**

( ) **WAIVE** in full the right of first refusal granted under the Agreement with respect to the issuance of the New Securities.

( ) **ELECT TO PARTICIPATE** in $_____ (*please provide amount*) in New Securities proposed to be issued by [*insert company name*], a [*insert company jurisdiction*] corporation, representing LESS than my *pro rata* portion of the aggregate of $_____ in New Securities being offered in the financing.

( ) **ELECT TO PARTICIPATE** in $_____ in New Securities proposed to be issued by [*insert company name*], a [*insert company jurisdiction*] corporation, representing my FULL *pro rata* portion of the aggregate of $_____ in New Securities being offered in the financing.

( ) **ELECT TO PARTICIPATE** in my full *pro rata* portion of the aggregate of $_____ in New Securities being made available in the financing AND, to the extent available, the greater of (x) an additional $_____ (*please provide amount*) or (y) my *pro rata* portion of any remaining investment amount available in the event other Significant Holders do not exercise their full rights of first refusal with respect to the $_____ in New Securities being offered in the financing.

Date: _____

_____
(*Print investor name*)

_____
(*Signature*)

_____
(*Print name of signatory, if signing for an entity*)

_____
(*Print title of signatory, if signing for an entity*)

This is neither a commitment to purchase nor a commitment to issue the New Securities described above. Such issuance can only be made by way of definitive documentation related to such issuance. The company will supply you with such definitive documentation upon request or if you indicate that you would like to exercise your first offer rights in whole or in part.

Exhibit 10.12

OFFICE LEASE

This Office Lease (the "**Lease**"), dated as of the date set forth in Section 1 of the Summary of Basic Lease Information (the "**Summary**"), below, is made by and between VESTAR GATEWAY, LLC, a Delaware limited liability company ("**Landlord**"), and RECURSION PHARMACEUTICALS, INC., a Delaware corporation ("**Tenant**").

SUMMARY OF BASIC LEASE INFORMATION

	TERMS OF LEASE	DESCRIPTION
1.	Date:	November 13, 2017
2.	Premises	
	2.1 Building:	That certain two (2) story office building containing approximately 99,172 rentable square feet of space, commonly known as Station 41 at The Gateway, 41 South Rio Grande, Salt Lake City, Utah, and depicted in **Exhibit A** to this Lease.
	2.2 Premises:	The Premises consists of the entire Building.
3.	Lease Term (Article 2).	
	3.1 Length of Term:	Approximately ten (10) years commencing as of the Lease Commencement Date (as defined below).
	3.2 Delivery Date:	The date that Landlord delivers the Premises to Tenant in the condition required under Section 1.3 below. The Delivery Date is anticipated to occur on December 1, 2017.
	3.3 Lease Commencement Date:	The earlier to occur of the issuance of a final certificate of occupancy for the Premises by the Building Services Department of Salt Lake City Corporation, or June 1, 2018.
	3.4 Lease Expiration Date:	May 31, 2028.
4.	Base Rent (Article 3):	
	4.1 Amount	

Period	Monthly Installment of Base Rent Based on Partial Premises for First Five Years	Monthly Installment of Base Rent Based on Entire Premises	Approximate Annual Rate Per Square Foot
06/01/18 - 05/31/19	$ 209,078.38*	$ 235,533.50	$ 28.50*
06/01/19 - 05/31/20	$ 215,350.73*	$ 242,599.51	$ 29.36*
06/01/20 - 05/31/21	$ 221,811.25*	$ 249,877.49	$ 30.24*
06/01/21 - 05/31/22	$ 228,465.59*	$ 257,373.82	$ 31.14*
06/01/22 - 05/31/23	$ 235,319.55*	$ 265,095.03	$ 32.08*
06/01/23 - 05/31/24	$ 273,047.88	$ 273,047.88	$ 33.04*
06/01/24 - 05/31/25	$ 281,239.32	$ 281,239.32	$ 34.03
06/01/25 - 05/31/26	$ 289,676.50	$ 289,676.50	$ 35.05
06/01/26 - 05/31/27	$ 298,366.79	$ 298,366.79	$ 36.10
06/01/27 - 05/31/28	$ 307,317.79	$ 307,317.79	$ 37.19

* During the period from June 1, 2018 through May 31, 2023 (the "**Reduced Rent Period**"), Tenant shall only be required to pay Base Rent on 88,033 rentable square feet of the Premises (rather than on the entire 99,172 rentable square feet), as shown in the second column of the rental chart above. The "**Reduced Rent Amount**" refers to the amount of Base Rent that Tenant is not paying for the entire Premises (i.e., the remaining 11,151 rentable square feet) during the Reduced Rent Period. Landlord shall have the right to purchase the Reduced Rent from Tenant pursuant to Section 3.2 below, in which case, from and after the date such payment is received, Base Rent shall be payable by Tenant as shown in the third column of the rental chart above.

If the Lease Commencement Date occurs prior to June 1, 2018, then the parties shall execute an amendment to this Lease to update the rental chart set forth above.

4.2 Rent Payment Address: If by check and sent via United States Postal

Service:

Vestar Gateway, LLC
Department # 880114
PO Box 29650
Phoenix, Arizona 85038 - 9650

If by check and sent via Federal Express:

J.P. Morgan Chase (AZ1 - 2170)
Attn: Vestar Gateway, LLC
PO Box 29650, Dept. 880114 1820 E. Sky Harbor Circle South
Phoenix, Arizona 85034

If by wire:

		Account Name: Vestar Gateway, LLC Bank: J.P. Morgan Chase Method: ACH Account No. 780182130 ABA/Routing: 122100024 Tax Payer ID # 37-1797456
5.	Base Year (Article 4):	Calendar year 2017.
6.	Permitted Use (Article 5):	As more fully set forth in this Lease, general office and, subject to the terms of Section 5.1 and Article 24 of this Lease, Laboratory Use (as defined below) and all ancillary uses related thereto.
7.	Letter of Credit (Article 21):	$3,800,882.00
8.	Parking Passes (Article 28):	Up to two hundred eighty-eight (288) parking passes for use in the parking garage located below the Building, of which up to twenty-five (25) of such parking passes are reserved parking passes, subject to the terms of Article 28 of this Lease.
9.	Address of Tenant	Recursion Pharmaceuticals 630 Komas Drive, Suite 300 Salt Lake City, Utah 84108 Attention: John Pereira (Prior to Lease Commencement Date)
and		
		Recursion Pharmaceuticals 41 South Rio Grande South Lake City, Utah 84101 Attention: John Pereira (After Lease Commencement Date) With a copy to: Holland & Hart LLP 201 South Main Street, Suite 2200 Salt Lake City, Utah 84101 Attention: Adrienne Bell, Esq.
10.	Address of Landlord (Section 29.18):	Vestar Gateway, LLC c/o Vestar Development Co. 2425 East Camelback Road, Suite 750 Phoenix, Arizona 85016 Attention: President

11. Broker(s) (Section 29.24):	Cushman & Wakefield (for Landlord)
12. Tenant Improvement Allowance (Section 2 of **Exhibit B**):	$3,966,880.00 (based on $40.00 per rentable square foot of the Premises).

ARTICLE 1

PREMISES, BUILDING, PROJECT, AND

COMMON AREAS

1.1 **Premises, Building, Project and Common Areas.**

1.1.1 **The Premises**. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the premises set forth in Section 2.2 of the Summary (the "**Premises**"). The parties hereto agree that the lease of the Premises is upon and subject to the terms, covenants and conditions herein set forth, and each party covenants as a material part of the consideration for this Lease to keep and perform each and all of such terms, covenants and conditions by it to be kept and performed and that this Lease is made upon the condition of such performance. The parties hereto hereby acknowledge that the purpose of **Exhibit A** is to show the approximate location of the Premises in the "**Building**," as that term is defined in Section 1.1.2, below, only, and such Exhibit is not meant to constitute an agreement, representation or warranty as to the construction of the Premises, the precise area thereof or the specific location of the "**Common Areas**," as that term is defined in Section 1.1.3, below, or the elements thereof or of the accessways to the Premises or the "**Project**", as that term is defined in Section 1.1.2, below.

1.1.2 **The Building and The Project**. The Premises consists of the entire building commonly known as Station 41 at The Gateway, 41 South Rio Grande, Salt Lake City, Utah (the "**Building**"), together with the loading areas serving the Building which are shown as "exclusive" and depicted on attached Exhibit A-3 attached hereto. The term "**Project**," as used in this Lease, shall mean (i) the Building, (ii) the real property and improvements now or to be located thereon as more particularly described and depicted on the Site Plan attached as Exhibit A-1 located west of 400 West and east of 500 West between 200 South and 50 North, City of Salt Lake, Salt Lake County, Utah (collectively, the "Other Buildings"), (iii) the Common Areas, (iv) the land (which is improved with landscaping, parking facilities and other improvements) upon which the Building, the Other Buildings and the Common Areas arc located, and (v) at Landlord's discretion, subject to the conditions set forth in Section 1.1.3, below, any additional real property, areas, land, buildings or other improvements added thereto outside of the Project. The Project is part of a mixed use project known as "The Gateway," and is subject to the "Declarations," as that term is defined in Section 29.33 below.

1.1.3 **Common Areas**. Tenant shall have the non-exclusive right to use in common with other tenants in the Project, and subject to the rules and regulations referred to in Article 5 of this Lease and the Declarations, those portions of the Project which are provided, from time to time, for use in common by Landlord, Tenant and any other tenants of the Project, including (i) the areas on the ground floor and all other floors of the Project devoted to non-exclusive uses such as corridors, stairways, loading and unloading areas, walkways, driveways, fire vestibules, elevators and elevator foyers, lobbies, electric and telephone closets, restrooms, mechanical areas, janitorial closets and other similar facilities for the general use of and/or benefit of all tenants and invitees of the Project, (ii) those areas of the Project devoted to central plant facilities, mechanical and service rooms servicing more than one (1) floor or the Project as a whole and which service the Project tenants as a whole, and (iii) Project atriums and plazas, if any, and (iv) those areas of the Project that are reasonably necessary or appropriate for access to, and use of, the Premises as contemplated under the specified in this Lease (such areas, together with such other portions of the Project designated by Landlord, in its reasonable discretion, including certain areas designated for the exclusive use of certain tenants, or to be shared by Landlord and certain tenants, are collectively referred to herein as the "**Common Areas**"). The manner in which the Building, Other Buildings, Project and Common Areas

are maintained and operated shall be at the sole discretion of Landlord and the use thereof shall be subject to such rules, regulations and restrictions as Landlord may make from time to time (including, without limitation, any rules regulations or restrictions contained in or promulgated under the Declarations). Landlord reserves the right to close temporarily, make alterations or additions to, or change the location of elements of the Project and the Common Areas; provided that if any such alterations or additions will have a material adverse effect on Tenants use of or access to the Premises, Landlord shall provide Tenant with at least seven (7) days' prior written notice of the same (except in the event of an emergency, in which case prior written notice is not required, but Landlord shall use commercially reasonable efforts to notify Tenant as promptly as possible under the circumstances).

1.2 **Intentionally Omitted.**

1.3 **Condition of the Premises**. Except as specifically set forth in this Lease and in the Tenant Work Letter attached hereto as Exhibit B (the "**Tenant Work Letter**"), Tenant shall accept the Premises and the Building, including the base, shell, and core of (i) the Premises and (ii) the floor of the Building on which the Premises is located (collectively, the "Base, Shell, and Core") in their "**AS-IS**" condition as of the Lease Commencement Date and Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Premises. Tenant also acknowledges that Landlord has made no representation or warranty regarding the condition of the Premises, the Building or the Project or with respect to the suitability of any of the foregoing for the conduct of Tenant's business, except as specifically set forth in this Lease and the Tenant Work Letter. The taking of possession of the Premises by Tenant shall conclusively establish that the Premises and the Building were at such time in good and sanitary order, condition and repair.

1.4 **Outdoor Patio Area.**

1.4.1 Subject to the satisfaction of all applicable provisions of this Lease and the conditions in this Section 1.4, Landlord hereby grants to Tenant, and Tenant hereby accepts from Landlord, a non-exclusive, non-transferable (except as provided herein)license to use certain patio areas (collectively, the "**Patio Area**") located adjacent to the Premises, as shown on the plan attached hereto as Exhibit A-2. Tenant's use of the Patio Area is further and expressly subject to Landlord obtaining all necessary approvals and permits from the relevant governmental authorities for the use of the Patio Area as described herein, which permits and approvals Landlord shall apply for no later than the Lease Commencement Date. The Patio Area shall be used by Tenant in a manner consistent with a first-class office project containing outdoor decks, on the terms and conditions set forth herein. Tenant may install furniture, plants, a movable outdoor gas grill, and other items, within the Patio Area, subject to Landlord's prior consent, which shall not be unreasonably withheld, conditioned, or delayed (however, it shall be reasonable for Landlord to withhold its consent for any such items if, in Landlord's sole but reasonable judgment, such items are not consistent with the quality and character of the outdoor areas of the Project). Tenant shall not make any permanent improvements or alterations to the Patio Area, nor shall Tenant be permitted to install or place on the Patio Area any furniture, fixtures, plants or other items of any kind whatsoever without the consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed (however, it shall be reasonable for Landlord to withhold its consent for any such items if; in Landlord's sole but reasonable judgment, such items are not consistent with the quality and character of the outdoor areas of the Project). Tenant shall not be permitted to display any graphics or insignias or the like on the Patio Area. Landlord shall have the right, in its sole discretion, to make improvements and alterations to the Patio Area so long as such improvements and alterations do not materially adversely affect Tenant's use and enjoyment thereof. Upon providing Tenant with seven (7) days' advance written notice, Landlord shall have the right to temporarily close the Patio Area or limit access thereto from time to time in connection with Patio Area or Building repairs or maintenance and/or for other reasonable purposes (except in the event of an emergency, in which case prior written notice is not required, but Landlord shall use commercially reasonable efforts to notify Tenant as promptly as possible under the circumstances). Tenant's right to use the Patio Area shall be conditioned upon Tenant abiding by all reasonable and non-discriminatory rules and regulations which are prescribed by Landlord in writing from time to time for use of the Building's decks of which Tenant has received prior written notice.

1.4.2 If the Patio Area requires additional cleaning as a result of the use thereof by Tenant or any Tenant Patio Area Users (hereinafter defined), then such additional cleaning shall be performed, at Tenant's expense, by Landlord's cleaning contractor and Tenant shall reimburse Landlord for Landlord's actual, out-of-pocket costs incurred to perform such cleaning within thirty (30) days after receipt of an invoice therefor, together with reasonable documentation of such costs. Except to the extent caused by Landlord's gross negligence or intentional acts, (i) Tenant acknowledges and agrees that Tenant assumes the risk for any loss, claim, damage or liability arising out of the use or misuse of the Patio Area by Tenant's employees, officers, directors, shareholders, agents, representatives, contractors and/or invitees (the "**Tenant Patio Area Users**"), and (ii) Tenant releases and discharges Landlord from and against any such loss, claim, damage or liability. Tenant further agrees to indemnify, defend and hold Landlord and the "Landlord Parties," as that term is defined below, harmless from and against any and all losses and claims relating to or arising out of the use or misuse of the Patio Area by Tenant or Tenant's Patio Area Users except to the extent caused by the negligence or willful misconduct of Landlord, its agents, employees or contractors. Tenant acknowledges and agrees that the other occupants of the Project (together with their respective employees, officers, directors, shareholders, agents, representatives, contractors and/or invitees, collectively "**Other Patio Area Users**") may or shall have non-exclusive rights of access to the Patio Area and that Landlord shall have no liability or responsibility to monitor the use, or manner of use, by any Other Patio Area Users; provided, however, that in the event the Patio Area is damaged by the Other Patio Area Users, Landlord shall use commercially reasonable efforts to enforce such provisions to cause the Other Patio Area Users to fulfill their obligations under their respective leases.

1.4.3 Without limiting the foregoing, it is understood that the Patio Area is and shall remain a public and common area and is not part of the Premises and the license to use the Patio Area granted herein is not a lease and does not confer any rights with respect to the Patio Area other than as expressly stated in this Section. Except as otherwise provided in this Lease, the term of the license hereby granted to Tenant shall commence on the Lease Commencement Date and unless sooner revoked by Landlord, the term of said license shall terminate upon the expiration or earlier termination of this Lease. Notwithstanding anything in this Lease to the contrary, the license granted hereby may be revoked by Landlord at any time, only for cause (but not otherwise), immediately upon Landlord giving Tenant written notice of such revocation and in any such event, Landlord shall have no liability to Tenant, and Tenant acknowledges and agrees that Tenant shall not be entitled to any diminution or abatement of rent or other compensation for diminution of rental value, nor shall this Lease or any of Tenant's obligations hereunder be affected or reduced, as a result of such revocation by Landlord. For purposes of this Section, the term "for cause" shall mean a governmental or similar requirement preventing Tenant's use of the Patio Area, an emergency, a safety reason, a default by Tenant under this Lease with respect to Tenant's failure to use the Patio Area in accordance with the provisions of this Lease (which default is not cured to Landlord's reasonable satisfaction within ten (10) days after Tenant's receipt of written notice thereof; without reference to any other notice or cure period provided for in this Lease).

ARTICLE 2

LEASE TERM

2.1 **General**. The terms and provisions of this Lease shall be effective as of the date of this Lease except for the provisions of this Lease relating to the payment of Rent. The term of this Lease (the "Lease Term") shall be as determined in accordance with Section 3.1 of the Summary, shall commence on the date determined in accordance with Section 3.3 of the Summary (the "**Lease Commencement Date**"), and shall terminate on the date determined in accordance with Section 3.3 of the Summary (the "**Lease Expiration Date**") unless this Lease is sooner terminated as hereinafter provided. The "**Delivery Date**" shall be date described in Section 3.2 of the Summary. For purposes of this Lease, the term "Lease Year" shall mean each consecutive twelve (12) month period during the Lease Term. This Lease shall not be void, voidable or subject to termination, nor shall Landlord be liable to Tenant for any loss or damage, resulting from Landlord's inability to deliver the Premises to Tenant by any particular date; provided that if Landlord fails to deliver possession of the Premises by January I, 2018, as such date may be extended by Force Majeure, as defined below (such date, as so extended, the "**Trigger Date**"), Tenant may, at Tenant's option, (i) terminate this Lease upon providing written notice to Landlord no later than ten (10) days after the Trigger Date, and upon such termination, Landlord shall promptly return all funds previously paid to Landlord by Tenant hereunder and, upon such reimbursement, this Lease shall terminate and neither party shall have further obligation to the other hereunder, or (ii) delay commencement of the Tenant Improvements (as defined below) until Landlord is able to deliver possession of the Premises, in which event the Lease Commencement Date and Lease Expiration Date shall each be extended day-for-day equal to the number days of Landlord's delay in delivering possession. At any time during the Lease Term, Landlord may deliver to Tenant, or Tenant may request from Landlord, a notice in the form as set forth in Exhibit C attached hereto, as a confirmation only of the information set forth therein, which each party shall execute and return to Landlord within five (5) days of receipt thereof.

2.2 **Beneficial Occupancy**. Notwithstanding any provision to the contrary contained in this Lease, Tenant shall have the right to occupy all or any portion of the Premises for the conduct of its business prior to the Lease Commencement Date, provided that (i) Tenant shall give Landlord at least three (3) days' prior written notice of any such occupancy for the conduct of its business, (ii) governmental approval (including permit "sign-offs") permitting the occupancy of the Premises by Tenant shall have been issued by the appropriate governmental authorities for each such portion to be occupied, (iii) Tenant shall have delivered to Landlord satisfactory evidence of the insurance coverage required to be carried by Tenant in accordance with Article 10 below with respect to the applicable portion of the Premises, and (iv) all of the terms and conditions of this Lease shall apply, other than Tenant's obligation to pay Base Rent and Tenant's Share of Building Direct Expenses (as defined below), as though the Lease Commencement Date had occurred (although the Lease Commencement Date shall not actually occur until the occurrence of the same pursuant to the terms of Section 2.1).

2.3 **Renewal Option.**

2.3.1 **Option Right**. Landlord hereby grants to the original Tenant executing this Lease ("**Original Tenant**") and any Non-Transferee Assignee (as defined in Section 14.7 below) one (1) option to extend the Lease Term for a period of five (5) years (the "**Option Term**"), which option shall be exercisable only by written notice delivered by Tenant to Landlord as provided below, provided that the following conditions (the "**Option Conditions**") are satisfied: (i) as of the date of delivery of the Option Exercise Notice, this Lease remains in full force and effect, Tenant is not in Default under this Lease, and Original Tenant (and/or any Permitted Non-Transferee, as defined in Section 14.7 below) occupies the entire Premises; (ii) as of the end of the initial Lease Term, this Lease remains in full force and effect, Tenant is not in Default under this Lease; and (iii) Original Tenant (and/or any Permitted Non-Transferee) occupies the entire Premises at the time the option to extend is exercised and as of the commencement of the Option Term. Landlord may, at Landlord's option, exercised in Landlord's sole and absolute discretion, waive any of the Option Conditions in which case the option, if otherwise properly exercised by Tenant, shall remain in full force and effect. Upon the proper exercise of such option to extend, and provided that Tenant satisfies all of the Option Conditions (except those, if any, which are waived by Landlord), the Lease Term, as it applies to the Premises, shall be extended for a period of five (5) years. The rights contained in this Section 2.3 shall be personal to the Original Tenant and any Non-Transferee Assignee, and may be exercised only by the Original Tenant or any Non-Transferee Assignee (and not by any other assignee, sublessee or other "Transferee," as that term is defined in Section 14.1, below, of Tenant's interest in this Lease), unless otherwise agreed to by Landlord.

2.3.2 **Option Rent.** The annual Rent payable by Tenant during the Option Term (the "Option Rent") shall be the "Fair Rental Value," as that term is defined in Section 2.3.3 below, for the Premises for the Option Term.

2.3.3 **Fair Rental Value**. As used in this Lease, "**Fair Rental Value**" shall be equal to the rent (including additional rent and considering any "base year" or "expense stop" applicable thereto) on an annual per rentable square foot basis, including all escalations, at which, as of the commencement of the Option Term, tenants are leasing non-sublease, non-encumbered, non-equity space which is comparable in size, location and quality to, and used for similar uses as, the Premises, for a comparable lease term, in an arm's length transaction consummated during the twelve (12) month period prior to the date on which Landlord delivers the "**Option Rent Notice**," as that term is defined in Section 2.3.4, below, which comparable space is located in the Project, or if there are not a sufficient number of comparable transactions in the Project, then in comparable first-class institutionally-owned buildings which are comparable to the Building in terms of tenant mix, age (based upon the date of completion of construction or major renovation), quality of construction, level of services and amenities, size and appearance, and are located in Salt Lake City, Utah ("**Comparable Buildings**"), taking into consideration the value of the existing improvements in the subject space, such value to be based upon the age, condition, design, quality of finishes and layout of the improvements and the extent to which the same could be utilized by a general office user (but taking into consideration, as applicable, the fact that the precise tenant improvements existing in the Premises are specifically suitable to Tenant) and the following concessions (collectively, the "**Concessions**"): (a) rental abatement concessions, if any, being granted such tenants in connection with such comparable space; and (b) other reasonable monetary concessions being granted such tenants in connection with such comparable space; provided, however, that in calculating the Fair Rental Value, no consideration shall be given to (i) the fact that Landlord is or is not required to pay a real estate brokerage commission in connection with Tenant's exercise of its right to lease the subject space during the term thereof, or the fact that landlords are or are not paying real estate brokerage commissions in connection with such comparable space, (ii) any period of rental abatement, if any, granted to tenants in comparable transactions in connection with the design, permitting and construction of tenant improvements in such comparable spaces, and (iii) tenant improvements or allowances provided or to be provided for such comparable space. The Fair Rental Value shall additionally include a determination as to whether, and if so to what extent, Tenant must provide Landlord with financial security, such as a letter of credit or guaranty, for Tenant's Rent obligations during the Option Term. Such Concessions, at Landlord's election, either (A) shall be reflected in the effective rental rate payable by Tenant (which effective rental rate shall take into consideration the total dollar value of such Concessions as amortized on a straight-line basis over the applicable term of the comparable transaction), in which case such Concessions evidenced in the effective rental rate shall not be granted to Tenant, or (B) shall be granted to Tenant in kind.

2.3.4 **Exercise of Option**. The option contained in this Section 2.3 shall be exercised by Tenant, if at all, only in the following manner: (i) Tenant shall deliver written notice (the "**Option Exercise Notice**") to Landlord not more than fifteen (15) months nor less than twelve (12) months prior to the expiration of the initial Lease Term, stating that Tenant is irrevocably exercising its option for the entire Premises then being leased by Tenant; (ii) Landlord, within thirty (30) days after receipt of the Option Exercise Notice, shall deliver notice (the "**Option Rent Notice**") to Tenant setting forth the proposed Option Rent, which Option Rent Notice shall state the basis upon which Landlord calculated the proposed Option Rent; and (iii) Tenant, within ten (10) days after Tenant's receipt of the Option Rent Notice, shall send written notice to Landlord either (A) confirming Tenant's agreement with the proposed Option Rent contained in the Option Rent Notice, or (B) objecting to the Option Rent contained in the Option Rent Notice. If Tenant timely objects to the Option Rent Notice or fails to timely respond to the Option Rent Notice, then the parties shall follow the procedure, and the Option Rent shall be determined, as set forth in Section 2.3.5 below.

2.3.5 **Determination of Option Rent**. In the event Tenant timely and appropriately objects to the Option Rent, Landlord and Tenant shall attempt to agree upon the Option Rent using their best good-faith efforts. If Landlord and Tenant fail to reach agreement within ten (10) business days following Tenant's objection to the Option Rent (the "**Outside Agreement Date**"), then each party shall make a separate determination of the Option Rent within five (5) business days, and such determinations shall be submitted to arbitration in accordance with Sections 2.3.5.1 through 2.3.5.7 below.

2.3.5.1 Landlord and Tenant shall each appoint one arbitrator who shall by profession be a real estate broker licensed in the State of Utah in good standing who shall have been active over the five (5) year period ending on the date of such appointment in the leasing of projects comparable to the Project located within the greater Salt Lake City market. The determination of the arbitrators shall be limited solely to the issue area of whether Landlord's or Tenant's submitted Option Rent is the closest to the actual Option Rent as determined by the arbitrators, taking into account the requirements of Section 2.3.3 of this Lease. Each such arbitrator shall be appointed within fifteen (15) days after the Outside Agreement Date.

2.3.5.2 The two arbitrators so appointed shall within ten (10) days of the date of the appointment of the last appointed arbitrator agree upon and appoint a third arbitrator who shall be qualified under the same criteria set forth hereinabove for qualification of the initial two arbitrators, provided that the third arbitrator shall not be then representing Landlord or Tenant.

2.3.5.3 The three arbitrators shall within thirty (30) days of the appointment of the third arbitrator reach a decision as to whether the parties shall use Landlord's or Tenant's submitted Option Rent and shall notify Landlord and Tenant thereof.

2.3.5.4 The decision of the majority of the three (3) arbitrators shall be binding upon Landlord and Tenant.

2.3.5.5 If either Landlord or Tenant fails to appoint an arbitrator within fifteen (15) days after the Outside Agreement Date, the arbitrator appointed by one of them shall reach a decision, notify Landlord and Tenant thereof, and such arbitrator's decision shall be binding upon Landlord and Tenant.

2.3.5.6 If the two (2) arbitrators fail to agree upon and appoint a third arbitrator, or if both parties fail to appoint an arbitrator, then the appointment of the third arbitrator or any arbitrator shall be dismissed and the matter to be decided shall be forthwith submitted to binding, final, non-appealable arbitration before a JAMS arbitrator mutually agreed upon by Landlord and Tenant. If Landlord and Tenant cannot agree on the arbitrator, the parties will so inform JAMS, who will then be authorized to select a JAMS judge to arbitrate the matter.

2.3.5.7 The cost of arbitration shall be paid by Landlord and Tenant equally.

2.4 **Termination Option**. Provided Tenant fully and completely satisfies each of the conditions set forth in this Section 2.4, the Original Tenant shall have the option ("Termination Option") to terminate this Lease effective as of the expiration of the sixtieth (60th) full calendar month of the Lease Term (the "Termination Date"). In order to exercise the Termination Option, Tenant must fully and

completely satisfy each and every one of the following conditions: (a) Tenant must give Landlord written notice ("**Termination Notice**") of its exercise of the Termination Option, which Termination Notice must be delivered to Landlord at least nine (9) months prior to the Termination Date; (b) at the time of the Termination Notice Tenant shall not be in Default under this Lease after expiration of applicable cure periods; and (c) concurrently with Tenant's delivery of the Termination Notice to Landlord, Tenant shall pay to Landlord a termination fee ("**Termination Fee**") equal to the unamortized balance, as of the Termination Date, of (i) the Tenant Improvement Allowance (and the Additional Allowance, if applicable), and (ii) the brokerage commissions paid by Landlord in connection with this Lease. Amortization pursuant to the foregoing, shall be calculated on a one hundred twenty (120) month amortization schedule commencing as of the Lease Commencement Date based upon equal monthly payments of principal and interest, with interest imputed on the outstanding principal balance at the rate of eight percent (8%) per annum. The rights contained in this Section 2.4 shall be personal to the Original Tenant, and may be exercised only by the Original Tenant (and not by any assignee, sublessee or other Transferee of Tenant's interest in this Lease). If Tenant exercises Tenant's Termination Option, then, on or before the Termination Date, Tenant shall vacate and surrender the Premises to Landlord in the condition required by this Lease (as if the Termination Date were the original expiration date under the Lease).

ARTICLE 3

BASE RENT

3.1 **General**. Tenant shall pay, without prior notice or demand, to Landlord or Landlord's agent at the address set forth in Section 4.2 of the Summary, or, at Landlord's option, at such other place as Landlord may from time to time designate by delivering written notice to Tenant at Tenant's notice address as set forth herein, by a check or wire transfer for currency which, at the time of payment, is legal tender for private or public debts in the United States of America, base rent ("**Base Rent**") as set forth in Section 4 of the Summary, payable in equal monthly installments as set forth in Section 4 of the Summary in advance on or before the first day of each and every calendar month during the Lease Term, without any setoff or deduction whatsoever, except as otherwise expressly set forth in this Lease. The Base Rent for the first full month of the Lease Term which occurs after the expiration of any free rent period shall be paid at the time of Tenant's execution of this Lease. If any Rent payment date (including the Lease Commencement Date) falls on a day of the month other than the first day of such month or if any payment of Rent is for a period which is shorter than one month, the Rent for any fractional month shall accrue on a daily basis for the period from the date such payment is due to the end of such calendar month or to the end of the Lease Term at a rate per day which is equal to 1/365 of the applicable annual Rent. All other payments or adjustments required to be made under the terms of this Lease that require proration on a time basis shall be prorated on the same basis.

3.2 **Right to Purchase Reduced Rent Amount**. Notwithstanding anything to the contrary contained in Section 4.2 of the Summary, Landlord reserves the right, in its sole and absolute discretion, to elect to pay Tenant the entire Reduced Rent Amount or any such remaining Reduced Rent Amount, as applicable, in cash prior to the scheduled application of the same. If Landlord elects to pay Tenant the Reduced Rent Amount, or any portion thereof, then with respect to those portions of the Reduced Rent Amount that Landlord has so paid, from and after the date thereof, Tenant shall pay Base Rent pursuant the third column in the rental chart set forth in Section 4.1 of the Summary.

ARTICLE 4

ADDITIONAL RENT

4.1 **General Terms**. In addition to paying the Base Rent specified in Article 3 of this Lease, Tenant shall pay "Tenant's Share" of the annual "**Direct Expenses**," as those terms are defined in Sections 4.2.6 and 4.2.2 of this Lease, respectively, allocated to the tenants of the Building pursuant to Section 4.3.1 below, which are in excess of the amount of Direct Expenses applicable to the "Base Year," as that term is defined in Section 4.2.1, below, allocated to the tenants of the Building pursuant to Section 4.3.1 below; provided, however, that in no event shall any decrease in Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 below for any Expense Year below Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 below for the Base Year entitle Tenant to any decrease in Base Rent or any credit against sums due under this Lease, except as set forth in Section 4.4.1. Such payments by Tenant, together with any and all other amounts payable by Tenant to Landlord or Landlord's property manager pursuant to the terms of this Lease, are hereinafter collectively referred to as the "**Additional Rent**", and the Base Rent and the Additional Rent are herein collectively referred to as "Rent." All amounts due under this Article 4 as Additional Rent shall be payable for the same periods and in the same manner as the Base Rent. Without limitation on other obligations of Tenant which survive the expiration of the Lease Term, the obligations of Tenant to pay the Additional Rent provided for in this Article 4 shall survive the expiration of the Lease Term. As of the date hereof, the parties acknowledge and agree that Tenant is the sole tenant of the Building.

4.2 **Definitions of Key Terms Relating to Additional Rent**. As used in this Article 4, the following terms shall have the meanings hereinafter set forth:

4.2.1 "**Base Year**" shall mean the period set forth in Section 5 of the Summary.

4.2.2 "**Direct Expenses**" shall mean "**Operating Expenses**" and "**Tax Expenses**."

4.2.3 "**Expense Year**" shall mean each calendar year in which any portion of the Lease Term falls, through and including the calendar year in which the Lease Term expires.

4.2.4 "**Operating Expenses**" shall mean all actual expenses, costs and amounts of every kind and nature which Landlord pays or accrues during any Expense Year because of or in connection with the ownership, management, maintenance, security, repair, replacement, restoration or operation of the Project, or any portion thereof, including, without limitation, any and all of the following (excluding any Operating Expense Exclusions, as defined below): (i) the cost of supplying all utilities to the Common Areas (but not to the Premises), the cost of operating, repairing, maintaining, and renovating the utility, telephone, mechanical, sanitary, storm drainage, and elevator systems, and the cost of maintenance and service contracts in connection therewith; (ii) the cost of licenses, certificates, permits and inspections and the cost of contesting any governmental enactments which may affect Operating Expenses, and the costs incurred in connection with a transportation system management program or similar program; (iii) the cost of all insurance carried by Landlord or the property manager of Landlord in connection with the Project in such amounts as Landlord may reasonably determine or as may be required by the Declarations, any mortgagees or the lessor of any underlying or ground lease affecting the Project and/or the Building; (iv) the cost of landscaping, relamping, all supplies, tools, equipment and materials used in the operation, repair and maintenance of the Project, or any portion thereof; (v) reasonable costs incurred in connection with the parking areas servicing the Project; (vi) reasonable fees and other costs, including management fees, consulting fees, legal fees and accounting fees, of all contractors and consultants in connection with the

management, operation, maintenance or security of the Project, and employer's Social Security taxes, unemployment taxes or insurance, and any other taxes which may be levied on such wages, salaries, compensation and benefits; provided, that if any employees of Landlord provide services for more than one project of Landlord, then a prorated portion of such employees' wages, benefits and taxes shall be included in Operating Expenses based on the portion of their working time devoted to the Project; (vii) payments under any equipment rental agreements and the fair rental value of any management office space and the cost of furnishings in such management office space; (viii) wages, salaries and other compensation and benefits, including taxes levied thereon, of all persons engaged in the operation, maintenance and security of the Project; provided, that if any employees of Landlord provide services for more than one project of Landlord, then a prorated portion of such employees' wages, benefits and taxes shall be included in Operating Expenses based on the portion of their working time devoted to the Project; (ix) costs under any instrument pertaining to the sharing of costs by the Project; (x) operation, repair, maintenance and replacement of all systems and equipment and components thereof of the Building; (xi) the reasonable cost of janitorial for the Common Area (but not for the Premises), alarm, security and other services, replacement of wall and floor coverings, ceiling tiles and fixtures in common areas, maintenance and replacement of curbs and walkways, repair to roofs and re-roofing; (xii) amortization (including interest on the unamortized cost) of the cost of acquiring or the rental expense of personal property used in the maintenance, operation and repair of the Project, or any portion thereof; (xiii) the cost of capital improvements or other costs incurred in connection with the Project (A) which are intended to effect economies in the operation or maintenance of the Project, or any portion thereof, or (B) that are required under any governmental law or regulation; provided, however, that any capital expenditure shall be amortized with interest over the lesser of its useful life or, if applicable, the period of time in which the savings from such capital expenditure is equal to or greater than the cost of the capital expenditure, as Landlord shall reasonably determine in accordance with generally accepted property management practices and accounting principles; (xiv) costs, fees, charges or assessments imposed by, or resulting from any mandate imposed on Landlord by, any federal, state or local government for fire and police protection, trash removal, community services, or other services which do not constitute "**Tax Expenses**" as that term is defined in Section 4.2.5, below; and (xv) payments under any easement, license, operating agreement, declaration, restrictive covenant, or instrument pertaining to the sharing of costs by the Building (collectively, "CC&R Payments"), including, without limitation, all assessments levied against Landlord or the Project pursuant to the Declarations (whether or not the same would otherwise be includable in Operating Expenses pursuant to this Section 4.3).

If Landlord is not furnishing any particular work or service (the cost of which, if performed by Landlord, would be included in Operating Expenses) to a tenant who has undertaken to perform such work or service in lieu of the performance thereof by Landlord, Operating Expenses shall be deemed to be increased by an amount equal to the additional Operating Expenses which would reasonably have been incurred during such period by Landlord if it had at its own expense furnished such work or service to such tenant. If the Project is not at least ninety-five percent (95%) occupied during all or a portion of the Base Year or any Expense Year, Landlord may elect to make an appropriate and reasonable adjustment to the components of Operating Expenses for such year to determine the amount of Operating Expenses that would have been incurred had the Project been ninety-five percent (95%) occupied; and the amount so determined shall be deemed to have been the amount of Operating Expenses for such year. Only as provided below in items (1) and (2), below, in the event Landlord incurs costs or expenses associated with or relating to separate items or categories or subcategories of Operating Expenses which were not part of Operating Expenses during the entire Base Year, Operating Expenses for the Base Year shall be deemed increased by the amounts Landlord would have incurred during the Base Year with respect to such costs and expenses had such separate items or categories or subcategories of Operating Expenses been included in Operating Expenses during the entire Base Year. The foregoing shall only apply as follows: (1) in the event any portion of the Project is covered by a warranty at any time during the Base Year, Operating Expenses for the Base Year shall be deemed increased by such amount as Landlord would have incurred during the Base Year with respect to the items or matters covered by the subject warranty, had such warranty not been in effect

at the time during the Base Year; and (2) any insurance premium resulting from any new forms of insurance including earthquake insurance shall be deemed to be included in Operating Expenses for the Base Year. Operating Expenses for the Base Year shall not include market-wide labor-rate increases due to extraordinary circumstances, including, but not limited to, acts of war or terrorism, boycotts and strikes, and utility rate increases due to extraordinary circumstances including, but not limited to, conservation surcharges, boycotts, embargoes or other shortages, or amortized costs relating to capital improvements; provided, however, that at such time as any such particular assessments, charges, costs or fees are no longer included in Operating Expenses, such particular assessments, charges, costs or fees shall be excluded from the Base Year calculation of Operating Expenses. Operating Expenses shall not, however, include any of the following (collectively, the "**Operating Expense Exclusions**"): (A) except as otherwise specifically provided in this Section 4.2, to the extent Landlord is reimbursed by insurance proceeds, the costs of repairs or other work occasioned by fire, windstorm or other casualty (other than those amounts within the deductible limits of insurance policies actually carried by Landlord, which amounts shall be includable as Operating Expenses so long as such deductibles are within the generally prevailing range of deductibles to policies carried by landlords of comparable first-class office buildings located in the vicinity of the Building); (B) costs of leasing commissions, attorneys' fees and other costs and expenses incurred in connection with negotiations or disputes with present or prospective tenants or other occupants of the Building; (C) except as otherwise specifically provided in this Section 4.2, costs incurred by Landlord in connection with the initial development of the Project and any costs for repairs, capital additions, alterations or replacements made or incurred to rectify or correct defects in design, materials or workmanship in connection with any portion of the Building; (D) costs (including permit, license and inspection costs) incurred in renovating or otherwise improving, decorating or redecorating rentable space for other tenants or vacant rentable space; (E) cost of utilities or services sold to Tenant or others for which Landlord is entitled to reimbursement (other than through any operating cost reimbursement provision identical or substantially similar to the provisions set forth in this Lease); (F) except as otherwise specifically provided in this Section 4.2, costs incurred by Landlord for alterations to the Building which are considered capital improvements and replacements under sound real estate management and accounting principles, consistently applied; (G) costs of depreciation and amortization, except on materials, small tools and supplies purchased by Landlord to enable Landlord to supply services Landlord might otherwise contract for with a third party, where such depreciation and amortization would otherwise have been included in the charge for such third party services, all as determined in accordance with sound real estate management principles, consistently applied; (H) costs of services or other benefits which are not available to Tenant but which are provided to other tenants of the Project; (I) costs to procure tenants and marketing, negotiating and enforcing Project leases, including, without limitation, brokerage commissions, attorneys' fees, advertising and promotional expenses, and rent concessions, the costs incurred in removing and storing the property of former tenants of the Project, and any other costs incurred due to the violation by Landlord or any other tenant of the terms and conditions of any lease of space in the Building; (J) except as otherwise specifically provided in this Section 4.2, costs of debt service on debt or amortization on any mortgages, and rent and other charges, costs and expenses payable under any mortgage, if any, including, without limitation, costs for points, prepayment penalties, financing and refinancing costs, appraisal costs, title insurance and survey costs, and attorneys' fees; (K) the amount of the management fee paid by Landlord in connection with the management of the Building and the Project to the extent such management fee is not exclusive to the Project and is in excess of three percent (3%) of the gross revenues of the Project (which shall be grossed up by Landlord up to one hundred percent (100%) occupancy on an annual basis); (L) costs of any compensation and employee benefits paid to clerks, attendants or other persons in a commercial concession operated by Landlord, except the parking facilities for the Project; (M) costs of rentals and other related expenses incurred in leasing HVAC, elevators or other equipment ordinarily considered to be of a capital nature except equipment which is used in providing janitorial or similar services and which is not affixed to the Building; (N) costs of advertising and promotion; and (0) costs of electrical power or other utilities for which Tenant directly contracts with and pays a local public service company or other utility provider; (P) expenses (including, without limitation, penalties and interest) resulting from the violation of

Laws (as defined below) or any contract by Landlord, Landlord's employees, agents or contractors or other tenants of the Project; (Q) Landlord's general corporate overhead; and (R) leasehold taxes on other tenants' personal property; (S) the cost of any abatement, removal, or other remedial activities with respect to Hazardous Materials (as defined below); provided, however, Operating Expenses may include the costs attributable to those actions taken by Landlord in connection with the routine and ordinary operation and maintenance of the Building, including costs incurred in removing limited amounts of Hazardous Materials from the Building when such removal or spill is directly related to such routine and ordinary maintenance and operation; (T) charitable, civic and political contributions and professional dues; (U) expenses for the use of the Project to accommodate events including, without limitation, shows, promotions, kiosks, displays, filming, photography, private events and parties and ceremonies; (V) costs of repairs to the Premises, the Building or the Project necessitated by Landlord's default hereunder or its willful misconduct, or gross negligence of Landlord or its employees or agents; (W) acquisition costs for sculpture, paintings or other objects of art or any extraordinary costs for the insuring, repair or maintenance thereof; and (X) bad debt and rent loss reserves.

4.2.5 **Taxes**.

4.2.5.1 "**Tax Expenses**" shall mean, subject to the provisions of Section 4.2.4 and

4.2.5.2 , all federal, state, county, or local governmental or municipal taxes, fees, charges or other impositions of every kind and nature, whether general, special, ordinary or extraordinary (including, without limitation, real estate taxes, general and special assessments, transit taxes, leasehold taxes or taxes based upon the receipt of rent, including gross receipts or sales taxes applicable to the receipt of rent, unless required to be paid by Tenant, personal property taxes imposed upon the fixtures, machinery, equipment, apparatus, systems and equipment, appurtenances, furniture and other personal property used in connection with the Project, or any portion thereof), which shall be paid or accrued during any Expense Year (without regard to any different fiscal year used by such governmental or municipal authority) because of or in connection with the ownership, leasing and operation of the Project, or any portion thereof.

4.2.5.3 Any costs and expenses (including, without limitation, reasonable attorneys' fees) incurred in attempting to protest, reduce or minimize Tax Expenses shall be included in Tax Expenses in the Expense Year such expenses are paid. Refunds of Tax Expenses shall be credited against Tax Expenses and refunded to Tenant regardless of when received, based on the Expense Year to which the refund is applicable, provided that in no event shall the amount to be refunded to Tenant for any such Expense Year exceed the total amount paid by Tenant as Additional Rent under this Article 4 for such Expense Year. If Tax Expenses for any period during the Lease Term or any extension thereof are increased after payment thereof for any reason, including, without limitation, error or reassessment by applicable governmental or municipal authorities, Tenant shall pay Landlord within thirty (30)) days of written demand therefor, together with reasonable documentation of such expenses, Tenant's Share of any such increased Tax Expenses included by Landlord as Tax Expenses pursuant to the terms of this Lease. Notwithstanding anything to the contrary contained in this Section 4.2.5 (except as set forth in Section 4.2.5.1, above), there shall be excluded from Tax Expenses (i) all excess profits and income taxes, franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, federal and state income taxes, transfer and revenue taxes and other taxes applicable to Landlord's general or net income or imposed on or measured by gross income (as opposed to rents, receipts or income attributable to operations at the Project), (ii) any items included as Operating Expenses, (iii) any items paid by Tenant under Section 4.5 of this Lease, and (iv) any tax increment amounts applicable to the Project and paid by Landlord for which Landlord is reimbursed pursuant to any participation or similar agreement with a city agency.

4.2.5.4 If the Tax Expenses for the Base Year include special assessments from a prior period and such special assessments terminate during the Lease Term, then from and after the date of such termination of the special assessment, the Tax Expenses for the Base Year shall be deemed to be reduced by the amount of such special assessment so that Tenant pays its full Tenant's Share of increases in the Tax Expenses during the Lease Term.

4.2.6 "**Tenant's Share**" shall be calculated as the percentage determined by dividing the number of rentable square feet of the Premises by the total rentable square feet in the Building (or the total rentable square feet leased in the Building if such total is greater than ninety-five percent (95%) of the total rentable square feet in the building).

4.3 **Allocation of Direct Expenses to Building; Cost Pools**.

4.3.1 **Allocation of Direct Expenses to Building**. The parties acknowledge that the Building is a part of a multi-building project, and that the costs and expenses incurred in connection with the Project (i.e., the Direct Expenses) shall be shared between the tenants of the Building and the tenants of the Other Buildings. Accordingly, as set forth in Sections 4.1 and 4.2 above, Direct Expenses are determined annually for the Project as a whole, and a portion of the Direct Expenses, which portion shall be determined by Landlord on an equitable basis, shall be allocated to the tenants of the Building (as opposed to the tenants of the Other Buildings), and such portion so allocated shall be the amount of Direct Expenses payable with respect to the Building upon which Tenant's Share shall be calculated. Such portion of the Direct Expenses allocated to the tenants of the Building shall include all Direct Expenses which are attributable solely to the Building, and an equitable portion of the Direct Expenses attributable to the Project as a whole.

4.3.2 **Cost Pools**. Subject and in addition to the provisions of Section 4.3.1 above, Landlord shall have the right, from time to time, in its discretion, to: (i) equitably allocate and prorate some or all of the Operating Expenses and/or Tax Expenses among different tenants and/or different buildings of the Project and/or on a building-by-building basis (collectively, the "Cost Pools"), which Cost Pools may include, without limitation, the office space tenants and retail space tenants, if any, of the buildings in the Project and/or the office buildings and retail buildings of the Project; and (ii) to include or exclude existing or future buildings in the Project for purposes of determining some or all of the Operating Expenses, Tax Expenses and/or the provision of various services and amenities thereto, including allocation of Operating Expenses and/or Tax Expenses in any such Cost Pools.

4.4 **Calculation and Payment of Additional Rent**. If for any Expense Year ending or commencing within the Lease Term, Tenant's Share of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above for such Expense Year exceeds Tenant's Share of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above for the Base Year, then Tenant shall pay to Landlord, in the manner set forth in Section 4.4.1, below, and as Additional Rent, an amount equal to the excess (the "Excess"). If for any Expense Year ending or commencing within the Lease Term, Tenant's Share of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above for such Expense Year is less than Tenant's Share of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above for the Base Year, then Tenant shall not be entitled to any refund.

4.4.1 **Statement of Actual Direct Expenses and Payment by Tenant**. Within one hundred twenty (120) days following the end of each Expense Year, Landlord shall give to Tenant a statement (the "**Statement**") which shall state in reasonable detail the Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above incurred or accrued for such preceding Expense Year, and which shall indicate the amount of the Excess, if any. Notwithstanding the foregoing, Landlord and Tenant hereby acknowledge and agree that the failure of Landlord to timely furnish the Statement for any Expense Year shall not prejudice Landlord or Tenant from enforcing its rights under this Article 4; provided, however, Landlord shall not be entitled to collect from Tenant any Operating Expenses that are

billed to Tenant for the first time more than two (2) years after the Expense Year in which such Operating Expenses arise (provided further that the foregoing waiver shall not apply with respect to, and Tenant shall remain responsible for, any Operating Expenses levied by any govemmental authority or any public utility companies at any time following the expiration of the applicable Expense Year which are attributable to such Expense Year so long as Landlord delivers to Tenant any such bill for such amounts within the later of (i) two (2) calendar years after the end of a Expense Year or (ii) three (3) months following Landlord's receipt of the bill therefor). Upon receipt of the Statement for each Expense Year commencing or ending during the Lease Term, if an Excess is present, Tenant shall pay, at Tenant's election, with its next installment of Base Rent due or within thirty (30) days of Tenant's receipt of the Statement, the full amount of the Excess for such Expense Year, less the amounts, if any, paid during such Expense Year as "**Estimated Excess**," as that term is defined in Section 4.4.2, below. Even though the Lease Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's Share of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above for the Expense Year in which this Lease terminates, if an Excess is present, Tenant shall pay to Landlord such amount within thirty (30) days following receipt by Tenant of the Statement setting forth the Excess. In the event that a Statement shall indicate that Tenant has paid more as Estimated Excess than Tenant's Share of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above in connection with any Expense Year or as determined in accordance with the provisions of Section 4.6 below (an "**Overage**"), Tenant shall receive a credit against the Rent next due under this Lease in the amount of such Overage (or, in the event that this Lease shall have terminated, Tenant shall receive a refund from Landlord in the amount of such Overage within thirty (30) days after Landlord delivers such Statement). The provisions of this Section 4.4.1 shall survive the expiration or earlier termination of the Lease Term.

4.4.2 **Statement of Estimated Direct Expenses**. In addition, Landlord shall give Tenant a yearly expense estimate statement (the "**Estimate Statement**") which shall set forth, in reasonable detail, Landlord's reasonable estimate (the "**Estimate**") of what the total amount of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above for the then-current Expense Year shall be and the estimated excess (the "**Estimated Excess**") as calculated by comparing the Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above for such Expense Year, which shall be based upon the Estimate, to the amount of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above for the Base Year. The failure of Landlord to timely furnish the Estimate Statement for any Expense Year shall not preclude Landlord from enforcing its rights to collect any Estimated Excess under this Article 4, nor shall Landlord be prohibited from revising any Estimate Statement or Estimated Excess theretofore delivered to the extent necessary, but not more frequently than once per calendar year. Thereafter, Tenant shall pay, with its next installment of Base Rent due, a fraction of the Estimated Excess for the then-current Expense Year (reduced by any amounts already paid pursuant to the last sentence of this Section 4.4.2). Such fraction shall have as its numerator the number of months which have elapsed in such current Expense Year, including the month of such payment, and twelve (12) as its denominator. Until a new Estimate Statement is furnished in accordance with the provisions of this Section, Tenant shall pay monthly, with the monthly Base Rent installments, an amount equal to one-twelfth (1/12) of the total Estimated Excess set forth in the previous Estimate Statement delivered by Landlord to Tenant.

4.5 **Taxes and Other Charges for Which Tenant Is Directly Responsible**.

4.5.1 Tenant shall be liable for and shall pay before delinquency, taxes levied against Tenant's equipment, furniture, trade fixtures and any other personal property located in or about the Premises. If any such taxes on Tenant's equipment, furniture, fixtures and any other personal property are levied against Landlord or Landlord's property or if the assessed value of Landlord's property is increased by the inclusion therein of a value placed upon such equipment, furniture, fixtures or any other personal property and if Landlord pays the taxes based upon such increased assessment, which Landlord shall have the right to do regardless of the validity thereof but only under proper protest if requested by Tenant, Tenant shall within thirty (30) days of receipt of written demand repay to Landlord the taxes so levied against Landlord or the proportion of such taxes resulting from such increase in the assessment, as the case may be, so long as Landlord provides reasonable documentation of such increased assessment and payment by Landlord of the same.

4.5.2 If the tenant improvements in the Premises, whether installed and/or paid for by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, are assessed for real property tax purposes at a valuation higher than the valuation at which tenant improvements conforming to Landlord's "building standard" in other space in the Building are assessed, then the Tax Expenses levied against Landlord or the property by reason of such excess assessed valuation shall be deemed to be taxes levied against personal property of Tenant and shall be governed by the provisions of Section 4.5.1, above.

4.5.3 Notwithstanding any contrary provision herein and so long as Tenant receives from Landlord reasonable documentation of such taxes, Tenant shall pay prior to delinquency any (i) rent tax or sales tax, service tax, transfer tax or value added tax, or any other applicable tax on the rent or services herein or otherwise respecting this Lease, (ii) taxes assessed upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises or any portion of the Project, including the Project parking facility; or (iii) taxes assessed upon this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises.

4.6 Landlord's Books and Records. Within forty-five (45) days after receipt of a Statement by Tenant, if Tenant disputes the amount of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above and set forth in the Statement, an independent certified public accountant (which accountant is a member of a nationally or regionally recognized accounting firm and which accountant shall not be compensated on a contingency fee or similar basis related to the result of such audit) or other authorized representative (which representative shall not be compensated on a contingency fee or similar basis related to such audit), designated by Tenant, may, within ten (10) business days after Landlord's receipt of notice from Tenant and, in any event, only during normal business hours, inspect Landlord's records at Landlord's offices; provided that Tenant is not then in default under this Lease and Tenant has paid all amounts required to be paid under the applicable Statement; and further provided that such inspection must be completed within ten (10) business days after Landlord's full and complete records are made available to Tenant. Tenant agrees that any records of Landlord reviewed under this Section 4.6 shall constitute confidential information of Landlord, which Tenant shall not disclose, nor permit to be disclosed by Tenant or Tenant's accountant. If, within thirty (30) days after such inspection, Tenant notifies Landlord in writing that Tenant still disputes such Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above and included in the Statement, then a certification as to the proper amount shall be made, at Tenant's expense, by an independent certified public accountant selected by Landlord, which certification shall be final and conclusive; provided, however, if the actual amount of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above and due for that Expense Year, as determined by such certification, is determined to have been overstated by more than five percent (5%), then Landlord shall pay the costs associated with such certification and the costs of Tenant's inspection of Landlord's records. Tenant's failure (i) to take exception to any Statement within forty-five (45) days after Tenant's receipt of such Statement or (ii) to timely complete its inspection of Landlord's records or (iii) to timely notify Landlord of any remaining dispute after such inspection shall be deemed to be Tenant's approval of such Statement and Tenant, thereafter, waives the right or ability to dispute the amounts set forth in such Statement, which Statement shall be considered final and binding. Notwithstanding anything in this Section 4.6 to the contrary, Tenant may not inspect Landlord's records pursuant to this Section 4.6 more than once per Expense Year.

4.7 Utilities. During each calendar year or part thereof during the Lease Term, Tenant shall pay to Landlord, as Additional Rent, the actual cost incurred by Landlord with respect to all electricity, water, gas, fuel, steam, light, power and other utilities consumed within the Premises, as more particularly described in this Section 4.7 (all such costs payable by Tenant pursuant to this Section 4.7 shall be referred to as "Tenant's Monthly Utility Charge", and all such amounts shall constitute rent hereunder). All electricity directly serving the Premises ("**Direct Electrical Costs**") shall be separately metered or submetered and Tenant shall pay the cost (without mark up by Landlord) of all such Direct Electrical Costs either to Landlord as a reimbursement, or, at Landlord's election, as a payment directly to the entity providing such electricity. With respect to all utility costs for the Premises other than Direct Electrical Costs (collectively, "**Other Utility Costs**"), Landlord shall have the right, from time to time, to equitably allocate some or all of such Other Utility Costs among cost pools for different portions or occupants of the Building, in Landlord's reasonable discretion. Such cost pools may include, but shall not be limited to, office space tenants and retail space tenants of the Building. The utility costs within each such cost pool shall be allocated and charged to the tenants within such cost pool in an equitable manner. With respect to Other Utility Costs that vary based on occupancy, such if the Building is not at least one hundred percent (100%) occupied during all or a portion of any month, Landlord shall elect to make an appropriate adjustment to the components of Other Utility Costs for such month to determine the amount of Other Utility Costs that would have been incurred had the Building been one hundred percent (100%) occupied; and the amount so determined shall be deemed to have been the amount of Other Utility Costs for such month. Payments on account of Tenant's Monthly Utility Charge are due and payable monthly together with the payment of Base Rent. Tenant's Monthly Utility Charges shall not be based upon the Base Year. Notwithstanding the foregoing, with respect to HVAC (as defined below), Landlord owns and operates a central plant which generates both hot and cold water to be used for artificial heating and cooling of building improvements in the Project, including, but not limited to, the Premises, and to heat culinary water used by the occupants and guests of the Project, including, but not limited to, the Premises. Landlord shall deliver hot and cold water to their respective points of connection to the Premises, with hot water being delivered at a temperature of not less than 180°F and chilled water being delivered at a temperature of no warmer than 45°F, or sufficiently hot/cool so as maintain 72°F air temperature in cooling mode and 70°F air temperature in heating mode in the Premises. Tenant, at Tenant's sole cost and expense, shall maintain all HVAC facilities from the point of connection to the Premises and Landlord shall maintain all HVAC facilities serving the Project generally, up to their point of connection to the Premises. Tenant shall pay Landlord, as additional rent, $1.26 per cooling per one hundred thousand BTU and $2.62 per heating per one hundred thousand BTU, which rates are subject to change from time to time based on increases in the utility costs charged to Landlord by the applicable utility companies.

ARTICLE 5

USE OF PREMISES

5.1 **Permitted Use**. Tenant shall use the Premises solely for general office purposes and wet and dry laboratory uses (collectively, "**Laboratory Use**"), together with all ancillary uses related thereto (including, without limitation, a cafe/cafeteria with food preparation for Tenant's internal use (subject to Section 5.4 below)), consistent with the character of the Building as a first-class office/laboratory building and Tenant shall not use or permit the Premises or the Project to be used for any other purpose or purposes whatsoever without the prior written consent of Landlord, which may be withheld in Landlord's sole discretion. With respect to Tenant's proposed lab use at the Premises, Tenant, at Tenant's sole cost and expense, shall obtain and maintain any and all approvals and permits required under applicable Laws. Subject to the terms of this Lease and Rules and Regulations set forth in Exhibit D and such security measures that Landlord may reasonably deem necessary or desirable for the safety and security of the Project, the Building or the Premises, Tenant shall have access to the Premises twenty-four (24) hours per

day, seven (7) days per week, subject to full or partial closures which may be required from time to time in the event of an actual or threatened emergency or otherwise (in which case Landlord shall use its good faith efforts to reopen access to the Premises as soon as possible following such emergency, or for construction, maintenance, repairs, or other events or circumstances which make it reasonably necessary to temporarily restrict or limit access so long as Landlord provides Tenant with seven (7) days' advance written notice of such work and such work does not materially interfere with Tenant's access to, and use of, the Premises.

5.2 **Prohibited Uses**. The uses prohibited under this Lease shall include, without limitation, use of the Premises or a portion thereof for: (i) offices of any agency or bureau of the United States or any state or political subdivision thereof; (ii) offices or agencies of any foreign governmental or political subdivision thereof; (iii) intentionally omitted; (iv) schools or other training facilities which are not ancillary to corporate, executive or professional office use; (v) retail or restaurant uses (except as otherwise set forth in this Lease); (vi) communications firms such as radio and/or television stations, or (vii) an executive suites subleasing business or operation. Tenant shall not allow occupancy density of use of the Premises which is greater than one person per one hundred fifty (150) rentable square feet of the Premises. Tenant further covenants and agrees that Tenant shall not use, or suffer or permit any person or persons to use, the Premises or any part thereof for any use or purpose contrary to the provisions of the Rules and Regulations set forth in Exhibit D, attached hereto, as the same may be amended by Landlord from time to time so long as such amendments are commercially reasonable and Landlord provides written notice of such amendments to Tenant, or in violation of the laws, statutes, regulations, or other rules or requirements of the United States of America, the State of Utah, or the ordinances, rules, regulations or requirements of the local municipal or county governing body or other lawful authorities having jurisdiction over the Project, including, without limitation, any such laws, ordinances, regulations or requirements relating to Hazardous Materials (as defined below) or to the Americans with Disabilities Act of 1990 (collectively, the "**Laws**"). Tenant shall not do or permit anything to be done in or about the Premises which will in any way damage the reputation of the Project or obstruct or interfere with the rights of other tenants or occupants of the Building or the Other Buildings, or injure them or use or allow the Premises to be used for any unlawful or reasonably objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall comply with all recorded covenants, conditions, and restrictions now or hereafter affecting the Project.

5.3 **Hazardous Materials; Tenant**. Except for ordinary and general office supplies typically used in the ordinary course of business within office buildings, such as copier toner, liquid paper, glue, ink and common household cleaning materials (some or all of which may constitute "**Hazardous Materials**" as defined in this Lease), and except in connection with the operation of Tenant's Laboratory Use, Tenant agrees not to cause or knowingly permit any Hazardous Materials to be brought upon, stored, used, handled, generated, released or disposed of on, in, under or about the Premises, the Building, the Common Areas or any other portion of the Project by Tenant, its agents, employees, subtenants, assignees, licensees, contractors or invitees (collectively, "**Tenant Parties**"), without the prior written consent of Landlord, which consent Landlord may withhold in its sole and absolute discretion. With respect to any material which Tenant or its agents brings onto the Premises in connection with Tenant's Laboratory Use that are Hazardous Materials, Tenant shall at all time handle and store such materials in compliance with all applicable Laws. Within twenty (20) days after Landlord's written request (but in no event more than once during any eighteen (18) month period), Tenant shall complete, to the best of Tenant's knowledge, the Landlord's then-current Hazardous Materials questionnaire, and shall provide Material Safety Data Sheets for any Hazardous Materials used on or brought to the Premises by Tenant. Upon the expiration or earlier termination of this Lease, Tenant agrees to promptly remove from the Premises, the Building and the Project, at its sole cost and expense, any and all Hazardous Materials, including any equipment or systems containing Hazardous Materials which are installed, brought upon, stored, used, generated or released upon, in, under or about the Premises, the Building and/or the Project or any portion thereof by Tenant or any of Tenant Parties. To the fullest extent permitted by law, Tenant agrees to promptly indemnify, protect, defend

and hold harmless Landlord and Landlord's partners, officers, directors, employees, agents, successors and assigns (collectively, "**Landlord Indemnified Parties**") from and against any and all claims, damages, judgments, suits, causes of action, losses, liabilities, penalties, fines, expenses and costs (including, without limitation, clean-up, removal, remediation and restoration costs, sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees and court costs) which arise or result from the presence of Hazardous Materials on, in, under or about the Premises, the Building or any other portion of the Project and which are caused or permitted by Tenant or any of Tenant Parties. Tenant agrees to promptly notify Landlord of any release of Hazardous Materials at the Premises, the Building or any other portion of the Project which Tenant becomes aware of during the Lease Term, whether caused by Tenant or any other persons or entities. In the event of any release of Hazardous Materials caused or permitted by Tenant or any of Tenant Parties, Tenant shall immediately take all steps required under applicable Laws to remediate such release and prevent any similar future release to the satisfaction of Landlord and Landlord's mortgagee(s), acting reasonably. As used in this Lease, the term "**Hazardous Materials**" shall mean and include any hazardous or toxic materials, substances or wastes as now or hereafter designated under any law, statute, ordinance, rule, regulation, order or ruling of any agency of the State in which the Building is located, the United States Government or any local governmental authority, including, without limitation, asbestos, petroleum, petroleum hydrocarbons and petroleum based products, urea formaldehyde foam insulation, polychlorinated biphenyls ("**PCBs**"), and freon and other chlorofluorocarbons. The provisions of this Section 5.3 will survive the expiration or earlier termination of this Lease.

5.4 **Kitchen Use**. Subject to Landlord's prior written approval of the plans and specifications therefor, Tenant shall have the right to use a portion of the Premises for the operation of, and include in the Tenant Improvements (or subsequent Alterations) the construction of, a kitchen/cooking/dining facility (including a gas line of adequate capacity with gas lines stubbed to the Premises with a local shut-off valve and a gas meter connection) for Tenant's employees and guests only (in no event shall such kitchen/cooking/dining facility be open to or serve the general public), on and subject to the following terms and conditions: (i) Tenant shall be responsible, at its sole cost and expense (subject to the application of the Tenant Improvement Allowance), for obtaining all applicable permits, licenses and governmental approvals necessary for the use of the Premises for such kitchen/cooking/dining facility uses (including, without limitation, any necessary approvals from the applicable health and/or fire departments, permits required in connection with any venting or other air-removal/circulation system, and any required fire-suppression systems), copies of which shall be delivered to Landlord prior to Tenant's installation of any Tenant Improvements or other Alterations in the Premises in connection with such kitchen/cooking/dining facility uses; (ii) in the event such use requires any alterations or improvements to the Building structure and/or the Base Building (as defined below) (specifically including, without limitation, in connection with the installation of any venting or other air-removal/circulation system), Tenant shall be solely responsible for all costs incurred in connection therewith (subject to the application of the Tenant Improvement Allowance); (iii) Tenant shall take all reasonable actions and shall conduct its operations in the kitchen/cooking/dining areas of the Premises so as to reasonably ensure that no liquid seeps from the Premises to the space of any other tenant or to any other portion of the Building, including, without limitation, through the floor of the Premises; (iv) Tenant shall not permit any emission or emanation of any unreasonable noise, odors or vibrations from the kitchen/cooking/dining areas of the Premises affecting adjacent areas of the Project in violation of any applicable Laws; (v) the kitchen/cooking/dining areas of the Premises and the equipment contained therein must at all times be adequately ventilated and filtered, and any odors must be exhausted and dispersed, in a manner in compliance with all applicable Laws; (vi) if reasonably requested by Landlord, Tenant shall install grease traps of sufficient size and design to catch grease, fat and oils disposed into the sinks located in the Premises before entry into the Building's sewer system, and Tenant shall keep such grease traps clean and operational at all times; (vii) Tenant shall cause to be provided pest eradication and control services if and as necessary to control any pest infestation related to Tenant's kitchen/cooking/dining facility, as reasonably required by Landlord, with respect to the Premises; (viii) all trash generated from Tenant's kitchen/cooking/dining use shall be stored in covered

containers to reduce the emission or emanation of odors from the Premises, shall be sealed in double plastic bags (or otherwise sealed in a manner prescribed by or acceptable to Landlord), and shall be deposited by Tenant daily and removed pursuant to Tenant's janitorial contract at commercially reasonable times in the areas of the Building designated for trash removal; and (ix) in connection with Tenant's kitchen/cooking/dining use of the Premises, Tenant shall maintain the Premises at all times in a clean and sanitary manner in compliance with all applicable health and sanitation Requirements and with any reasonable health and safety guidelines promulgated by Landlord.

ARTICLE 6

SERVICES AND UTILITIES

6.1 **Standard Tenant Services**. Landlord (or Landlord's property manager) shall provide the following services on all days (unless otherwise stated below) during the Lease Term.

6.1.1 Subject to Force Majeure (as defined below), limitations imposed by all governmental rules, regulations and guidelines applicable thereto and Tenant's payment to Landlord for the same pursuant to Section 4.7 above, Landlord shall provide heating and air conditioning by means of hot and cold water delivered to the Premises from the central plant at the temperatures specified in Section 4.7 ("**HVAC**") twenty-four (24) hours a day, seven (7) days a week.

6.1.2 Landlord shall provide adequate electrical wiring and facilities for normal general office use and electricity at levels consistent with normal general office use, as reasonably determined by Landlord. Tenant shall bear the cost of replacement of lamps, starters and ballasts for non-Building standard lighting fixtures within the Premises.

6.1.3 Landlord shall provide city water from the regular Building outlets for drinking, lavatory and toilet purposes and for any business office type kitchens in the Premises and the Common Areas.

Tenant shall cooperate fully with Landlord at all times and abide by all regulations and requirements that Landlord may reasonably prescribe for the proper functioning and protection of the HVAC, electrical, mechanical and plumbing systems.

6.2 **Overstandard Tenant Use**. If Tenant requires heating or cooling beyond that which Landlord is required to supply pursuant to Section 4.7 and/or 6.1 above (and so long as the same is consistent with the requirements of the central plant, as reasonably determined by Landlord), then Tenant, at Tenant's sole cost and expense, shall be responsible for any supplemental air conditioning units or other facilities serving the Premises necessary to satisfy such additional Tenant requirements. Tenant's use of electricity shall never exceed the capacity of the feeders to the Project or the risers or wiring installation, and subject to the terms of Section 29.32, below, Tenant shall not install or use or permit the installation or use of any computer or electronic data processing equipment in the Premises, without the prior written consent of Landlord.

6.3 **Interruption of Use**. Tenant agrees that Landlord (or Landlord's property manager) shall not be liable for damages, by abatement of Rent or otherwise, for failure to furnish or delay in furnishing any service (including telephone and telecommunication services), or for any diminution in the quality or quantity thereof, when such failure or delay or diminution is occasioned, in whole or in part, by breakage, repairs, replacements, or improvements, by any strike, lockout or other labor trouble, by inability to secure electricity, gas, water, or other fuel at the Building or Project after reasonable effort to do so, by any riot or

other dangerous condition, emergency, accident or casualty whatsoever, by act or default of Tenant or other parties, or by any other cause (except to the extent due to Landlord's gross negligence or willful misconduct); and such failures or delays or diminution shall never be deemed to constitute an eviction or disturbance of Tenant's use and possession of the Premises or relieve Tenant from paying Rent or performing any of its obligations under this Lease. Furthermore, Landlord (or Landlord's property manager) shall not be liable under any circumstances for a loss of, or injury to, property or for injury to, or interference with, Tenant's business, including, without limitation, loss of profits, however occurring, through or in connection with or incidental to a failure to furnish any of the services or utilities as set forth in this Article 6. Landlord (or Landlord's property manager) may comply with voluntary controls or guidelines promulgated by any governmental entity relating to the use or conservation of energy, water, gas, light or electricity or the reduction of automobile or other emissions without creating any liability of Landlord (or Landlord's property manager) to Tenant under this Lease, provided that the Premises are not thereby rendered untenantable.

Notwithstanding the foregoing, if (i) Landlord fails to perform the obligations required of Landlord under this Lease, (ii) such failure causes all or a portion of the Premises to be untenantable and unusable by Tenant, and (iii) such failure relates to the nonfunctioning of the HVAC system in the Premises, or the failure to provide any of the services described in Section 6.1 above, or the nonfunctioning of the elevator service to the Premises, Tenant shall give Landlord Notice (the "**Initial Notice**"), specifying such failure to be performed by Landlord (the "**Abatement Event**"). If Landlord has not cured such Abatement Event within five (5) business days after the receipt of the Initial Notice (the "**Eligibility Period**"), then Tenant may abate Rent payable under this Lease for that portion of the Premises rendered untenantable and not used by Tenant, for the period beginning as of the date immediately after the expiration of the Eligibility Period and continuing until the earlier of the date Landlord cures such Abatement Event or the date Tenant recommences the use of such portion of the Premises. Such right to abate Rent shall be Tenant's sole and exclusive remedy at law or in equity to abate Rent for an Abatement Event. If the Abatement Event continues for sixty (60) consecutive days after Tenant's delivery of the Initial Notice, then Tenant shall have the right to terminate this Lease upon written notice to Landlord given at any time prior to the earlier of the date Landlord cures such Abatement Event or the date Tenant recommences the use of such portion of the Premises. The abatement provisions set forth above shall be inapplicable to any interruption in, or failure or inability to provide any of the services or utilities described above that is caused by (x) damage by fire or other casualty or a taking (it being acknowledged that such situations shall be governed by Article 11 and 13, respectively), or (y) the negligence or willful misconduct of Tenant or any other Tenant Parties (as defined below).

ARTICLE 7

REPAIRS

7.1 **Tenant's Repair Obligations**. Tenant shall, at Tenant's own expense, pursuant to the terms of this Lease, including, without limitation, Article 8 hereof, keep the Premises, including all improvements, fixtures and furnishings therein, in good order, repair and condition at all times during the Lease Term. In addition, Tenant shall, at Tenant's own expense (except to the extent caused by Landlord's gross negligence or intentional act), but under the supervision and subject to the prior approval of Landlord, and within any reasonable period of time specified by Landlord, pursuant to the terms of this Lease, including, without limitation, Article 8 hereof, promptly and adequately repair all damage to the Premises and replace or repair all damaged, broken, or worn fixtures and appurtenances, except for damage caused by ordinary wear and tear or beyond the reasonable control of Tenant or to the extent due to Landlord's gross negligence or intentional act; provided however, that, at Landlord's option upon written notice to Tenant, or if Tenant fails to make such repairs, Landlord (or Landlord's property manager) may, but need

not, make such repairs and replacements, and Tenant shall pay Landlord (or Landlord's property manager) within thirty (30) days after Tenant's receipt of written request for payment, together with reasonable documentation of such costs, Landlord's actual, out-of-pocket costs thereof. Landlord may, but shall not be required to, enter the Premises at all reasonable times to make such repairs, alterations, improvements or additions to the Premises or to the Project or to any equipment located in the Project as Landlord shall desire or deem necessary or as Landlord may be required to do by governmental or quasi-governmental authority or court order or decree. Landlord shall at all times when entering the Premises comply with Tenant's reasonable safety rules and regulations and laboratory protocols of which Landlord has knowledge of, and, at Tenant's option, shall be accompanied or escorted by Tenant's representative at all times when entering the Premises, so long as such representative is made available when Landlord or its agents need to enter the Premises. Tenant shall be responsible for supplying its own janitorial services for the Premises using contractors and subcontractors who are licensed in the State of Utah and bonded and who must be approved by Landlord, such approval not to be unreasonably withheld, conditioned or delayed. Tenant agrees not to employ any person, entity or contractor for any janitorial services in the Premises whose presence may give rise to a labor or other disturbance in the Building. Landlord shall have the right to require that Tenant cause any of its janitorial service providers to obtain and maintain insurance as reasonably determined by Landlord and as to which Landlord and such other parties designated by Landlord shall be additional insureds. Except as expressly set forth in this Lease, Tenant hereby waives and releases its right to make repairs at Landlord's expense under any applicable law, statute, or ordinance now or hereafter in effect.

7.2 **Landlord's Repair Obligations**. Notwithstanding anything to the contrary in this Lease, Landlord shall make all necessary structural and exterior repairs to the Premises, the Building and the Project and shall be responsible for all repairs and maintenance of the Base Building and the Common Areas, and any costs associated with such repairs shall be deemed an Operating Expense; provided, however, that if any such repairs or maintenance are required by reason of the special requirements, acts, or negligence of Tenant or of the agents, employees, patients, or invitees of Tenant, including, without limitation, any equipment required or installed by Tenant and, then, only serving the Premises (as the same may be adjusted hereunder), then Landlord shall make the necessary repairs at the sole expense of Tenant. In this connection, Landlord shall maintain or cause to be maintained, as an Operating Expense, the Base Building in good condition and repair, and in accordance with all applicable Laws and all insurance companies of Landlord insuring all or any part of the Common Areas and/or the Project. To the extent that any Hazardous Materials, including, without limitation, mold or carbon monoxide, are or become present in, or migrate onto or under, the Building, the Premises, or the Project, and the presence or migration of such Hazardous Materials is not caused by Tenant's use of or occupancy of the Premises, then Landlord shall promptly cause such Hazardous Materials to be removed and/or remediated in accordance with all applicable Laws and in a manner that minimizes disruption to Tenant's access to and use of the Premises to the extent reasonably practicable. Notwithstanding anything to the contrary in this Lease, Tenant shall have no liability of any kind for any pre-existing Hazardous Materials located in, on, or under the Building, the Premises, or the Project as of the date of this Lease or for any Hazardous Materials that migrate onto or under, or otherwise become present at, the Building, Premises, or the Project as a result of activities of anyone other than Tenant or the Tenant Parties, except to the extent that Tenant or any Tenant Parties exacerbates any such pre-existing conditions.

ARTICLE 8

ADDITIONS AND ALTERATIONS

8.1 **Landlord's Consent to Alterations**. Tenant may not make any improvements, alterations, additions or changes to the Premises or any mechanical, plumbing or HVAC facilities or systems pertaining to the Premises (collectively, the "**Alterations**") without first procuring the prior written consent of Landlord to such Alterations, which consent shall be requested by Tenant not less than thirty (30) days prior to the commencement thereof, and which consent shall not be unreasonably withheld by Landlord, provided it shall be deemed reasonable for Landlord to withhold its consent to any Alteration which adversely affects the structural portions or the systems or equipment of the Building or is visible from the exterior of the Premises (other than any Back-Up Generator, as defined in Section 29.35). The construction of the initial improvements to the Premises shall be governed by the terms of the Tenant Work Letter and not the terms of this Article 8. Notwithstanding anything to the contrary contained herein, Tenant may make non-structural alterations to the Premises ("**Permitted Alterations**"), without Landlord's consent, provided that the aggregate cost of any such changes does not exceed $25,000.00 per instance (up to $75,000.00 in any twelve (12) month period), and further provided that such changes do not (i) require any structural modifications to the Premises or Building, (ii) affect the exterior of the Building (nor visible from the exterior of the Building), (iii) trigger any Law which would require either party to make any alteration or improvement to the Premises, the Building or the Project, or (iv) result in the voiding of Landlord's insurance. Tenant shall give Landlord at least ten (10) days prior notice of such Permitted Alterations, which notice shall be accompanied by a reasonably detailed description of the Permitted Alteration and reasonably adequate evidence that such changes meet the criteria contained in this Section 8.1 to qualify as a Permitted Alteration. Except as otherwise provided, the term "Alterations" shall include Permitted Alterations.

8.2 **Manner of Construction**. Landlord may impose, as a condition of its consent to any and all Alterations or repairs of the Premises or about the Premises, such requirements as Landlord in its sole discretion may deem desirable, including, but not limited to, the requirement that Tenant utilize for such purposes only contractors, subcontractors, materials, mechanics and materialmen selected by Tenant from a list provided and approved by Landlord, the requirement that upon Landlord's request given at the time of Landlord's approval of the Alteration, Tenant shall, at Tenant's expense, remove such Alterations upon the expiration or any early termination of the Lease Term, and the requirement that all Alterations conform in terms of quality and style to the building's standards established by Landlord. If such Alterations will involve the use of or disturb hazardous materials or substances existing in the Premises, Tenant shall comply with Landlord's reasonable rules and regulations concerning such hazardous materials or substances. Landlord's approval of the plans, specifications and working drawings for Tenant's Alterations shall create no responsibility or liability on the part of Landlord for their completeness, design sufficiency, or compliance with all Laws. Tenant shall construct such Alterations and perform such repairs in a good and workmanlike manner, in conformance with any and all applicable Laws and pursuant to a valid building permit, issued by Salt Lake City, all in conformance with Landlord's construction rules and regulations and the plans and specifications previously approved by Landlord. In the event Tenant performs any Alterations in the Premises which require or give rise to governmentally required changes to the "**Base Building**," as that term is defined below, then Landlord (or Landlord's property manager) shall, at Tenant's expense, make such changes to the Base Building. The "**Base Building**" shall mean the (i) Building's roof and roof membrane, elevator shafts, footings, foundations, structural portions of load-bearing walls, structural floors and subfloors, structural columns and beams, and curtain walls, and (ii) Building's core HVAC, life-safety, plumbing, electrical, mechanical and elevator systems. In performing the work of any such Alterations, Tenant shall have the work performed in such manner so as not to obstruct access to the Project or any portion thereof, by any other tenant of the Project, and so as not to obstruct the business of Landlord or other tenants in the Project. Tenant shall not use (and upon notice from Landlord shall cease using) contractors, services, workmen, labor, materials or equipment that, in Landlord's reasonable judgment, would disturb labor harmony with the workforce or trades engaged in performing other work, labor or services in or about the Project and in that respect, Landlord shall have the right, in connection with the construction of any Alterations and/or any tenant improvements constructed in the Premises pursuant to the terms of the Tenant Work Letter, to require that all subcontractors, laborers, materialmen, and suppliers retained directly by Tenant and/or Landlord (unless Landlord elects otherwise) be union labor in

compliance with the then existing master labor agreements. In addition to Tenant's obligations under Article 9 of this Lease, upon completion of any Alterations, Tenant agrees to deliver to the Project management office a reproducible copy of the "as built" drawings of the Alterations as well as all permits, approvals and other documents issued by any governmental agency in connection with the Alterations.

8.3 **Payment for Improvements**. If payment is made directly to contractors, Tenant shall comply with Landlord's reasonable requirements for final lien releases and waivers in connection with Tenant's payment for work to contractors for contracts in excess of $5,000.00. Whether or not Tenant orders any work directly from Landlord (or Landlord's property manager), Tenant shall pay to Landlord (or Landlord's property manager) a percentage of the cost of such work sufficient to compensate Landlord (or Landlord's property manager) for all overhead, general conditions, fees and other costs and expenses arising from Landlord's (or Landlord's property manager's) involvement with such work, in an amount of one percent (1%) of the cost of such work, excluding any Permitted Alterations; provided that if Landlord manages the construction of the Alterations on behalf of Tenant, then the construction management fee payable by Tenant to Landlord shall be three percent (3%) of the cost of such work, excluding any Permitted Alterations.

8.4 **Construction Insurance**. In addition to the requirements of Article 10 of this Lease, in the event that Tenant makes any Alterations, prior to the commencement of such Alterations, Tenant shall provide Landlord with evidence that Tenant carries "Builder's All Risk" insurance in an amount approved by Landlord covering the construction of such Alterations, and such other insurance as Landlord may require, it being understood and agreed that all of such Alterations shall be insured by Tenant pursuant to Article 10 of this Lease immediately upon completion thereof. In addition, Landlord may, in its reasonable discretion, require Tenant to obtain a lien and completion bond or some alternate form of security satisfactory to Landlord in an amount sufficient to ensure the lien-free completion of such Alterations and naming Landlord as a co-obligee.

8.5 **Landlord's Property**. All Alterations, improvements, fixtures, equipment and/or appurtenances which may be installed or placed in or about the Premises, from time to time, shall be at the sole cost of Tenant and, other than Tenant's equipment, which shall remain Tenant's sole property, shall be and become the property of Landlord. Landlord may, however, by written notice to Tenant prior to the end of the Lease Term, or given following any earlier termination of this Lease, require Tenant, at Tenant's expense, to (i) remove any Alterations or improvements in the Premises, and/or (ii) remove any "Above Standard Tenant Improvements," as that term is defined in Section 2.4 of the Tenant Work Letter, located within the Premises and replace the same with then existing "Building Standard Tenant Improvements," as that term is defined in Section 2.3 of the Tenant Work Letter, and to repair any damage to the Premises and Building caused by such removal and return the affected portion of the Premises to a building standard tenant improved condition as determined by Landlord. If Tenant fails to complete such removal and/or to repair any damage caused by the removal of any Alterations or improvements in the Premises, and return the affected portion of the Premises to a building standard tenant improved condition as determined by Landlord, then at Landlord's option, either (A) Tenant shall be deemed to be holding over in the Premises and Rent shall continue to accrue in accordance with the terms of Article 16, below, until such work shall be completed, or (B) Landlord may do so and may charge the cost thereof to Tenant. Tenant hereby protects, defends, indemnifies and holds Landlord harmless from any liability, cost, obligation, expense or claim of lien in any manner relating to the installation, placement, removal or financing of any such Alterations, improvements, fixtures and/or equipment in, on or about the Premises, which obligations of Tenant shall survive the expiration or earlier termination of this Lease.

ARTICLE 9

COVENANT AGAINST LIENS

Tenant shall keep the Project and Premises free from any liens or encumbrances arising out of the work performed, materials furnished or obligations incurred by or on behalf of Tenant, and shall protect, defend, indemnify and hold Landlord harmless from and against any claims, liabilities, judgments or costs (including, without limitation, reasonable attorneys' fees and costs) arising out of same or in connection therewith. Tenant shall give Landlord notice at least twenty (20) days prior to the commencement of any Alterations on the Premises (or such additional time as may be necessary under applicable Laws) to afford Landlord the opportunity of posting and recording appropriate notices of non-responsibility. If a lien is recorded against the Building, Premises or Project relating to any work performed by or under Tenant, Tenant shall remove any such lien or encumbrance by bond or otherwise within fifteen (15) days after receipt of written notice by Landlord, and if Tenant shall fail to do so, Landlord may pay the amount necessary to remove such lien or encumbrance, without being responsible for investigating the validity thereof. The amount so paid shall be deemed Additional Rent under this Lease payable upon demand, without limitation as to other remedies available to Landlord under this Lease. Nothing contained in this Lease shall authorize Tenant to do any act which shall subject Landlord's title to the Project, Building or Premises to any liens or encumbrances whether claimed by operation of law or express or implied contract. Any claim to a lien or encumbrance upon the Project, Building or Premises arising in connection with any such work or respecting the Premises not performed by or at the request of Landlord shall be null and void, or at Landlord's option shall attach only against Tenant's interest in the Premises and shall in all respects be subordinate to Landlord's title to the Project, Building and Premises.

ARTICLE 10

INSURANCE

10.1 **Indemnification and Waiver**. Tenant hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises from any cause whatsoever (other than Landlord's gross negligence or willful misconduct) and agrees that Landlord, its partners, subpartners and their respective officers, agents, servants, and employees (collectively, "**Landlord Parties**") shall not be liable for, and are hereby released from any responsibility for, any damage either to person or property or resulting from the loss of use thereof; which damage is sustained by Tenant or by other persons claiming through Tenant, except to the extent due to Landlord's gross negligence or willful misconduct. Tenant shall indemnify, defend, protect, and hold harmless the Landlord Parties from any and all losses, costs, damages, expenses and liabilities (including without limitation court costs and reasonable attorneys' fees) incurred in connection with or arising from any cause in, on or about the Premises, any violation of any of any applicable Laws, any acts, omissions or negligence of Tenant or of any person claiming by, through or under Tenant, or the Tenant Parties, in, on or about the Project or any breach of the terms of this Lease by Tenant, either prior to, during, or after the expiration of the Lease Term, provided that the terms of the foregoing indemnity shall not apply to the negligence or willful misconduct of the Landlord Parties. Should Landlord be named as a defendant in any suit brought against Tenant in connection with or arising out of Tenant's occupancy of the Premises, Tenant shall pay to Landlord its costs and expenses incurred in such suit, including without limitation, its actual professional fees such as appraisers', accountants' and attorneys' fees. Further, Tenant's agreement to indemnify Landlord pursuant to this Section 10.1 is not intended to and shall not relieve any insurance carrier of its obligations under policies required to be carried by Tenant pursuant to the provisions of this Lease, to the extent such policies cover the matters subject to Tenant's indemnification obligations; nor shall they supersede any inconsistent agreement of the parties set forth in any other provision of this Lease. The provisions of this Section 10.1 shall survive the expiration or sooner termination of this Lease with respect to any claims or liability arising in connection with any event occurring prior to such expiration or termination.

Subject to Section 10.5 below, Landlord shall indemnify, defend, protect, and hold harmless Tenant and the Tenant Parties from any and all losses, costs, damages, expenses and liabilities (including, without limitation, court costs and reasonable attorneys' fees) incurred in connection with or arising from any accident, injury or damage to any person or the property of any person (i) in or about the Common Areas (specifically excluding the Premises) to the extent attributable to the negligence or willful misconduct of Landlord or the Landlord Parties and (ii) in or about the Premises to the extent attributable to the gross negligence or willful misconduct of Landlord or the Landlord Parties, provided that the terms of the foregoing indemnity shall not apply to the negligence or willful misconduct of the Tenant Parties. Should Landlord be named as a defendant in any suit brought against Tenant in connection with or arising out of Tenant's occupancy of the Premises, Tenant shall pay to Landlord its costs and expenses incurred in such suit, including without limitation, its actual professional fees such as appraisers', accountants' and attorneys' fees. Further, Landlord's agreement to indemnify Tenant pursuant to this Section 10.1 is not intended to and shall not relieve any insurance carrier of its obligations under policies required to be carried by Landlord pursuant to the provisions of this Lease, to the extent such policies cover the matters subject to Landlord's indemnification obligations; nor shall they supersede any inconsistent agreement of the parties set forth in any other provision of this Lease. The provisions of this Section 10.1 shall survive the expiration or sooner termination of this Lease with respect to any claims or liability arising in connection with any event occurring prior to such expiration or termination.

10.2 **Tenant's Compliance with Landlord's Fire and Casualty Insurance**. Tenant shall, at Tenant's expense, comply with all customary insurance company requirements pertaining to the use of the Premises. If Tenant's conduct or use of the Premises causes any increase in the premium for such insurance policies then Tenant shall reimburse Landlord for any such increase. Tenant, at Tenant's expense, shall comply with all rules, orders, regulations or requirements of the American Insurance Association (formerly the National Board of Fire Underwriters) and with any similar body.

10.3 **Tenant's Insurance**. Tenant shall maintain the following coverages in the following amounts.

10.3.1 Commercial General Liability Insurance covering the insured against claims of bodily injury, personal injury and property damage (including loss of use thereof) arising out of Tenant's operations, and contractual liabilities (covering the performance by Tenant of its indemnity agreements) including a Broad Form endorsement covering the insuring provisions of this Lease and the performance by Tenant of the indemnity agreements set forth in Section 10.1 of this Lease, for limits of liability not less than:

Bodily Injury and	$2,000,000 each occurrence
Property Damage Liability	$3,000,000 annual aggregate
Personal Injury Liability	$2,000,000 each occurrence $3,000,000 annual aggregate 0% Insured's participation

10.3.2 Special Form (Causes of Loss) Property Insurance covering (i) all office furniture, business and trade fixtures, office equipment, free-standing cabinet work, movable partitions, merchandise and all other items of Tenant's property on the Premises installed by, for, or at the expense of Tenant, (ii) the "**Tenant Improvements**," as that term is defined in Section 2.1 of the Tenant Work Letter, and any other improvements which exist in the Premises as of the Lease Commencement Date (excluding the Base Building) (the "**Original Improvements**"), and (iii) all Alterations. Such insurance shall be for the full replacement cost (subject to reasonable deductible amounts) new without deduction for depreciation of the covered items and in amounts that meet any co-insurance clauses of the policies of insurance and shall include coverage for damage or other loss caused by fire or other peril including, but not limited to, vandalism and malicious mischief, theft, water damage of any type, including sprinkler leakage, bursting or stoppage of pipes, and explosion, and providing business interruption coverage for a period of one year.

10.3.3 Worker's Compensation and Employer's Liability or other similar insurance pursuant to all applicable state and local statutes and regulations.

10.3.4 Business interruption, loss-of-income and extra expense insurance in such amounts as will reimburse Tenant for direct or indirect loss of earnings attributable to all perils commonly insured against and payable to Landlord, insuring the loss of the full rent for up to twelve (12) months.

10.4 **Form of Policies**. The minimum limits of policies of insurance required of Tenant under this Lease shall in no event limit the liability of Tenant under this Lease. Such insurance shall (i) name Landlord, Landlord's lender, and any other party the Landlord so specifies, as an additional insured, including Landlord's managing agent, if any; (ii) specifically cover the liability assumed by Tenant under this Lease, including, but not limited to, Tenant's obligations under Section 10.1 of this Lease; (iii) be issued by an insurance company having a rating of not less than A-:VIII in Best's Insurance Guide or which is otherwise acceptable to Landlord and licensed to do business in the State of Utah; (iv) be primary insurance as to all claims thereunder and provide that any insurance carried by Landlord is excess and is non-contributing with any insurance requirement of Tenant; (v) be in form and content reasonably acceptable to Landlord; and (vi) contain a cross-liability endorsement or severability of interest clause acceptable to Landlord; and (vii) provide that said insurance shall not be canceled or coverage changed unless thirty (30) days' prior written notice shall have been given to Landlord and any mortgagee of Landlord. Tenant shall deliver said policy or policies or certificates thereof to Landlord on or before the Lease Commencement Date and at least thirty (30) days before the expiration dates thereof. In the event Tenant shall fail to procure such insurance, or to deliver such policies or certificate, Landlord may, at its option, procure such policies for the account of Tenant, and the cost thereof shall be paid to Landlord within five (5) days after delivery to Tenant of bills therefor.

10.5 **Subrogation**. Landlord and Tenant intend that their respective property loss risks shall be borne by reasonable insurance carriers to the extent above provided, and Landlord and Tenant hereby agree to look solely to, and seek recovery only from, their respective insurance carriers in the event of a property loss to the extent that such loss is the result of a risk insurable under the policies of property damage insurance which such party was required to maintain under this Lease (whether or not such party actually maintained the same), or which such party actually maintains at the time of such property loss. Notwithstanding anything to the contrary in this Lease, the parties each hereby waive all rights and claims against each other for such losses, and waive all rights of subrogation of their respective insurers, provided such waiver of subrogation shall not affect the right to the insured to recover thereunder. The parties agree that their respective insurance policies are now, or shall be, endorsed such that the waiver of subrogation shall not affect the right of the insured to recover thereunder, so long as no material additional premium is charged therefor.

10.6 **Additional Insurance Obligations**. Tenant shall carry and maintain during the entire Lease Term, at Tenant's sole cost and expense, increased amounts of the insurance required to be carried by Tenant pursuant to this Article 10 and such other reasonable types of insurance coverage and in such reasonable amounts covering the Premises and Tenant's operations therein, as may be reasonably requested by Landlord.

10.7 **Landlord's Insurance Obligations**. Landlord shall maintain comprehensive public liability insurance coverage against claims for personal injury, death, or property damage resulting from any act or omission of Landlord occurring in or upon the Building, Premises, the Common Areas and the Project with a combined single limit for bodily injury and property damage of not less than $1,000,000 per occurrence and $2,000,000 in the aggregate, and at least a $5,000,000 umbrella. Landlord shall procure and maintain, throughout the Term of this Lease, a policy or policies of "all risk" and/or other comparable hazard and casualty property insurance, insuring the Building and the Project against loss by fire or, as determined by Landlord, other casualties in an amount equal to the replacement cost basis for the full insurable valuable of the Project. Landlord shall also carry rental loss insurance insuring the loss of all Rent required to be paid by Tenant hereunder for up to twelve (12) months. In addition, property insurance coverage will be maintained by Landlord upon the Building and the Project, inclusive of the Premises. In no event shall any such insurance requirement be deemed to constitute an obligation by Landlord to provide insurance coverage beyond the scope of that required hereunder or, if a coverage amount is not specified herein, coverage amounts in excess of those customarily maintained by owners of similarly configured office buildings situated in Salt Lake County, Utah. Without limiting the foregoing, Landlord also shall, at all times during the Lease Term, procure and maintain any insurance required by Law for the protection of employees of Landlord working in or around the Project (including, without limitation, worker's compensation insurance) with no less than the minimum limits required by Law.

ARTICLE 11

DAMAGE AND DESTRUCTION

11.1 **Repair of Damage to Premises by Landlord**. Tenant shall promptly notify Landlord of any damage to the Premises resulting from fire or any other casualty. If the Premises or any Common Areas serving or providing access to the Premises is damaged by fire or other casualty, Landlord shall promptly and diligently, subject to reasonable delays for insurance adjustment or other matters beyond Landlord's reasonable control, and subject to all other terms of this Article 11, restore the Base Building and such Common Areas. Such restoration shall be to substantially the same condition of the Base Building and the Common Areas prior to the casualty, except for modifications required by zoning and building codes and other applicable Laws or by the holder of a mortgage on the Building or Project or any other modifications to the Common Areas deemed desirable by Landlord, provided that Tenant's access to and use of the Premises and any common restrooms serving the Premises shall not be materially impaired. If the Premises are damaged and Landlord does not elect to terminate this Lease pursuant to Landlord's termination right as provided in Section 11.2 below, Landlord shall provide to Tenant as soon as reasonably practicable, but in no event later than forty-five (45) days after the occurrence of such damage, the reasonable estimate of Landlord's architect or contractor of the estimated time required to complete the requisite repairs (the "**Landlord Repair Notice**"). If such repairs cannot, according to the Landlord Repair Notice, be completed within two hundred seventy (270) days from the date of such damage or ninety (90) days after the date on which such damage occurs if such damage occurs within the last twelve (12) months of the Lease Term, Tenant may elect to terminate this Lease by written notice to Landlord given within thirty (30) days after Tenant receive the Landlord Repair Notice, with such termination effective as of the date specified in the notice, which date shall not be less than thirty (30) days nor more than sixty (60) days after the date such notice is given by Tenant. If neither Landlord nor Tenant elect to terminate this Lease pursuant to a termination right provided in this Article 11, Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds payable to Tenant under Tenant's insurance required under Section 10.3 of this Lease, and Landlord shall repair any injury or damage to the Tenant Improvements and the Original

Improvements installed in the Premises and shall return such Tenant Improvements and Original Improvements to their original condition; provided that if the cost of such repair by Landlord exceeds the amount of insurance proceeds received by Landlord from Tenant's insurance carrier, as assigned by Tenant, the cost of such repairs shall be paid by Tenant to Landlord within thirty (30) days of Landlord's written request therefor, together with reasonable documentation of such expenses. Except to the extent due to Landlord's gross negligence or intentional act or omission, Landlord shall not be liable for any inconvenience or annoyance to Tenant or its visitors, or injury to Tenant's business resulting in any way from such damage or the repair thereof; provided, however, that if such fire or other casualty shall have damaged the Premises or portions of the Common Areas necessary to Tenant's occupancy, Landlord shall allow Tenant a proportionate abatement of Base Rent and Tenant's Share of increases in Direct Expenses during the time and to the extent the Premises are unfit for occupancy for the Permitted Use, and not occupied by Tenant as a result thereof; provided, further, however, that if the damage or destruction is due to the negligence or willful misconduct of Tenant or any of its agents, employees, contractors, invitees or guests, Tenant shall be responsible for any reasonable, applicable insurance deductible (which shall be payable to Landlord upon demand) and there shall be no rent abatement.

11.2 **Landlord's Option to Repair**. Notwithstanding the terms of Section 11.1 of this Lease, Landlord may elect not to rebuild and/or restore the Premises, Building and/or Project, and instead terminate this Lease, by notifying Tenant in writing of such termination within forty-five (45) days after the date of discovery of the damage, such notice to include a termination date giving Tenant sixty (60) days to vacate the Premises, but Landlord may so elect only if the Building is damaged by fire or other casualty or cause, whether or not the Premises are affected, and one or more of the following conditions is present: (i) in the reasonable judgment of Landlord's architect or general contractor, such repairs cannot reasonably be completed within two hundred fifty (250) days after the date of discovery of the damage (when such repairs are made without the payment of overtime or other premiums); (ii) the holder of any mortgage on the Building or Project or ground lessor with respect to the Building or Project shall require that the insurance proceeds or any portion thereof be used to retire the mortgage debt, or shall terminate the ground lease, as the case may be; (iii) the cost to repair such damage exceeds the amount of insurance proceeds available to Landlord under the insurance policies Landlord is required to carry under Section 10.7 of this Lease or otherwise by at least five percent (5%) of the replacement cost of the Building (excluding any applicable deductible amount) for reasons beyond Landlord's control (excluding Landlord's failure to carry such insurance policies); or (iv) the damage occurs during the last twelve (12) months of the Lease Term.

11.3 **Waiver of Statutory Provisions**. The provisions of this Lease, including this Article 11, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, the Building or the Project, and any statute or regulation of the State of Utah with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises, the Building or the Project.

ARTICLE 12

NONWAIVER

No provision of this Lease shall be deemed waived by either party hereto unless expressly waived in a writing signed thereby. The waiver by either party hereto of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of same or any other term, covenant or condition herein contained. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or

condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No acceptance of a lesser amount than the Rent herein stipulated shall be deemed a waiver of Landlord's right to receive the full amount due, nor shall any endorsement or statement on any check or payment or any letter accompanying such check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the full amount due. No receipt of monies by Landlord from Tenant after the termination of this Lease shall in any way alter the length of the Lease Term or of Tenant's right of possession hereunder, or after the giving of any notice shall reinstate, continue or extend the Lease Term or affect any notice given Tenant prior to the receipt of such monies, it being agreed that after the service of notice or the commencement of a suit, or after final judgment for possession of the Premises, Landlord may receive and collect any Rent due, and the payment of said Rent shall not waive or affect said notice, suit or judgment.

ARTICLE 13

CONDEMNATION

If the whole of the Premises is taken by power of eminent domain or condemned by any competent authority for any public or quasi-public use or purpose, or if Landlord grants a deed or other instrument in lieu of such taking by eminent domain or condemnation for such taking, this Lease shall automatically terminate as of the date possession is required to be surrendered to the authority. If part, but not all, of the Premise, Building, or Project is taken, either Party may terminate as set forth in this Article 13. If more than twenty-five percent (25%) of the rentable square feet of the Premises, or any material part of the Building (excluding the Premises) shall be so taken, or if any adjacent property or street shall be so taken, or reconfigured or vacated by such authority in such manner as to require the use, reconstruction or remodeling of more than twenty-five percent (25%) of the Building, Landlord shall have the option to terminate this Lease effective as of the date possession is required to be surrendered to the authority. If more (i) than twenty-five percent (25%) of the rentable square feet of the Premises is taken, or (ii) a material part of the Project outside of the Premises is taken and as a result thereof, Tenant will not have reasonable access to the Premises or to sufficient off-street parking for Tenant's use of the Premises, Tenant shall have the option to terminate this Lease effective as of the date possession is required to be surrendered to the authority. Tenant shall not because of such taking assert any claim against Landlord or the authority for any compensation because of such taking and Landlord shall be entitled to the entire award or payment in connection therewith, except that Tenant shall have the right to file any separate claim available to Tenant for any taking of Tenant's personal property and fixtures belonging to Tenant and removable by Tenant upon expiration of the Lease Term pursuant to the terms of this Lease, and for moving expenses, so long as such claim is payable separately to Tenant. All Rent shall be apportioned as of the date of such termination. If any part of the Premises shall be taken, and this Lease shall not be so terminated, the Base Rent and Tenant's Share of Direct Expenses shall be proportionately abated. This Article 13 shall be Tenant's sole and exclusive remedy in the event of any taking and Tenant hereby waives any rights and the benefits of any statute granting Tenant specific rights in the event of a taking which are inconsistent with the provisions of this Article 13. Notwithstanding anything to the contrary contained in this Article 13, in the event of a temporary taking of all or any portion of the Premises for a period of one hundred eighty (180) days or less, then this Lease shall not terminate but the Base Rent and the Additional Rent shall be abated for the period of such taking in proportion to the ratio that the amount of rentable square feet of the Premises taken bears to the total rentable square feet of the Premises. Landlord shall be entitled to receive the entire award made in connection with any such temporary taking.

ARTICLE 14

ASSIGNMENT AND SUBLETTING

14.1 **Transfers**. Tenant shall not, without the prior written consent of Landlord, assign, mortgage, pledge, hypothecate, encumber, or permit any lien to attach to, or otherwise transfer, this Lease or any interest hereunder, permit any assignment, or other transfer of this Lease or any interest hereunder by operation of law, sublet the Premises or any part thereof, or enter into any license or concession agreements or otherwise permit the occupancy or use of the Premises or any part thereof by any persons other than Tenant and its employees and contractors (all of the foregoing are hereinafter sometimes referred to collectively as "**Transfers**" and any person to whom any Transfer is made or sought to be made is hereinafter sometimes referred to as a "**Transferee**"). If Tenant desires Landlord's consent to any Transfer, Tenant shall notify Landlord in writing, which notice (the "**Transfer Notice**") shall include (i) the proposed effective date of the Transfer, which shall not be less than thirty (30) days nor more than one hundred eighty (180) days after the date of delivery of the Transfer Notice, (ii) a description of the portion of the Premises to be transferred (the "Subject Space"), (iii) all of the terms of the proposed Transfer and the consideration therefor, including calculation of the "**Transfer Premium**", as that term is defined in Section 14.3 below, in connection with such Transfer, the name and address of the proposed Transferee, and an executed copy of all documentation effectuating the proposed Transfer, including all operative documents to evidence such Transfer and all agreements incidental or related to such Transfer, provided that Landlord shall have the right to require Tenant to utilize Landlord's standard Transfer documents in connection with the documentation of such Transfer, and provided further that the terms of the proposed Transfer shall provide that such proposed Transferee shall not be permitted to further assign or sublease its interest in the Subject Space and/or Lease, (iv) current financial statements of the proposed Transferee certified by an officer, partner or owner thereof, business credit and personal references and history of the proposed Transferee and any other information required by Landlord which will enable Landlord to determine the financial responsibility, character, and reputation of the proposed Transferee, nature of such Transferee's business and proposed use of the Subject Space and (v) an executed estoppel certificate from Tenant stating the information set forth in items (a) through (d) in Article 17 below. Any Transfer made without Landlord's prior written consent shall, at Landlord's option, be null, void and of no effect, and shall, at Landlord's option, constitute a default by Tenant under this Lease. Whether or not Landlord consents to any proposed Transfer, Tenant shall pay Landlord's (or Landlord's property manager's) review and processing fees (which currently equal $1,500.00 for each proposed Transfer), as well as any reasonable professional fees (including, without limitation, attorneys', accountants', architects', engineers' and consultants' fees) incurred by Landlord (or Landlord's property manager), within thirty (30) days after written request by Landlord; provided that Tenant's reimbursement for Landlord's fees pursuant to this sentence shall not exceed $5,000.00 in connection with any one Transfer.

14.2 **Landlord's Consent**. Notwithstanding anything to the contrary herein, Landlord shall not unreasonably withhold its consent to any proposed Transfer of the Subject Space to the Transferee on the terms specified in the Transfer Notice. Without limitation as to other reasonable grounds for withholding consent, the parties hereby agree that it shall be reasonable under this Lease and under any applicable law for Landlord to withhold consent to any proposed Transfer where one or more of the following apply:

14.2.1 The Transferee is of a character or reputation or engaged in a business which is not consistent with the quality of the Building or the Project;

14.2.2 The Transferee intends to use the Subject Space for purposes which are not permitted under this Lease;

14.2.3 The Transferee is either a governmental agency or instrumentality thereof;

14.2.4 The Transferee is not a party of reasonable financial worth and/or financial stability in light of the responsibilities to be undertaken in connection with the Transfer on the date consent is requested;

14.2.5 The proposed Transfer would cause a violation of another lease for space in the Project, or would give an occupant of the Project a right to cancel its lease;

14.2.6 The terms of the proposed Transfer will allow the Transferee to exercise a right of renewal, right of expansion, right of first offer, or other similar right held by Tenant (or will allow the Transferee to occupy space leased by Tenant pursuant to any such right);

14.2.7 Either the proposed Transferee, or any person or entity which directly or indirectly, controls, is controlled by, or is under common control with, the proposed Transferee, (i) occupies space in the Project at the time of the request for consent, or (ii) is negotiating with Landlord (which for purposes of this item (ii) and (iii), below, shall be evidenced by the transmittal of one or more letters of intent, draft proposals or lease documents by such Transferee to Landlord or Landlord to such Transferee) to lease space in the Project at such time, or (iii) has actively negotiated with Landlord to lease space within the Project during the six (6)-month period immediately preceding the Transfer Notice (with "actively negotiated" meaning, at least, written correspondence and negotiation for the lease of space within the Project, but excluding, without more, the mere delivery of leasing or property information relating to the Project); provided, however, that Landlord shall not unreasonably withhold, condition or delay its consent to an assignment of this Lease or a sublease of the Premises to a proposed assignee or subtenant under the foregoing portion of this subsection (iii) if Landlord is not willing and able to accommodate the space needs of such assignee or subtenant within the Project, and Tenant is able to do so by such assignment or sublease;

14.2.8 The Transferee does not intend to occupy the entire Subject Space and conduct its business therefrom for a substantial portion of the term of the Transfer; or

14.2.9 The portion of the Premises to be sublet or assigned is irregular in shape with inadequate means of ingress and/or egress.

Notwithstanding anything to the contrary contained herein, in no event shall Tenant enter into any Transfer for the possession, use, occupancy or utilization (collectively, "use") of the part of the Premises which (i) provides for a rental or other payment for such use based in whole or in part on the income or profits derived by any person from the Premises (other than an amount based on a fixed percentage or percentages of gross receipts or sales), and Tenant agrees that all Transfers of any part of the Premises shall provide that the person having an interest in the use of the Premises shall not enter into any lease or sublease which provides for a rental or other payment for such use based in whole or in part on the income or profits derived by any person from the Premises (other than an amount based on a fixed percentage or percentages of gross receipts of sales), or (ii) would cause any portion of the amounts payable to Landlord hereunder to not constitute "rents from real property" within the meaning of Section 512(b)(3) of the Internal Revenue Code of 1986, and any such purported Transfer shall be absolutely void and ineffective as a conveyance of any right or interest in the possession, use, occupancy or utilization of any part of the Premises.

If Landlord consents to any Transfer pursuant to the terms of this Section 14.2 (and does not exercise any recapture rights Landlord may have under Section 14.4 of this Lease), Tenant may enter into such Transfer of the Subject Space, upon substantially the same terms and conditions as are set forth in the Transfer Notice furnished by Tenant to Landlord pursuant to Section 14.1 of this Lease, provided that if there arc any changes in the terms and conditions from those specified in the Transfer Notice (i) such that

Landlord would initially have been entitled to refuse its consent to such Transfer under this Section 14.2, or (ii) which would cause the proposed Transfer to be more favorable to the Transferee than the terms set forth in Tenant's original Transfer Notice, Tenant shall again submit the Transfer to Landlord for its approval and other action under this Article 14 (including Landlord's tight of recapture, if any, under Section 14.4 of this Lease). Notwithstanding anything to the contrary in this Lease, if Tenant or any proposed Transferee claims that Landlord has unreasonably withheld or delayed its consent under Section 14.2 or otherwise has breached or acted unreasonably under this Article 14, their sole remedies shall be a declaratory judgment and an injunction for the relief sought without any monetary damages, and Tenant hereby waives all other remedies, including, without limitation, any right at law or equity to terminate this Lease, on its own behalf and, to the extent permitted under all applicable Laws, on behalf of the proposed Transferee.

14.3 **Transfer Premium**. If Landlord consents to a Transfer, as a condition thereto which the parties hereby agree is reasonable, Tenant shall pay to Landlord fifty percent (50%) of any "**Transfer Premium**," as that term is defined in this Section 14.3, received by Tenant from such Transferee in any particular calendar month, which amount shall be paid to Landlord immediately following Tenant's receipt of the same. "**Transfer Premium**" shall mean all rent, additional rent or other consideration (including, without limitation, key money, bonus money or other cash consideration but excluding any payment for assets, inventory, equipment or furniture transferred by Tenant to Transferee in connection with such Transfer) payable by such Transferee in connection with the Transfer in excess of the Rent and Additional Rent payable by Tenant under this Lease during the term of the Transfer on a per rentable square foot basis if less than all of the Premises is transferred, after deducting the reasonable expenses incurred by Tenant for (i) any changes, alterations and improvements to the Premises in connection with the Transfer, and (ii) any market rate, third party brokerage commissions incurred in connection with the Transfer (collectively, the "**Subleasing Costs**"); provided, however, that if, at the time of any such sublease or assignment, Landlord determines that the foregoing "Transfer Premium" formula may result in the receipt by Landlord of amounts that the Landlord may not be permitted to receive pursuant to any requirements, obligation or understanding applicable to Landlord, the parties agree to enter into an amendment to this Lease which revises the "Transfer Premium" formula in a manner that (x) is mutually agreed to by the parties and (y) does not result in any material increase in the expected costs or benefits to either party under this Section 14.3.

14.4 **Landlord's Option as to Subject Space**. Notwithstanding anything to the contrary contained in this Article 14, Landlord shall have the option, by giving written notice to Tenant within thirty (30) days after receipt of any Transfer Notice, to recapture the Subject Space for the remainder of the Lease Term. Such recapture notice shall cancel and terminate this Lease with respect to the Subject Space as of the date stated in the Transfer Notice as the effective date of the proposed Transfer (or at Landlord's option, shall cause the Transfer to be made to Landlord or its agent, in which case the parties shall execute the Transfer documentation promptly thereafter); provided, however, Tenant may, within ten (10) business days after receipt of Landlord's notice of intent to recapture the Subject Space, withdraw its request for consent to the Transfer if the Subject Space is less than all or substantially all of the Premises. In that event, Landlord's election to terminate this Lease as to the Subject Space shall be null and void and of no force and effect. In the event of a recapture by Landlord, if this Lease shall be canceled with respect to less than the entire Premises, the Base Rent and Tenant's Share of increases in Direct Expenses reserved herein shall be prorated on the basis of the number of rentable square feet retained by Tenant in proportion to the number of rentable square feet contained in the Premises, and this Lease as so amended shall continue thereafter in full force and effect, and upon request of either party, the parties shall execute written confirmation of the same. If Landlord declines, or fails to elect in a timely manner to recapture the Subject Space under this Section 14.4, then, provided Landlord has consented to the proposed Transfer, Tenant shall be entitled to proceed to transfer the Subject Space to the proposed Transferee, subject to provisions of this Article 14.

14.5 **Effect of Transfer**. If Landlord consents to a Transfer, (i) the terms and conditions of this Lease shall in no way be deemed to have been waived or modified, (ii) such consent shall not be deemed consent to any further Transfer by either Tenant or a Transferee, (iii) Tenant shall deliver to Landlord, promptly after execution, an original executed copy of all documentation pertaining to the Transfer in form reasonably acceptable to Landlord, (iv) Tenant shall furnish upon Landlord's request a complete statement, certified by an independent certified public accountant, or Tenant's chief financial officer, setting forth in detail the computation of any Transfer Premium Tenant has derived and shall derive from such Transfer, and (v) no Transfer relating to this Lease or agreement entered into with respect thereto, whether with or without Landlord's consent, shall relieve Tenant or any guarantor of the Lease from any liability under this Lease, including, without limitation, in connection with the Subject Space. In no event shall any Transferee assign, sublease or otherwise encumber its interest in this Lease or further sublet any portion of the Subject Space, or otherwise suffer or permit any portion of the Subject Space to be used or occupied by others, except in accordance with this Section 14. Landlord or its authorized representatives shall have the right at all reasonable times during normal business hours, but not more than once for each Transfer, to audit the books, records and papers of Tenant relating to any Transfer. Landlord agrees to and shall keep and maintain the books, records, and papers of Tenant strictly confidential and shall not disclose such confidential information to any person or entity other than Landlord's financial or legal consultants or Landlord's mortgagee. If the Transfer Premium respecting any Transfer shall be found understated, Tenant shall, within thirty (30) days after demand, pay the deficiency, and if understated by more than five percent (5%), Tenant shall pay Landlord's reasonable costs of such audit.

14.6 **Additional Transfers**. For purposes of this Lease, the term "Transfer" shall also include (i) if Tenant is a partnership, the withdrawal or change, voluntary, involuntary or by operation of law, of fifty percent (50%) or more of the partners, or transfer of fifty percent (50%) or more of partnership interests, within a twelve (12)-month period, or the dissolution of the partnership without immediate reconstitution thereof, and (ii) if Tenant is a closely held corporation (i.e., whose stock is not publicly held and not traded through an exchange or over the counter), (A) the dissolution, merger, consolidation or other reorganization of Tenant or (B) the sale or other transfer of an aggregate of fifty percent (50%) or more of the voting shares of Tenant (other than to immediate family members by reason of gift or death), within a twelve (12)-month period, or (C) the sale, mortgage, hypothecation or pledge of an aggregate of fifty percent (50%) or more of the value of the unencumbered assets of Tenant within a twelve (12)-month period.

14.7 **Non-Transfers**. Notwithstanding anything to the contrary contained in this Article 14 and so long as any such Permitted Non-Transfer (as defined herein) is not a subterfuge by Tenant to avoid its obligations under this Lease, any of the following transfers shall not be deemed a Transfer under this Article 14 (each of which are hereinafter referred to as a "Permitted Non-Transfer" and any such assignee or sublessee pursuant to a Permitted Non-Transfer hereinafter referred to as a "**Permitted Non-Transferee**"): (i) an assignment of Tenant's interest in this Lease, or a subletting of all or a portion of the Premises, to an affiliate of Tenant (i.e., an entity which is controlled by, controls, or is under common control with, Tenant) or any parent of Tenant, (ii) an assignment of Tenant's interest in this Lease to an entity which acquires all or substantially all of the assets of Tenant, (iii) an assignment of Tenant's interest in this Lease to an entity which is the resulting entity of a stock acquisition, merger or consolidation of Tenant during the Lease Term; (iv) any sale of stock for capital raising purposes in which Tenant is the surviving corporation, or the sale of stock or other equity interests in Tenant on a public stock exchange (e.g., NYSE or NASDAQ), whether in connection with an initial public offering or thereafter; (v) or any merger effected exclusively to change the domicile of Tenant; or (vi) any assignment of Tenants' interest in the Lease in connection with any financing or refinancing of Tenant's business, whether such financing or refinancing takes the form of debt or equity investments through publicly or privately traded equity or any other form, including, without limitation, any transaction whereby an equity investor directly or indirectly provides financing or refinancing for Tenant and/or purchases ownership interests of Tenant, its parent or any affiliate of Tenant.

Each Permitted Non-Transferee shall have a valuation immediately following such transaction that (A) is the greater of (1) the valuation of Tenant immediately prior to such Permitted Non-Transfer or (2) the valuation of Original Tenant on the date of this Lease, and (B) is otherwise reasonably sufficient to satisfy the financial obligations under this Lease or sublease, as the case may be. For each Permitted Non-Transfer, Tenant shall notify Landlord of the same and promptly supply Landlord with any commercially reasonable documents or information reasonably requested by Landlord regarding such Permitted Non-Transfer or such Permitted Non-Transferee. An assignee of Original Tenant's entire interest in this Lease which assignee is a Permitted Non-Transferee may also be referred to herein as a "**Non-Transferee Assignee**." As used in this Section 14.7, "control" shall mean the ownership, directly or indirectly, of at least fifty-one percent (51%) of the voting securities of, or possession of the right to vote, in the ordinary direction of its affairs, of at least fifty-one percent (51%) of the voting interest in, any person or entity.

14.8 **Occurrence of Default**. Any Transfer hereunder shall be subordinate and subject to the provisions of this Lease, and if this Lease shall be terminated during the term of any such Transfer, Landlord shall have the right to: (i) treat such Transfer as cancelled and repossess the Subject Space by any lawful means, or (ii) require that such Transferee attom to and recognize Landlord as its landlord under any such Transfer. If Tenant shall be in default under this Lease, Landlord is hereby irrevocably authorized, as Tenant's agent and attorney-in-fact, to direct any Transferee to make all payments under or in connection with such Transfer directly to Landlord (which Landlord shall apply towards Tenant's obligations under this Lease) until such default is cured. Such Transferee shall rely on any representation by Landlord that Tenant is in default hereunder, without any need for confirmation thereof by Tenant. Upon any assignment of Tenant's interest in this Lease, the assignee shall assume in writing all obligations and covenants of Tenant thereafter to be performed or observed under this Lease. No collection or acceptance of rent by Landlord from any Transferee shall be deemed a waiver of any provision of this Article 14 or the approval of any Transferee or a release of Tenant from any obligation under this Lease, whether theretofore or thereafter accruing. In no event shall Landlord's enforcement of any provision of this Lease against any Transferee be deemed a waiver of Landlord's right to enforce any term of this Lease against Tenant or any other person. If Tenant's obligations hereunder have been guaranteed, Landlord's consent to any Transfer shall not be effective unless the guarantor also consents to such Transfer.

ARTICLE 15

SURRENDER OF PREMISES; OWNERSHIP AND REMOVAL OF TRADE FIXTURES

15.1 **Surrender of Premises**. No act or thing done by Landlord or any agent or employee of Landlord during the Lease Term shall be deemed to constitute an acceptance by Landlord of a surrender of the Premises unless such intent is specifically acknowledged in writing by Landlord. The delivery of keys to the Premises to Landlord or any agent or employee of Landlord shall not constitute a surrender of the Premises or effect a termination of this Lease, whether or not the keys are thereafter retained by Landlord, and notwithstanding such delivery Tenant shall be entitled to the return of such keys at any reasonable time upon request until this Lease shall have been properly terminated. The voluntary or other surrender of this Lease by Tenant, whether accepted by Landlord or not, or a mutual termination hereof, shall not work a merger, and at the option of Landlord shall operate as an assignment to Landlord of all subleases or subtenancies affecting the Premises or terminate any or all such sublessees or subtenancies.

15.2 **Removal of Tenant Property by Tenant**. Upon the expiration of the Lease Term, or upon any earlier termination of this Lease, Tenant shall, subject to the provisions of this Article 15, quit and surrender possession of the Premises to Landlord in as good order and condition as when Tenant took possession and as thereafter improved by Landlord and/or Tenant, reasonable wear and tear and repairs

which are specifically made the responsibility of Landlord hereunder excepted. Upon such expiration or termination, Tenant shall, without expense to Landlord, remove or cause to be removed from the Premises all debris and rubbish, and such items of furniture, equipment, business and trade fixtures, free-standing cabinet work, movable partitions, cabling installed by or at the request of Tenant that is not contained in protective conduit or metal raceway and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises, and such similar articles of any other persons claiming under Tenant, as Landlord may, in its sole discretion, require to be removed, and Tenant shall repair at its own expense all damage to the Premises and Building resulting from such removal.

ARTICLE 16

HOLDING OVER

If Tenant holds over after the expiration of the Lease Term or earlier termination thereof, with or without the express or implied consent of Landlord, such tenancy shall be from month-to-month only, and shall not constitute a renewal hereof or an extension for any further term, and in such case Rent shall be payable at a monthly rate equal to the product of 150% of the Rent applicable during the last rental period of the Lease Term under this Lease. Such month-to-month tenancy shall be subject to every other applicable term, covenant and agreement contained herein. For purposes of this Article 16, a holding over shall include Tenant's remaining in the Premises after the expiration or earlier termination of the Lease Term, as required pursuant to the terms of this Lease or the Tenant Work Letter, to remove any Alterations or Above Building Standard Tenant Improvements located within the Premises and replace the same with Building Standard Tenant Improvements. Nothing contained in this Article 16 shall be construed as consent by Landlord to any holding over by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease upon the expiration or other termination of this Lease. The provisions of this Article 16 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law. If Tenant fails to surrender the Premises upon the termination or expiration of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from all losses, costs (including reasonable attorneys' fees) and liabilities resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any succeeding tenant founded upon such failure to surrender and any lost profits to Landlord resulting therefrom.

ARTICLE 17

ESTOPPEL CERTIFICATES

Within fifteen (15) days following a request in writing by Landlord, Tenant shall execute, acknowledge and deliver to Landlord an estoppel certificate in the form of Exhibit H attached hereto. Any such certificate may be relied upon by any current or prospective mortgagee or purchaser of all or any portion of the Project. Tenant shall execute and deliver whatever other instruments may be reasonably required for such purposes. At any time during the Lease Term (but in no event more than once during any calendar year except in connection with a sale or refinancing of the Building), Landlord may require Tenant, and to the extent applicable, any guarantor(s), to provide Landlord with a current audited financial statement and audited financial statements of the two (2) years prior to the current financial statement year. Such statements shall be delivered by Tenant and such guarantor(s) to Landlord within thirty (30) days after Landlord's written request therefor and be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Tenant or such guarantor(s), shall be audited by an independent certified public accountant with copies of the auditor's statement, reflecting Tenant's or such

guarantor(s)', as applicable, then-current financial condition in such form and detail as Landlord may reasonably request. Any such financial statements obtained by Landlord shall be kept strictly confidential Tenant and Landlord shall not disclose such confidential information to any person or entity other than Landlord's financial and legal consultants and Landlord's mortgagee's without Tenant's prior written consent, which may be withheld in Tenant's sole discretion. At any time and from time to time, in the context of a sale of Tenant's business or a financing thereof only, and upon not less than fifteen (15) days' prior notice from Tenant, Landlord shall execute and deliver to Tenant a statement certifying (i) the titles and dates of the documents then comprising this Lease, (ii) the current amounts of and the dates to which the Base Rent and Additional Rent have been paid, (iii) to the best of Landlord's knowledge that Tenant is not in default under this Lease (or if Tenant is in default, specifying the nature of such default), and (iv) such other information reasonably requested by Tenant for such purposes. The failure of either party and any such guarantor(s) to timely execute, acknowledge and deliver such estoppel certificate shall constitute an acknowledgment by such party and such guarantor(s) that statements included in the estoppel certificate are true and correct, without exception.

ARTICLE 18

SUBORDINATION

This Lease shall be subject and subordinate to all present and future ground or underlying leases of the Building or Project and to the lien of any mortgage, trust deed or other encumbrances now or hereafter in force against the Building or Project or any part thereof, if any, and to all renewals, extensions, modifications, consolidations and replacements thereof, and to all advances made or hereafter to be made upon the security of such mortgages or trust deeds, unless the holders of such mortgages, trust deeds or other encumbrances, or the lessors under such ground lease or underlying leases, require in writing that this Lease be superior thereto. Tenant covenants and agrees in the event any proceedings are brought for the foreclosure of any such mortgage or deed in lieu thereof (or if any ground lease is terminated), to attorn, without any deductions or set-offs whatsoever, to the lienholder or purchaser or any successors thereto upon any such foreclosure sale or deed in lieu thereof (or to the ground lessor), if so requested to do so by such purchaser or lienholder or ground lessor, and to recognize such purchaser or lienholder or ground lessor as the lessor under this Lease, provided such lienholder or purchaser or ground lessor agrees in writing to accept this Lease and agrees not disturb Tenant's occupancy, so long as Tenant timely pays the Rent and observes and performs the terms, covenants and conditions of this Lease to be observed and performed by Tenant. Landlord's interest herein may be assigned as security at any time to any lienholder. Tenant shall, within fifteen (15) days of request by Landlord, execute such further instruments or assurances as Landlord may reasonably deem necessary to evidence or confirm the subordination or superiority of this Lease to any such mortgages, trust deeds, ground leases or underlying leases so long as Tenant's rights under this Lease are not adversely affected thereby. So long as the requirements of this Section are satisfied, Tenant waives the provisions of any current or future statute, rule or law which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease and the obligations of the Tenant hereunder in the event of any foreclosure proceeding or sale.

ARTICLE 19

DEFAULTS; REMEDIES

19.1 **Events of Default**. The occurrence of any of the following shall constitute a default of this Lease ("**Default**") by Tenant:

19.1.1 Any failure by Tenant to pay any Rent or any other charge required to be paid under this Lease, or any part thereof, within five (5) days when due and such failure continues for five (5) days after written notice thereof from Landlord, except that Landlord shall only be required to give one (1) such notice in any calendar year, and after any such notice is given any failure by Tenant in such calendar year to pay any Rent due hereunder within five (5) days when due shall itself constitute a Default, without the requirement of notice from Landlord of such failure; or

19.1.2 Except where a specific time period is otherwise set forth for Tenant's performance in this Lease, in which event the failure to perform by Tenant within such time period shall be a default by Tenant under this Section 19.1.2, any failure by Tenant to observe or perform any other provision, covenant or condition of this Lease to be observed or performed by Tenant where such failure continues for twenty (20) days after written notice thereof from Landlord to Tenant; provided that if the nature of such default is such that the same cannot reasonably be cured within such 20-day period, Tenant shall not be deemed to be in default if it diligently commences such cure within such period and thereafter diligently proceeds to rectify and cure such default, but in no event exceeding a period of time in excess of thirty (30) days after written notice thereof from Landlord to Tenant; or

19.1.3 The failure by Tenant to observe or perform according to the provisions of Articles 5, 14, 17 or 18 of this Lease where such failure continues for more than five (5) business days after notice from Landlord; or

19.1.4 Tenant's failure to comply with the terms of the Declarations within ten (10) days following Tenant's receipt of written notice of such failure; or

19.1.5 To the extent permitted by law, a general assignment by Tenant or any guarantor of this Lease for the benefit of creditors, or the taking of any corporate action in furtherance of bankruptcy or dissolution whether or not there exists any proceeding under an insolvency or bankruptcy law, or the filing by or against Tenant or any guarantor of any proceeding under an insolvency or bankruptcy law, unless in the case of a proceeding filed against Tenant or any guarantor the same is dismissed within sixty (60) days, or the appointment of a trustee or receiver to take possession of all or substantially all of the assets of Tenant or any guarantor, unless possession is restored to Tenant or such guarantor within thirty (30) days, or any execution or other judicially authorized seizure of all or substantially all of Tenant's assets located upon the Premises or of Tenant's interest in this Lease, unless such seizure is discharged within thirty (30) days; or

19.1.6 Tenant's failure to occupy the Premises for business operations for more than thirty (30) consecutive days at any time during the Lease Term (or any applicable Option Term); or

19.1.7 Tenant's failure to occupy the Premises within ten (10) business days after the Lease Commencement Date.

The notice periods provided herein are in lieu of, and not in addition to, any notice periods provided by law.

19.2 **Remedies Upon Default**. Upon the occurrence of any event of default by Tenant, Landlord shall have, in addition to any other remedies available to Landlord at law or in equity (all of which remedies shall be distinct, separate and cumulative), the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever.

19.2.1 Terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim or damages therefor; and Landlord may recover from Tenant the following:

(i) The worth at the time of award of any unpaid rent which has been earned at the time of such termination; plus

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant demonstrates could have been reasonably avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant demonstrates could have been reasonably avoided; plus

(iv) Any other reasonable amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including but not limited to, reasonable brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant (whether performed by Landlord or Landlord's property manager), whether for the same or a different use, and any special concessions made to obtain a new tenant; provided, however, that for purposes of Tenant's liability under the foregoing portion of this sentence, such costs of reletting and commissions (only) shall be amortized over the initial term of such new lease, with interest thereon at the Interest Rate (as defined below), and Tenant shall be liable only for that portion so amortized falling within the remaining portion of the Term; and

(v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law. The term "rent" as used in this Section 19.2 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in Paragraphs I9.2.1(i) and (ii), above, the "worth at the time of award" shall be computed by allowing interest at the rate set forth in Article 25 of this Lease, but in no case greater than the maximum amount of such interest permitted by law. As used in Paragraph 19.2.1(iii) above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

19.2.2 Terminate Tenant's right to possess the Premises by any lawful means with or without terminating this Lease, in which event Tenant will immediately surrender possession of the Premises to Landlord within ten (10) days of receipt of written notice from Landlord. In such event, this Lease continues in full force and effect (except for Tenant's right to possess the Premises) and Tenant continues to be obligated for and must pay all Rent as and when due under this Lease. Unless Landlord specifically states that it is terminating this Lease, Landlord's termination of Tenant's right to possess the Premises is not to be construed as an election by Landlord to terminate this Lease or Tenant's obligations and liabilities under this Lease. If Landlord terminates Tenant's right to possess the Premises, Landlord is not obligated to, but upon providing written notice to Tenant, may re-enter the Premises and remove all persons and property from the Premises if Tenant fails to do so within such 10-day period. Landlord may store any property Landlord removes from the Premises in a public warehouse or elsewhere at the cost and for the account of Tenant, and if Tenant fails to pay the storage charges therefor within ten (10) days of Tenant's receipt of written request therefor, Landlord may deem such property abandoned and cause such property to be sold or otherwise disposed of without further obligation or any accounting to Tenant. Upon

such re-entry, Landlord shall, to the extent required by applicable Laws, use commercially reasonable efforts to relet the Premises to a third party or parties for Tenant's account. Tenant shall be liable to Landlord for all Costs of Re-Letting (as defined below) and shall pay Landlord the same within thirty (30) days after Landlord's written notice to Tenant. Landlord may relet the Premises for a period shorter or longer than the remaining Lease Term. If Landlord relets all or any part of the Premises, Tenant remains obligated to pay all Rent when due under this Lease; provided that Landlord will, on a monthly basis, credit any Net Re-Letting Proceeds (as defined below) received for the current month against Tenant's Rent obligation for the next succeeding month. If the Net Re-Letting Proceeds received for any month exceeds Tenant's Rent obligation for the succeeding month, Landlord may retain the surplus.

As used herein, "Net Re-Letting Proceeds" shall mean the total amount of rent and other consideration paid by any Replacement Tenants (as defined below), less all Costs of Re-Letting, during a given period of time. "Costs of Re-Letting" shall include without limitation, all commercially reasonable costs and expenses incurred by Landlord for any repairs, maintenance, changes, alterations and improvements to the Premises, brokerage commissions, advertising costs, attorneys' fees, any reasonable and customary free rent periods or credits, tenant improvement allowances, take-over lease obligations and other reasonable and customary economic incentives required to enter leases with Replacement Tenants. "Replacement Tenants" shall mean any individual, trust, partnership, company, joint venture, association, corporation, or any other entity to whom Landlord relets the Premises or any portion thereof pursuant to this Section 19.2.2.

19.3 **Form of Payment After Default**. Following the occurrence of an event of default by Tenant, Landlord shall have the right to require that any or all subsequent amounts paid by Tenant to Landlord hereunder, whether to cure the default in question or otherwise, be paid in the form of cash, money order, cashier's or certified check drawn on an institution acceptable to Landlord, or by other commercially reasonable means approved by Landlord, notwithstanding any prior practice of accepting payments in any different form.

19.4 **Efforts to Relet**. No re-entry or repossession, repairs, maintenance, changes, alterations and additions, reletting, appointment of a receiver to protect Landlord's interests hereunder, or any other action or omission by Landlord shall be construed as an election by Landlord to terminate this Lease or Tenant's right to possession, or to accept a surrender of the Premises, nor shall same operate to release Tenant in whole or in part from any of Tenant's obligations hereunder, unless express written notice of such intention is sent by Landlord to Tenant. Tenant hereby irrevocably waives any right otherwise available under any law to redeem or reinstate this Lease.

19.5 **Subleases of Tenant.** Whether or not Landlord elects to terminate this Lease on account of any default by Tenant, as set forth in this Article 19, Landlord shall have the right to terminate any and all subleases, licenses, concessions or other consensual arrangements for possession entered into by Tenant and affecting the Premises or may, in Landlord's sole discretion, succeed to Tenant's interest in such subleases, licenses, concessions or arrangements. In the event of Landlord's election to succeed to Tenant's interest in any such subleases, licenses, concessions or arrangements, Tenant shall, as of the date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

19.6 **Landlord's Default/Tenant's Remedies**. Upon the occurrence of any failure by Landlord to observe or perform any term, covenant or condition of this Lease to be observed or performed by Landlord, if such failure shall continue for thirty (30) days after receipt of written notice thereof to Landlord, Landlord shall be in default under this Lease; provided, however, that if the nature of the default is such that the same cannot be reasonably cured within said thirty (30) day period, Landlord shall not be in default hereunder if Landlord shall within such period commence such cure and shall thereafter diligently prosecute the same to completion; provided that, if longer than ninety (90) days, Landlord shall notify Tenant of the reasons for such extended time period and of the projected completion date.

19.7 **Remedies Generally**. Except as otherwise specified in this Lease, Landlord's remedies and Tenant's remedies set forth in this Lease shall not be exclusive, but shall be cumulative and shall be in addition to, and not in lieu of, any other remedies now or hereafter allowed by law or in equity, including, without limitation, injunctive relief, specific performance and consequential damages. Notwithstanding anything to the contrary herein, in the event of a default by Tenant, Landlord shall use its commercially reasonable efforts to mitigate its damages in accordance with applicable Laws; provided that those efforts shall not require Landlord to relet the Premises in preference to any other space in the Project, relet the Premises to any party that Landlord could reasonably reject as a transferee pursuant to Article 14, or incur any out-of-pocket construction costs or brokerage commissions in connection with such efforts (other than such costs that amortize over the term of a new lease for the Premises).

ARTICLE 20

COVENANT OF QUIET ENJOYMENT

Landlord covenants that Tenant, on paying the Rent, charges for services and other payments herein reserved and on keeping, observing and performing all the other terms, covenants, conditions, provisions and agreements herein contained on the part of Tenant to be kept, observed and performed, shall, during the Lease Term, peaceably and quietly have, hold and enjoy the Premises subject to the terms, covenants, conditions, provisions and agreements hereof, without interference by any persons lawfully claiming by or through Landlord. The foregoing covenant is in lieu of any other covenant express or implied.

ARTICLE 21

LETTER OF CREDIT

21.1 **Delivery of Letter of Credit**. Tenant shall deliver to Landlord, within ninety (90) days of the Effective Date, an unconditional, clean, irrevocable letter of credit (the "**L-C**") in the amount set forth in Section 7 of the Summary (the "**L-C Amount**"), which L-C shall be issued by either Silicon Valley Bank, a subsidiary of SVB Financial Group; Pacific Western Bank or an affiliate or division thereof; or a money-center, solvent and nationally recognized bank (a bank which accepts deposits, maintains accounts, has a local office in Salt Lake City, Utah that will negotiate a letter of credit, and whose deposits arc insured by the FDIC) reasonably acceptable to Landlord (such approved, issuing bank being referred to herein as the "**Bank**"), which Bank must have a short term Fitch Rating which is not less than "Fl", and a long term Fitch Rating which is not less than "A" (or in the event such Fitch Ratings are no longer available, a comparable rating from Standard and Poor's Professional Rating Service or Moody's Professional Rating Service) (collectively, the "**Bank's Credit Rating Threshold**"), and which L-C shall be in the form of Exhibit E attached hereto. Tenant shall pay all expenses, points and/or fees incurred by Tenant in obtaining the L-C. The L-C shall (i) be "callable" at sight, irrevocable and unconditional, (ii) be maintained in effect, whether through renewal or extension, for the period commencing on the date of this Lease and continuing until the date (the "**L-C Expiration Date**") that is no less than one hundred twenty (120) days after the expiration of the Lease Term, as the same may be extended, and Tenant shall deliver a new L-C or certificate of renewal or extension to Landlord at least sixty (60) days prior to the expiration of the L-C then held by Landlord, without any action whatsoever on the part of Landlord, (iii) be fully assignable by Landlord, its successors and assigns, (iv) permit partial draws and multiple presentations and drawings, and (v) be otherwise subject to the International Standby Practices-ISP 98, International Chamber of Commerce

Publication #590. Landlord, or its then managing agent, shall have the right to draw down an amount up to the face amount of the L-C if any of the following shall have occurred or be applicable: (A) such amount is due to Landlord under the terms and conditions of this Lease (following the expiration of all applicable payment and default cure periods) or (B) Tenant has filed a voluntary petition under the U. S. Bankruptcy Code or any state bankruptcy code (collectively, "**Bankruptcy Code**"), or (C) an involuntary petition has been filed against Tenant under the Bankruptcy Code, or (D) the Bank has notified Landlord that the L-C will not be renewed or extended through the L-C Expiration Date, or (E) Tenant is placed into receivership or conservatorship, or becomes subject to similar proceedings under Federal or State law, or (F) Tenant executes an assignment for the benefit of creditors, or (G) if (I) any of the Bank's Fitch Ratings (or other comparable ratings to the extent the Fitch Ratings are no longer available) have been reduced below the Bank's Credit Rating Threshold, or (2) there is otherwise a material adverse change in the financial condition of the Bank, and Tenant has failed to provide Landlord with a replacement letter of credit within thirty (30) days following receipt of Landlord's written request therefor, conforming in all respects to the requirements of this Article 21 (including, but not limited to, the requirements placed on the issuing Bank more particularly set forth in this Section 21.1 above), in the amount of the applicable L-C Amount, within ten (10) days following Landlord's written demand therefor (with no other notice or cure or grace period being applicable thereto, notwithstanding anything in this Lease to the contrary) (each of the foregoing being an "**L-C Draw Event**"). The L-C shall be honored by the Bank regardless of whether Tenant disputes Landlord's right to draw upon the L-C. In addition, in the event the Bank is placed into receivership or conservatorship by the Federal Deposit Insurance Corporation or any successor or similar entity, then, effective as of the date such receivership or conservatorship occurs, said L-C shall be deemed to fail to meet the requirements of this Article 21, and, within ten (10) days following Landlord's notice to Tenant of such receivership or conservatorship (the "**L-C FDIC Replacement Notice**"), Tenant shall replace such L-C with a substitute letter of credit from a different issuer (which issuer shall meet or exceed the Bank's Credit Rating Threshold and shall otherwise be acceptable to Landlord in its reasonable discretion) and that complies in all respects with the requirements of this Article 21. If Tenant fails to replace such L-C with such conforming, substitute letter of credit pursuant to the terms and conditions of this Section 21.1, then, notwithstanding anything in this Lease to the contrary, Landlord shall have the right to declare Tenant in default of this Lease for which there shall be no notice or grace or cure periods being applicable thereto (other than the aforesaid ten (10) day period). Tenant shall be responsible for the payment of any and all costs incurred with the review of any replacement L-C (including without limitation Landlord's reasonable attorneys' fees), which replacement is required pursuant to this Section or is otherwise requested by Tenant.

Notwithstanding anything to the contrary contained in this Lease, Landlord shall not be required to disburse any portion of the Tenant Improvement Allowance to Tenant until Tenant has provided Landlord with the L-C described in this Article 21.

21.2 **Application of L-C**. Tenant hereby acknowledges and agrees that Landlord is entering into this Lease in material reliance upon the ability of Landlord to draw upon the L-C upon the occurrence of any L-C Draw Event. In the event of any L-C Draw Event, Landlord may, but without obligation to do so, and without notice to Tenant, draw upon the L-C, in part or in whole, to cure any such L-C Draw Event and/or to compensate Landlord for any and all damages of any kind or nature sustained or which Landlord reasonably estimates that it will sustain resulting from Tenant's breach or default of the Lease or other L-C Draw Event and/or to compensate Landlord for any and all damages arising out of, or incurred in connection with, the termination of this Lease, subject to the provisions of Article 19 hereof. The use, application or retention of the L-C, or any portion thereof, by Landlord shall not prevent Landlord from exercising any other right or remedy provided by this Lease or by any applicable Laws, it being intended that Landlord shall not first be required to proceed against the L-C, and such L-C shall not operate as a limitation on any recovery to which Landlord may otherwise be entitled. No condition or term of this Lease shall be deemed to render the L-C conditional to justify the issuer of the L-C in failing to honor a drawing upon such L-C in a timely manner. Tenant agrees and acknowledges that (i) the L-C constitutes a separate

and independent contract between Landlord and the Bank, (ii) Tenant is not a third party beneficiary of such contract, (iii) Tenant has no property interest whatsoever in the L-C or the proceeds thereof, and (iv) in the event Tenant becomes a debtor under any chapter of the Bankruptcy Code, Tenant is placed into receivership or conservatorship, and/or there is an event of a receivership, conservatorship or a bankruptcy filing by, or on behalf of, Tenant, neither Tenant, any trustee, nor Tenant's bankruptcy estate shall have any right to restrict or limit Landlord's claim and/or rights to the L-C and/or the proceeds thereof by application of Section 502(b)(6) of the U. S. Bankruptcy Code or otherwise. In the event of an assignment by Tenant of its interest in this Lease (and irrespective of whether Landlord's consent is required for such assignment), the acceptance of any replacement or substitute L-C by Landlord from the assignee shall be subject to Landlord's prior written approval, in Landlord's reasonable discretion, and the actual and reasonable attorney's fees incurred by Landlord in connection with such determination shall be payable by Tenant to Landlord within ten (10) days of billing.

21.3 **L-C Amount; Maintenance of L-C by Tenant**. If, as a result of any drawing by Landlord of all or any portion of the L-C, the amount of the L-C shall be less than the L-C Amount, Tenant shall, within five (5) days thereafter, provide Landlord with additional letter(s) of credit in an amount equal to the deficiency, and any such additional letter(s) of credit shall comply with all of the provisions of this Article 21. Tenant further covenants and warrants that it will neither assign nor encumber the L-C or any part thereof and that neither Landlord nor its successors or assigns will be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance. Without limiting the generality of the foregoing, if the L-C expires earlier than the L-C Expiration Date, Landlord will accept a renewal thereof (such renewal letter of credit to be in effect and delivered to Landlord, as applicable, not later than ninety (90) days prior to the expiration of the L-C), which shall be irrevocable and automatically renewable as above provided through the L-C Expiration Date upon the same terms as the expiring L-C or such other terms as may be acceptable to Landlord in its sole discretion. If the L-C is not timely renewed, or if Tenant fails to maintain the L-C in the amount and in accordance with the terms set forth in this Article 21, Landlord shall have the right to present the L-C to the Bank in accordance with the terms of this Article 21, and the proceeds of the L-C may be applied by Landlord against any rent payable by Tenant under this Lease that is not paid when due and/or to pay for all losses and damages that Landlord has suffered or that Landlord reasonably estimates that it will suffer as a result of any breach or default by Tenant under this Lease. In the event Landlord elects to exercise its rights under the preceding sentence, (x) any unused proceeds shall constitute the property of Landlord (and not Tenant's property or, in the event of a receivership, conservatorship, or a bankruptcy filing by Tenant, property of such receivership, conservatorship or Tenant's bankruptcy estate) and need not be segregated from Landlord's other assets, and (y) Landlord agrees to pay to Tenant within thirty (30) days after the L-C Expiration Date the amount of any proceeds of the L-C received by Landlord and not applied against any rent payable by Tenant under this Lease that was not paid when due or used to pay for any losses and/or damages suffered by Landlord (or reasonably estimated by Landlord that it will suffer) as a result of any breach or default by Tenant under this Lease; provided, however, that if prior to the L-C Expiration Date a voluntary petition is filed by Tenant, or an involuntary petition is filed against Tenant by any of Tenant's creditors, under the Bankruptcy Code, then Landlord shall not be obligated to make such payment in the amount of the unused L-C proceeds until either all preference issues relating to payments under this Lease have been resolved in such bankruptcy or reorganization case or such bankruptcy or reorganization case has been dismissed.

21.4 **Transfer and Encumbrance**. The L-C shall also provide that Landlord may, at any time and without notice to Tenant and without first obtaining Tenant's consent thereto, transfer (one or more times) all or any portion of its interest in and to the L-C to another party, person or entity, regardless of whether or not such transfer is from or as a part of the assignment by Landlord of its rights and interests in and to this Lease. In the event of a transfer of Landlord's interest in under this Lease, Landlord shall transfer the L-C, in whole or in part, to the transferee and thereupon Landlord shall, without any further agreement between the parties, be released by Tenant from all liability therefor, and it is agreed that the provisions

hereof shall apply to every transfer or assignment of the whole of said L-C to a new landlord. In connection with any such transfer of the L-C by Landlord, Tenant shall, at Tenant's sole cost and expense, execute and submit to the Bank such applications, documents and instruments as may be necessary to effectuate such transfer and, Tenant shall be responsible for paying the Bank's transfer and processing fees in connection therewith.

21.5 **L-C Not a Security Deposit**. Landlord and Tenant (1) acknowledge and agree that in no event or circumstance shall the L-C or any renewal thereof or substitute therefor or any proceeds thereof be deemed to be or treated as a "security deposit" under any law applicable to security deposits in the commercial context (the "**Security Deposit Laws**"), (2) acknowledge and agree that the L-C (including any renewal thereof or substitute therefor or any proceeds thereof) is not intended to serve as a security deposit, and the Security Deposit Laws shall have no applicability or relevancy thereto, and (c) waive any and all rights, duties and obligations that any such party may now, or in the future will, have relating to or arising from the Security Deposit Laws. Tenant hereby irrevocably waives and relinquishes any statue, and all other provisions of law, now or hereafter in effect, which (x) establish the time frame by which a landlord must refund a security deposit under a lease, and/or (y) provide that a landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by a tenant or to clean the premises, it being agreed that Landlord may, in addition, claim those sums specified in this Article 21 and/or those sums reasonably necessary to (a) compensate Landlord for any loss or damage caused by Tenant's breach of this Lease, including any damages Landlord suffers following termination of this Lease, and/or (b) compensate Landlord for any and all damages arising out of, or incurred in connection with, the termination of this Lease.

21.6 **Non-Interference By Tenant**. Subject to the provisions of Sections 21.1 and 21.8, Tenant agrees not to interfere in any way with any payment to Landlord of the proceeds of the L-C, either prior to or following a "draw" by Landlord of all or any portion of the L-C, regardless of whether any dispute exists between Tenant and Landlord as to Landlord's right to draw down all or any portion of the L-C. No condition or term of this Lease shall be deemed to render the L-C conditional and thereby afford the Bank a justification for failing to honor a drawing upon such L-C in a timely manner.

21.7 **Waiver of Certain Relief**. Tenant unconditionally and irrevocably waives (and as an independent covenant hereunder, covenants not to assert) any right to claim or obtain any of the following relief in connection with the L-C:

21.7.1 temporary restraining order, temporary injunction, permanent injunction, or other order that would prevent, restrain or restrict the presentment of sight drafts drawn under any L-C or the Bank's honoring or payment of sight draft(s); or

21.7.2 Any attachment, garnishment, or levy in any manner upon either the proceeds of any L-C or the obligations of the Bank (either before or after the presentment to the Bank of sight drafts drawn under such L-C) based on any theory whatever.

21.8 **Remedy for Improper Drafts**. Tenant's sole remedy in connection with the improper presentment or payment of sight drafts drawn under any L-C shall be the right to obtain from Landlord a refund of the amount of any sight draft(s) that were improperly presented or the proceeds of which were misapplied, together with interest at the Interest Rate and reasonable actual costs incurred by Tenant, including, without limitation, attorneys' fees, within ten (10) days of Tenant's demand therefor, provided that at the time of such refund, Tenant increases the amount of such L-C to the amount (if any) then required under the applicable provisions of this Lease. Tenant acknowledges that the presentment of sight drafts drawn under any L-C, or the Bank's payment of sight drafts drawn under such L-C, could not under any circumstances cause Tenant injury that could not be remedied by an award of money damages, and that the recovery of money damages would be an adequate remedy therefor. In the event Tenant shall be entitled to a refund as aforesaid and Landlord shall fail to make such payment within ten (10) business days after demand, Tenant shall have the right to deduct the amount thereof together with interest thereon at the Interest Rate from the next installment(s) of Base Rent.

21.9 **Notices to Bank**. Tenant shall not request or instruct the Bank of any L-C to refrain from paying sight draft(s) drawn under such L-C.

21.10 **Reduction in L-C Amount**. Notwithstanding the foregoing, the L-C Amount required hereunder shall reduce to the following amounts on the following dates (each such date, a "**Reduction Date**"): (i) on the expiration of the thirty-sixth (36th) full calendar month of the Lease Term, the L-C Amount shall reduce to $3,040,705.00; (ii) on the expiration of the forty-eighth (48'h) full calendar month of the Lease Term, the L-C Amount shall reduce to $2,280,529.00; (iii) on the expiration of the sixtieth (60th) full calendar month of the Lease Term, the L-C Amount shall reduce to $1,520,353.00; and (iv) on the expiration of the seventy-second (72thi) full calendar month of the Lease Term, the L-C Amount shall reduce to $1,229,271.00; provided, however, that if on or prior to any Reduction Date, a Default by Tenant shall have occurred and remain uncured, the L-C Amount shall not reduce on such date and shall not thereafter reduce until the next Reduction Date if such Default has been cured; provided further that in no event shall the L-C Amount reduce below $1,229,271.00. If Tenant is entitled to any such reduction, then Landlord shall cooperate in a commercially reasonable manner with Tenant upon Tenant's request to replace or amend the then existing L-C to reflect the reduced L-C Amount. In no event shall any such reduction of the L-C Amount be construed as an admission by Landlord that Tenant has performed all of its covenants and obligations hereunder.

ARTICLE 22

INTENTIONALLY OMITTED

ARTICLE 23

SIGNS

23.1 **Full Floors.** Subject to Landlord's prior written approval, not to be unreasonably withheld, conditioned or delayed, and provided all signs are in keeping with the quality, design and style of the Building and Project, Tenant, if the Premises comprise an entire floor of the Building, at its sole cost and expense, may install identification signage anywhere in the Premises including in the elevator lobby of the Premises.

23.2 **Multi-Tenant Floors**. If other tenants occupy space on the floor on which the Premises is located, Tenant's identifying signage shall be provided by Landlord, at Tenant's cost, and such signage shall be comparable to that used by Landlord for other similar floors in the Building and shall comply with Landlord's Building standard signage program.

23.3 **Building Directory**. Tenant shall be entitled, at no charge, to one line on the Building directory to display Tenant's name and location in the Building. The location, quality, design, style, and size of such signage shall be consistent with the Landlord's Building standard signage program. Any changes to Tenant's directory signage after the initial placement of the same shall be at Tenant's sole cost and expense.

23.4 **Prohibited Signage and Other Items**. Any signs, notices, logos, pictures, names or advertisements which are installed and that have not been separately approved by Landlord may be removed without notice by Landlord at the sole expense of Tenant. Tenant may not install any signs on the exterior or roof of the Project or the Common Areas. Any signs, window coverings, or blinds (even if the same are located behind the Landlord-approved window coverings for the Building), or other items visible from the exterior of the Premises or Building, shall be subject to the prior approval of Landlord, in its sole discretion.

23.5 **Exterior Building Signage**.

23.5.1 Subject to the terms of this Section 23.5, as a part of the Tenant Improvements in accordance with terms of the Tenant Work Letter or as Alterations in accordance with Article 8 above, Tenant shall have the right to install signage on the exterior of the Building, identifying the name and/or logo of the Original Tenant (i.e., "**Recursion Pharmaceuticals**") in the approximate locations shown and as depicted on Exhibit F attached hereto (the "**Exterior Building Signage**"). The graphics, materials, color, design, lettering, size, quality and specifications of the Exterior Building Signage shall be subject to the prior written approval of Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. The Exterior Building Signage shall also comply with and be subject to all applicable Laws, including, but not limited to, all requirements of the City of Salt Lake City ("**City**") (or other applicable governmental authorities), all applicable Declarations (as defined below), and Landlord's signage criteria; provided, however, that in no event shall the approval by the City (or other applicable governmental authorities) of the Exterior Building Signage be deemed a condition precedent to the effectiveness of this Lease, and if such approval is not obtained, Landlord's and Tenant's other obligations under this Lease shall not be affected thereby. Landlord shall, at no out-of-pocket cost to Landlord, reasonably cooperate with Tenant in obtaining applicable permits from the City in connection with the installation of the Exterior Building Signage. Following the initial construction and installation of the Exterior Building Signage, Tenant shall be entitled to modify the name and/or logo for such signage, at Tenant's sole cost and expense, to the new name and/or logo adopted by Original Tenant, provided that the new name and/or logo shall not be an Objectionable Name or Logo (defined below). "Objectionable Name or Logo" shall mean any name or logo which relates to an entity which is of a character or reputation, or is associated with a political orientation or faction, which is inconsistent with the quality of the Building as a first-class office building. Tenant shall, at its sole cost and expense, maintain the Exterior Building Signage in good condition and repair. The signage rights granted to Tenant under this Section 23.5 are personal to the Original Tenant and may only be exercised by the Original Tenant (and not any assignee, or any sublessee or other Transferee of the Original Tenant's interest in this Lease). Notwithstanding anything to the contrary contained in this Section 23.5, in no event shall Tenant have any right to the Exterior Building Signage if the Original Tenant is not leasing and occupying at least 49,586 rentable square feet in the Building (the "Occupancy Threshold").

23.5.2 Upon the expiration or earlier termination of this Lease or Tenant's right to possession of the Premises, or the earlier termination of Tenant's right to the Exterior Building Signage by reason of Tenant's failure to meet the requirements applicable thereto pursuant to this Section 23.5, or by Landlord's written notice to Tenant by reason of Tenant's failure to meet the Occupancy Threshold, Tenant shall remove the Exterior Building Signage, at Tenant's sole cost and expense and repair and restore to good condition the areas of the Building on which the Exterior Building Signage was located or that was otherwise affected by such signage or the removal thereof, or at Landlord's election with prior written notice thereof to Tenant, Landlord may perform any such removal and/or repair and restoration and Tenant shall pay Landlord the reasonable cost thereof within thirty (30) days after Landlord's demand from time to time.

ARTICLE 24

COMPLIANCE WITH LAW

Tenant shall not do anything or suffer anything to be done in or about the Premises or the Project which will in any way conflict with any applicable Laws. At its sole cost and expense, Tenant shall promptly comply with all such Laws, including, without limitation, the making of any alterations and improvements to the Premises. Notwithstanding the foregoing to the contrary, Landlord shall be responsible, as part of Operating Expenses to the extent permitted under Article 4 above, for making all alterations to the following portions of the Building and Project required by applicable Laws: (i) structural portions of the Premises and Building, but not including Tenant Improvements or any Alterations installed by or at the request of Tenant; and (ii) those portions of the Building and Project located outside the Premises; provided, however, Tenant shall reimburse Landlord (or Landlord's property manager), within thirty (30) days after invoice, for the reasonable, out-of-pocket costs of any such improvements and alterations and other compliance costs to the extent necessitated by or resulting from (A) any Alterations or Tenant Improvements installed by or on behalf of Tenant, (B) the negligence or willful misconduct of Tenant or any Tenant Parties that is not covered by insurance obtained by Landlord and as to which the waiver of subrogation applies, and/or (C) Tenant's specific manner of use of the Premises (as distinguished from general office use).

ARTICLE 25

LATE CHARGES

If any installment of Rent or any other sum due from Tenant shall not be received by Landlord or Landlord's designee within ten (10) days after said amount is due, then Tenant shall pay to Landlord a late charge equal to five percent (5%) of the overdue amount plus any attorneys' fees incurred by Landlord by reason of Tenant's failure to pay Rent and/or other charges when due hereunder. The late charge shall be deemed Additional Rent and the right to require it shall be in addition to all of Landlord's other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner. In addition to the late charge described above, any Rent or other amounts owing hereunder which are not paid within thirty days after that the date they are due shall bear interest from the date when due until paid at a rate per annum equal to the lesser of (i) the annual "**Bank Prime Loan**" rate cited in the Federal Reserve Statistical Release Publication G.13(415), published on the first Tuesday of each calendar month (or such other comparable index as Landlord and Tenant shall reasonably agree upon if such rate ceases to be published) plus four (4) percentage points, and (ii) the highest rate permitted by applicable law (the "**Interest Rate**").

ARTICLE 26

RIGHT TO CURE DEFAULT; PAYMENTS BY TENANT

26.1 **Landlord's Cure**. All covenants and agreements to be kept or performed by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any reduction of Rent, except to the extent, if any, otherwise expressly provided herein. If Tenant shall fail to perform any obligation under this Lease, and, except in case of an emergency, such failure shall continue in excess of

the time allowed under Section 19.1.2, above, unless a specific time period is otherwise stated in this Lcase, Landlord may, but shall not be obligated to, make any such payment or perform any such act on Tenant's part without waiving its rights based upon any default of Tenant and without releasing Tenant from any obligations hereunder.

26.2 **Tenant's Cure**. In the event of any default under this Lease by Landlord as described in Section 19.6 above (for failure to maintain or repair the Building) and such failure materially adversely affects use of or operation of business from the Premises, Tenant shall have the right upon ten (10) days' prior written notice to Landlord (with a reasonably detailed description of the cure to be undertaken by Tenant by reason of any such default) to cure the default at Landlord's expense. If, however, Landlord delivers to Tenant, within five (5) days after receipt of Tenant's notice described in the preceding notice, a written objection to the necessity or scope of Tenant's intended actions, setting forth with reasonable particularity Landlord's reasons for its claim that such actions do not need to be taken by Landlord pursuant to this Lease, then Tenant shall not then be entitled to proceed hereunder until such matter is resolved by agreement, mediation, or a court of competent jurisdiction. Notwithstanding the foregoing, any repairs and/or maintenance performed by Tenant pursuant to this Section 26.2 shall be subject to the following: (i) Tenant shall not unreasonably disturb any other tenant of the Project, (ii) affect the safety or structural integrity of the Building, (iii) make any alterations, modifications, or improvements or cause any damage to any part of the Project outside the Premises, or (iv) if Tenant is not the sole tenant of the Building, affect any portion of the Base Building. If Tenant takes any such action, Tenant may use any contractors, subcontractors, materials, mechanics and materialmen Tenant previously used to complete the Tenant Improvements (so long as the same does not void any warranty with respect to the roof of the Building) or such other contractors, subcontractors, materials, mechanics and materialmen selected by Tenant from a list previously provided and approved by Landlord. If such contractors are unwilling or unable to perform, or timely perform such work, Tenant may utilize the services of any other qualified contractor which normally and regularly performs similar work in comparable buildings in Salt Lake City, Utah. In such event, to the extent that Tenant pays any sum or incurs any expense in curing the default, Tenant shall provide Landlord with a written statement along with copies of all documentation supporting such costs and the actions taken by Tenant. Within thirty (30) days after receipt of the statement from Tenant, Landlord shall reimburse Tenant for the amount of such payment or expense. If Landlord fails to pay such amount due to Tenant by the due date, interest at the Interest Rate shall accrue on the past due amount from the due date until the date the amount is paid. Nothing herein contained shall relieve Landlord from its obligations hereunder, nor shall this subsection be construed to obligate Tenant to perform Landlord's repair obligations.

26.3 Tenant's Reimbursement. Except as may be specifically provided to the contrary in this Lease, Tenant shall pay to Landlord (or Landlord's property manager), upon delivery by Landlord to Tenant of statements therefor: (i) sums equal to expenditures reasonably made and obligations incurred by Landlord in connection with the remedying by Landlord of Tenant's defaults pursuant to the provisions of Section 26.1; (ii) sums equal to all losses, costs, liabilities, damages and expenses referred to in Article 10 of this Lease; and (iii) sums equal to all expenditures made and obligations incurred by Landlord in collecting or attempting to collect the Rent or in enforcing or attempting to enforce any rights of Landlord under this Lease or pursuant to law, including, without limitation, all legal fees and other amounts so expended. Tenant's obligations under this Section 26.2 shall survive the expiration or sooner termination of the Lease Term.

ARTICLE 27

ENTRY BY LANDLORD

Landlord (or Landlord's property manager) reserves the right at all commercially reasonable times and upon providing one (1) business days' advance notice to Tenant (except in the case of an emergency) to enter the Premises to (i) inspect them; (ii) show the Premises to prospective purchasers, mortgagees or tenants, or to current or prospective mortgagees, ground or underlying lessors or insurers; (iii) post notices of nonresponsibility; or (iv) alter, improve or repair the Premises or the Building, or for structural alterations, repairs or improvements to the Building or the Building's systems and equipment. Notwithstanding anything to the contrary contained in this Article 27, Landlord (or Landlord's property manager) may enter the Premises at any time to (A) perform services required of Landlord, including janitorial service; (B) take possession due to any breach of this Lease in the manner provided herein; and (C) perform any covenants of Tenant which Tenant fails to perform. Landlord shall at all times when entering the Premises comply with Tenant's reasonable safety rules and regulations and laboratory protocols of which Landlord has knowledge of, and, at Tenant's option, shall be accompanied or escorted by Tenant's representative at all times when entering the Premises, so long as such representative is made available when Landlord or its agents need to enter the Premises. Subject to the provisions of this Section, Landlord (or Landlord's property manager) may make any such entries without the abatement of Rent and may take such reasonable steps as required to accomplish the stated purposes. Tenant hereby waives any claims for damages or for any injuries or inconvenience to or interference with Tenant's business, lost profits, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned thereby. For each of the above purposes, Landlord shall at all times have a key with which to unlock all the doors in the Premises, excluding Tenant's laboratories, vaults, safes and special security areas designated in advance by Tenant. In an emergency, Landlord shall have the right to use any means that Landlord may deem proper to open the doors in and to the Premises. Any entry into the Premises by Landlord in the manner hereinbefore described shall not be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an actual or constructive eviction of Tenant from any portion of the Premises. No provision of this Lease shall be construed as obligating Landlord to perform any repairs, alterations or decorations except as otherwise expressly agreed to be performed by Landlord herein.

ARTICLE 28

TENANT PARKING

28.1 **Tenant Parking Passes**. Tenant shall rent from Landlord, commencing on the Lease Commencement Date, up to the number of parking passes set forth in Section 8 of the Summary, on a monthly basis throughout the Lease Term, which parking passes shall pertain to the those certain portions of the Project parking facility designated by Landlord and shall entitle Tenant and/or its personnel to park one (1) vehicle in one (1) parking space per pass rented. Any such passes for reserved parking spaces shall be at locations in the Project which are described in Exhibit I attached hereto (the "Reserved Parking Area"). Any such passes for unreserved parking spaces shall be on a first-come, first-serve basis. Tenant's continued right to use the parking passes is conditioned upon Tenant abiding by all reasonable rules and regulations which are prescribed from time to time for the orderly operation and use of the parking facility where the parking passes are located, including any sticker or other identification system established by Landlord (so long as Tenant is provided with at least thirty (30) days' advance written notice of any such rules and regulations so prescribed and such rules and regulations do not materially interfere with Tenant's use of or access to the Premises or its rights under this Lease), Tenant's reasonable cooperation in seeing that Tenant's employees and visitors also comply with such rules and regulations. In addition, Tenant shall

comply with all applicable Laws. Accordingly, Tenant hereby agrees that Tenant shall not charge its employees for the parking passes utilized by such employees at the Project (notwithstanding any charge which may be imposed upon Tenant for such parking passes pursuant to the terms of this Lease). Landlord shall not reduce or relocate the Reserved Parking Area without Tenant's advance written consent, which may be granted or withheld in Tenant's sole discretion.

At any time during the Term, Tenant may request additional parking passes for additional reserved parking spaces above the maximum number set forth in Section 8 of the Summary, which Landlord shall provide within thirty (30) days of receipt of Tenant's request, subject to availability of such additional parking. Tenant shall pay Landlord on a monthly basis the prevailing rate charged from time to time for each month of the Lease Term for each such additional parking pass provided to Tenant pursuant to the provisions hereof.

Prior to the expiration of the twenty-fourth (20) full calendar month of the Lease Term, Tenant shall provide Landlord with at least thirty (30) days prior written notice if Tenant needs additional parking passes (up to the maximum number set forth in Section 8 of the Summary). Notwithstanding anything contained herein to the contrary, commencing on the first day of the twenty-fifth (251h) full calendar month of the Lease Term and continuing thereafter during the Lease Term, Tenant shall be required to take all two hundred eighty-eight (288) parking passes. Once Tenant has elected to take (or been required to take) any parking passes pursuant to this Article 28, Tenant shall not be permitted to release such parking passes back to Landlord during the Lease Term.

28.2 **Other Terms**. Landlord specifically reserves the right to change the size, configuration, design, layout and all other aspects of the Project parking facility at any time and Tenant acknowledges and agrees that Landlord may, without incurring any liability to Tenant and without any abatement of Rent under this Lease, from time to time, temporarily close-off or restrict access to the Project parking facility (for a period of time not to exceed sixty (60) days) for purposes of permitting or facilitating any such construction, alteration or improvements; provided that if any such alterations or additions will have a material adverse effect on Tenant's use of or access to the Premises, Landlord shall provide Tenant with at least seven (7) days prior written notice of the same (except in the event of an emergency, in which case prior written notice is not required, but Landlord shall use commercially reasonable efforts to notify Tenant as promptly as possible under the circumstances) and in no event shall any such changes reduce or relocate the Reserved Parking Area or otherwise reduce the number of unreserved parking spaces available to Tenant within the parking garage located below the Building. Tenant agrees that Landlord shall not be liable for damages, by abatement of Rent or otherwise, for failure to provide any parking, including any failure to provide reserved parking spaces, when such failure is occasioned, in whole or in part, by construction, alteration, improvements, repairs or replacements (subject to the provisions of this Section 28.2), by any strike, lockout or other labor trouble, by inability to resolve any dispute with any other party to the Declarations after reasonable effort to do so, by any riot or other dangerous condition, emergency, accident or casualty whatsoever, by act or default of Tenant or other parties, or by any other cause (except to the extent due to Landlord's gross negligence or willful misconduct); and, subject to the provisions of this Section, such failures shall never be deemed to constitute an eviction or disturbance of Tenant's use and possession of the Premises or relieve Tenant from paying Rent or performing any of its obligations under this Lease. Furthermore, Landlord shall not be liable under any circumstances for a loss of, or injury to, property or for injury to, or interference with, Tenant's business, including, without limitation, loss of profits, however occurring, through or in connection with or incidental to a failure to furnish any parking as set forth in this Article 28 (except to the extent due to Landlord's gross negligence or willful misconduct). The parking passes rented by Tenant pursuant to this Article 28 are provided to Tenant solely for use by Tenant's own personnel, visitors and guests and such passes may not be transferred, assigned, subleased or otherwise alienated by Tenant without Landlord's prior approval. Tenant may validate visitor parking by such method or methods as may be established from time to time, at the validation rate from time to time generally applicable to visitor parking.

28.3 **Parking Procedures**. Except with respect to those parking passes which apply to the Reserved Parking Area, the parking passes initially will not be separately identified but will apply to the parking garage located beneath the Building; however Landlord reserves the right in its sole and absolute discretion to separately identify by signs or other markings the area to which Tenant's parking passes relate within such parking garage. Landlord shall have no obligation to monitor the use of such parking facility, nor shall Landlord be responsible for any loss or damage to any vehicle or other property or for any injury to any person. Tenant's parking passes shall be used only for parking of automobiles no larger than full size passenger automobiles, sport utility vehicles, vans or pick-up trucks in connection with Tenant's business operations at the Premises at any time during the hours that Tenant and/or its personnel, visitors or guests arc conducting business operations from the Premises, which may include overnight parking and parking on evenings and weekends consistent with Tenant's business operations, subject to Tenant's and/or its personnel's compliance with Landlord's rules related to such overnight parking. Tenant shall comply with all reasonable rules and regulations which may be prescribed from time to time with respect to parking and/or the parking facilities servicing the Project so long as Tenant receives written notice of such rules and regulations and such rules and regulations are not inconsistent with Tenant's rights under this Lease. Tenant shall not at any time use more parking spaces in the Project parking facility than the number of parking passes so allocated to Tenant or park its vehicles or the vehicles of others in any portion of the Project parking facility not designated by Landlord as a non-exclusive parking area. If any unauthorized vehicle uses any parking passes allocated to the Reserved Parking Area, Landlord shall, upon notice from Tenant, use commercially reasonable efforts to cause the removal of the same in accordance with Landlord's rules and regulations with respect to parking. If any person or entity has the exclusive right to use any particular parking space(s) and such parking spaces are so designated by signage or other markings indicating the same, Tenant shall not use such spaces. All trucks (other than pick-up trucks) and delivery vehicles shall be (i) parked at the designated areas of the surface parking lot (which designated areas are subject to change by Landlord at any time), (ii) loaded and unloaded in a manner which does not interfere with the businesses of other occupants of the Project, and (iii) permitted to remain on the Project only so long as is reasonably necessary to complete loading and unloading. In the event Landlord elects in its sole and absolute discretion or is required by any Law or by the Declarations to limit or control parking, whether by validation of parking tickets or any other method of assessment, Tenant agrees to participate in such validation or assessment program under such reasonable rules and regulations as are from time to time established by Landlord so long as Tenant is provided with at least thirty (30) days' advance written notice of any such changes and such changes do not materially interfere with Tenant's use of or access to the Premises or its rights under this Lease.

28.4 **Parking Fees**. Of the parking passes provided to Tenant pursuant to Section 8 of the Summary, the parking fees for one hundred forty-four (144) of such parking passes shall be abated during the initial Lease Term, but excluding any renewal term. With respect to the remaining one hundred forty-four (144) parking passes provided to Tenant pursuant to Section 8 of the Summary, the parking charges for such passes shall be as follows: (i) during the period commencing on the Lease Commencement Date and ending on the expiration of the twenty-fourth (24t) full calendar month of the Lease Term, Tenant shall pay to Landlord on a monthly basis the prevailing rate charged from time to time at the location of such parking passes; (ii) during the period commencing on the first day of the twenty-fifth (25th) full calendar month of the Lease Term and ending on the expiration of the eighty-fourth (84'h) full calendar month of the Lease Term, the parking fees for parking passes shall be abated; and (iii) commencing on the first day of the eighty-fifth (85th) full calendar month of the Lease Term and continuing thereafter (including during any Option Term), Tenant shall pay to Landlord on a monthly basis the prevailing rate charged from time to time at the location of such parking passes; provided that (A) during the first two (2) years of the Lease Term, in no event may parking rates increase by more than five percent (5%) over the parking rates charged

during the preceding year, and (B) after the first two (2) years of the Lease Term, the prevailing parking rates charged to Tenant shall not be higher than the prevailing parking rates charged by Landlord to other tenants of the Project. As of the date hereof, the prevailing parking rate at the Project is $85.00 per parking pass per month. In addition, Tenant shall be responsible for the full amount of any taxes imposed by any governmental authority in connection with the renting of such parking passes by Tenant or the use of the parking facility by Tenant. The amount of parking fees that is abated pursuant to this paragraph is referred to as the "Reduced Parking Amount".

Notwithstanding anything to the contrary contained above in Section 28.4, Landlord reserves the right, in its sole and absolute discretion, to elect to pay Tenant the entire Reduced Parking Amount or any such remaining Reduced Parking Amount, as applicable, in cash prior to the scheduled application of the same. If Landlord elects to pay Tenant the Reduced Parking Amount, or any portion thereof, then with respect to those portions of the Reduced Parking Amount that Landlord has so paid, from and after the date thereof, Tenant shall pay to Landlord on a monthly basis the prevailing rate charged from time to time at the location of such parking passes.

ARTICLE 29

MISCELLANEOUS PROVISIONS

29.1 **Terms; Captions**. The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. The necessary grammatical changes required to make the provisions hereof apply either to corporations or partnerships or individuals, men or women, as the case may require, shall in all cases be assumed as though in each case fully expressed. The captions of Articles and Sections are for convenience only and shall not be deemed to limit, construe, affect or alter the meaning of such Articles and Sections.

29.2 **Binding Effect**. Subject to all other provisions of this Lease, each of the covenants, conditions and provisions of this Lease shall extend to and shall, as the case may require, bind or inure to the benefit not only of Landlord and of Tenant, but also of their respective heirs, personal representatives, successors or assigns, provided this clause shall not permit any assignment by Tenant contrary to the provisions of Article 14 of this Lease.

29.3 **No Air Rights**. No rights to any view or to light or air over any property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease. If at any time any windows of the Premises are temporarily darkened or the light or view therefrom is obstructed by reason of any repairs, improvements, maintenance or cleaning in or about the Project, the same shall be without liability to Landlord and without any reduction or diminution of Tenant's obligations under this Lease.

29.4 **Modification of Lease**. Should any current or prospective mortgagee or ground lessor for the Building or Project require a modification of this Lease, which modification will not cause an increased cost or expense to Tenant or in any other way materially and adversely change the rights and obligations of Tenant hereunder, then and in such event, Tenant agrees that this Lease may be so modified and agrees to execute such commercially reasonable documents are reasonably required therefor, subject to Tenant's review and approval of the same, and to deliver the same to Landlord within thirty (30) days following a request therefor. At the request of Landlord or any mortgagee or ground lessor, Tenant agrees to execute a short form of Lease and deliver the same to Landlord within thirty (30) days following the request therefor.

29.5 **Transfer of Landlord's Interest**. Tenant acknowledges that Landlord has the right to transfer all or any portion of its interest in the Project or Building and in this Lease, and Tenant agrees that in the event of any such transfer, Landlord shall be released from all liability under this Lease as long as such transferee assumes in writing the obligations of Landlord hereunder and Tenant agrees to look solely to such transferee for the performance of Landlord's obligations hereunder after the date of transfer and such transferee shall be deemed to have fully assumed and be liable for all obligations of this Lease to be performed by Landlord from and after such date, including the return of any Security Deposit, and Tenant shall attorn to such transferee. Tenant further acknowledges that Landlord may assign its interest in this Lease to a mortgage lender as additional security and agrees that such an assignment shall not release Landlord from its obligations hereunder and that Tenant shall continue to look to Landlord for the performance of its obligations hereunder.

29.6 **Prohibition Against Recording**. Except as provided in Section 29.4 of this Lease, neither this Lease, nor any memorandum, affidavit or other writing with respect thereto, shall be recorded by Tenant or by anyone acting through, under or on behalf of Tenant.

29.7 **Landlord's Title**. Landlord's title is and always shall be paramount to the title of Tenant. Nothing herein contained shall empower Tenant to do any act which can, shall or may encumber the title of Landlord.

29.8 **Relationship of Parties**. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venturer or any association between Landlord and Tenant.

29.9 **Application of Payments**. Landlord shall have the right to apply payments received from Tenant pursuant to this Lease, regardless of Tenant's designation of such payments, to satisfy any obligations of Tenant hereunder, in such order and amounts as Landlord, in its sole discretion, may elect.

29.10 **Time of Essence**. Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

29.11 **Partial Invalidity**. If any term, provision or condition contained in this Lease shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other term, provision and condition of this Lease shall be valid and enforceable to the fullest extent possible permitted by law.

29.12 **No Warranty**. In executing and delivering this Lease, Tenant has not relied on any representations, including, but not limited to, any representation as to the amount of any item comprising Additional Rent or the amount of the Additional Rent in the aggregate or that Landlord is furnishing the same services to other tenants, at all, on the same level or on the same basis, or any warranty or any statement of Landlord which is not set forth herein or in one or more of the exhibits attached hereto.

29.13 **Limitations on Liability**. The liability of Landlord or the Landlord Parties to Tenant for any default by Landlord under this Lease or arising in connection herewith or with Landlord's operation, management, leasing, repair, renovation, alteration or any other matter relating to the Project or the Premises shall be limited solely and exclusively to the interest of Landlord in the Building, provided that in no event shall such liability extend to any sales or insurance proceeds received by Landlord or the Landlord Parties in connection with the Project, Building or Premises. In the case of Landlord and Tenant, no personal liability shall at any time be asserted or enforceable against the Landlord Parties or the Tenant Parties, respectively, on account of any of Landlord's or Tenant's respective obligations or actions under this Lease, unless otherwise agreed to in writing by such party. The limitations of liability contained in this Section 29.13 shall inure to the benefit of Landlord's and the Landlord Parties' present and future partners,

beneficiaries, officers, directors, trustees, shareholders, members, agents and employees, and their respective partners, heirs, successors and assigns and Tenant's and the Tenant Parties' present and future partners, beneficiaries, officers, directors, trustees, shareholders, members, agents and employees, and their respective partners, heirs, successors and assigns. Under no circumstances shall any present or future partner of either party (if such party is a partnership), member of either party (if such party is a limited liability company), or trustee or beneficiary (if such partner or any partner of such party is a trust), have any liability for the performance of such party's obligations under this Lease. Notwithstanding any contrary provision herein, neither Landlord nor the Landlord Parties shall be liable under any circumstances for injury or damage to, or interference with, Tenant's business, including but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring.

29.14 **Entire Agreement**. It is understood and acknowledged that there are no oral agreements between the parties hereto affecting this Lease and this Lease constitutes the parties' entire agreement with respect to the leasing of the Premises and supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease. None of the terms, covenants, conditions or provisions of this Lease can be modified, deleted or added to except in writing signed by the parties hereto.

29.15 **Right to Lease**. Landlord reserves the absolute right to effect such other tenancies in the Project as Landlord in the exercise of its sole business judgment shall determine to best promote the interests of the Building or Project. Tenant does not rely on the fact, nor does Landlord represent, that any specific tenant or type or number of tenants shall, during the Lease Term, occupy any space in the Building or Project.

29.16 **Force Majeure**. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, acts of war, acts of terrorism, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, civil commotion, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform, except with respect to the obligations imposed with regard to Rent and other charges to be paid by Tenant pursuant to this Lease and except as to Tenant's obligations under Articles 5 and 24 of this Lease (collectively, a "Force Majeure"), notwithstanding anything to the contrary contained in this Lease, shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party's performance caused by a Force Majeure.

29.17 **Waiver of Redemption by Tenant**. Tenant hereby waives, for Tenant and for all those claiming under Tenant, any and all rights now or hereafter existing to redeem by order or judgment of any court or by any legal process or writ, Tenant's right of occupancy of the Premises after any termination of this Lease.

29.18 **Notices**. All notices, demands, statements, designations, approvals or other communications (collectively, "Notices") given or required to be given by either party to the other hereunder or by law shall be in writing, shall be (A) sent by United States certified or registered mail, postage prepaid, return receipt requested ("Mail"), (B) transmitted by confirmed electronic mail (except for (i) any notice of default, (ii) any notice required under Section 2.3, (iii) any notice required under Section 2.4, (iv) any notice required under Section 4.6, (v) any notice required under Section 6.3, (vi) any notice required under Article 11, (vii) any notice required under Article 14, (viii) any notice required under Article 19, or (ix) any notice required under Section 26.2), (C) delivered by a nationally recognized overnight courier, or (D) delivered personally. Any Notice shall be sent, transmitted, or delivered, as the case may be,

to Tenant at the appropriate address set forth in Section 9 of the Summary, or to such other place as Tenant may from time to time designate in a Notice to Landlord, or to Landlord at the addresses set forth in Section 10 of the Summary, or to such other places as Landlord may from time to time designate in a Notice to Tenant. Any Notice will be deemed given (i) three (3) days after the date it is posted if sent by Mail, (ii) the date the electronic mail is transmitted, (iii) the date the overnight courier delivery is made, or (iv) the date personal delivery is made or attempted to be made. If Tenant is notified of the identity and address of Landlord's mortgagee or ground or underlying lessor, Tenant shall give to such mortgagee or ground or underlying lessor written notice of any default by Landlord under the terms of this Lease by registered or certified mail, and such mortgagee or ground or underlying lessor shall be given a reasonable opportunity to cure such default (not to exceed thirty (30) days beyond any applicable cure period) prior to Tenant's exercising any remedy available to Tenant.

29.19 **Joint and Several**. If there is more than one Tenant, the obligations imposed upon Tenant under this Lease shall be joint and several.

29.20 **Authority; Tenant Representation**. If Tenant is a corporation, trust, partnership or limited liability company, each individual executing this Lease on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in the State of Utah and that Tenant has full right and authority to execute and deliver this Lease and that each person signing on behalf of Tenant is authorized to do so. In such event, Tenant shall, within ten (10) days after execution of this Lease, deliver to Landlord satisfactory evidence of such authority and, upon demand by Landlord, also deliver to Landlord satisfactory evidence of (i) good standing in Tenant's state of formation and (ii) qualification to do business in the State of Utah. Tenant hereby represents to Landlord that neither Tenant nor any members, partners, subpartners, parent organization, affiliate or subsidiary, or their respective officers, directors, contractors, agents, servants, employees, invitees or licensees (collectively, "Tenant Individuals"), to Tenant's current actual knowledge, appears on any of the following lists (collectively, "Government Lists") maintained by the United States government:

29.20.1 The two (2) lists maintained by the United States Department of Commerce (Denied Persons and Entities; the Denied Persons list can be found at http://www.bis.doc.gov dplithedeniallist.asp; the Entity List can be found at http:' www.bis.doc.gov/entities/default.htm);

29.20.2 The list maintained by the United States Department of Treasury (Specially Designated Nationals and Blocked Persons, which can be found at http:(!www.ustreas.gov/ofacitl I sdn.pdf);

29.20.3 The two (2) lists maintained by the United States Department of State (Terrorist Organizations and Debarred Parties; the State Department List of Terrorists can be found at http://www.state.gov s/ct/r1s/other/des/123085.html; the List of Debarred Parties can be found at http: WWSk.pmddtc.state.gov "compliance/debar.html); and

29.20.4 Any other list of terrorists, terrorist, organizations or narcotics traffickers maintained pursuant to any of the rules and regulations of the Office of Foreign Assets Control, United States Department of Treasury, or by any other government or agency thereof.

29.20.5 Should any Tenant Individuals appear on any Government Lists at any time during the Lease Term, Landlord shall be entitled to terminate this Lease by written notice to Tenant effective as of the date specified in such notice.

29.21 **Attorneys' Fees**. In the event that either Landlord or Tenant should bring suit for the possession of the Premises, for the recovery of any sum due under this Lease, or because of the breach of any provision of this Lease or for any other relief against the other, then all costs and expenses, including reasonable attorneys', experts' and arbitrators' fees and costs, incurred by the substantially prevailing party therein shall be paid by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or not the action is prosecuted to judgment.

29.22 **Governing Law; WAIVER OF TRIAL BY JURY**. This Lease shall be construed and enforced in accordance with the laws of the State of Utah. IN ANY ACTION OR PROCEEDING ARISING HEREFROM, LANDLORD AND TENANT HEREBY CONSENT TO (I) THE JURISDICTION OF ANY COMPETENT COURT WITHIN SALT LAKE COUNTY, UTAH, (II) SERVICE OF PROCESS BY ANY MEANS AUTHORIZED BY UTAH LAW, AND (III) IN THE INTEREST OF SAVING TIME AND EXPENSE, TRIAL WITHOUT A JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER OR THEIR SUCCESSORS IN RESPECT OF ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM FOR INJURY OR DAMAGE, OR ANY EMERGENCY OR STATUTORY REMEDY. IN THE EVENT LANDLORD COMMENCES ANY SUMMARY PROCEEDINGS OR ACTION FOR NONPAYMENT OF BASE RENT OR ADDITIONAL RENT, TENANT SHALL NOT INTERPOSE ANY COUNTERCLAIM OF ANY NATURE OR DESCRIPTION (UNLESS SUCH COUNTERCLAIM SHALL BE MANDATORY) IN ANY SUCH PROCEEDING OR ACTION, BUT SHALL BE RELEGATED TO AN INDEPENDENT ACTION AT LAW.

29.23 **Submission of Lease**. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of, option for or option to lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

29.24 **Brokers**. Landlord and Tenant each hereby represents and warrants to the other that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the real estate brokers or agents specified in Section 11 of the Summary (the "**Brokers**"), and that it knows of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing in connection with this Lease on account of any dealings with any real estate broker or agent, other than the Brokers, occurring by, through, or under the indemnifying party.

29.25 **Independent Covenants**. This Lease shall be construed as though the covenants herein between Landlord and Tenant are independent and not dependent and Tenant hereby expressly waives the benefit of any statute to the contrary and agrees that if Landlord fails to perform its obligations set forth herein, Tenant shall not be entitled to make any repairs or perform any acts hereunder at Landlord's expense or to any setoff of the Rent or other amounts owing hereunder against Landlord.

29.26 **Project or Building Name and Signage**. Landlord shall have the right at any time to change the name of the Project and to install, affix and maintain any and all signs on the exterior and on the interior of the Project as Landlord may, in Landlord's sole discretion, desire. Tenant shall not use the name of the Project or use pictures or illustrations of the Project in advertising or other publicity or for any purpose other than as the address of the business to be conducted by Tenant in the Premises, without the prior written consent of Landlord, which shall not be unreasonably withheld, conditioned, or delayed.

29.27 **Counterparts**. This Lease may be executed in counterparts with the same effect as if both parties hereto had executed the same document. Both counterparts shall be construed together and shall constitute a single lease.

29.28 **Confidentiality**. Tenant and Landlord acknowledges that the content of this Lease and any related documents, and any documents delivered to the other party in connection with this Lease so identified by such party as confidential, are confidential information. Each party shall keep such confidential information strictly confidential and shall not disclose such confidential information of the other party to any person or entity other than such party's financial, legal, and space planning consultants without the prior written consent of the other party.

29.29 **Transportation Management**. Tenant shall fully comply with all present or future government-mandated programs intended to manage parking, transportation or traffic in and around the Building, and in connection therewith, Tenant shall take responsible action for the transportation planning and management of all employees located at the Premises by working directly with Landlord, any governmental transportation management organization or any other transportation-related committees or entities.

29.30 **No Violation**. Tenant and Landlord each hereby warrants and represents that neither its execution of nor performance under this Lease shall cause such party to be in violation of any agreement, instrument, contract, law, rule or regulation by which such party is bound, and each party shall protect, defend, indemnify and hold the other party harmless against any claims, demands, losses, damages, liabilities, costs and expenses, including, without limitation, reasonable attorneys' fees and costs, arising from such party's breach of this warranty and representation.

29.31 **Communications and Computer Lines**. Tenant may at any time install, maintain, replace, remove or use any communications fiber optics and/or computer wires and cables (collectively, the "Lines") at, under or through the Project in or serving the Premises, provided that (i) Tenant shall obtain Landlord's prior written consent, use an experienced and qualified contractor approved in writing by Landlord, and comply with all of the other provisions of Articles 7 and 8 of this Lease, (ii) an acceptable number of spare Lines and space for additional Lines shall be maintained for existing and future occupants of the Project, as determined in Landlord's reasonable opinion, (iii) the Lines therefor (including riser cables) shall be appropriately insulated to prevent excessive electromagnetic fields or radiation, and shall be surrounded by a protective conduit(iv) any new or existing Lines servicing the Premises shall comply with all applicable Laws, (v) as a condition to permitting the installation of new Lines, Landlord may require that Tenant remove existing Lines located in or serving the Premises and repair any damage in connection with such removal, and (vi) Tenant shall pay all costs in connection therewith, including any fees charged by Landlord for Tenant's use of the Building's telecommunications capacity in excess of Tenant's pro rata share thereof. Landlord reserves the right to require that Tenant remove any Lines located in or serving the Premises which are installed in violation of these provisions, or which are at any time in violation of any applicable Laws or represent a dangerous or potentially dangerous condition.

29.32 **Office and Communications Services**.

29.32.1 **The Provider**. Landlord has advised Tenant that certain office and communications services may be offered to tenants of the Building by a concessionaire under contract to Landlord ("Provider"). Tenant may contract with Provider for the provision of any or all of such services on such terms and conditions as Tenant and Provider may agree. Nothing herein shall be construed as requiring Tenant to contract with Provider and Tenant may and reserves the right to contract directly with any such other provider of such services at Tenant's sole discretion. If any such provider requires the installation of equipment on, in or near the Building in connection with the delivery of services to Tenant, Tenant shall obtain Landlord's prior written approval, not to be unreasonably withheld, conditioned or delayed, prior to such installation.

29.32.2 **Other Terms**. Tenant acknowledges and agrees that: (i) Landlord has made no warranty or representation to Tenant with respect to the availability of any such services, or the quality, reliability or suitability thereof; (ii) the Provider is not acting as the agent or representative of Landlord in the provision of such services, and Landlord shall have no liability or responsibility for any failure or inadequacy of such services, or any equipment or facilities used in the furnishing thereof, or any act or omission of Provider, or its agents, employees, representatives, officers or contractors; (iii) Landlord shall have no responsibility or liability for the installation, alteration, repair, maintenance, furnishing, operation, adjustment or removal of any such services, equipment or facilities; and (iv) any contract or other agreement between Tenant and Provider shall be independent of this Lease, the obligations of Tenant hereunder, and the rights of Landlord hereunder, and, without limiting the foregoing, no default or failure of Provider with respect to any such services, equipment or facilities, or under any contract or agreement relating thereto, shall have any effect on this Lease or give to Tenant any offset or defense to the full and timely performance of its obligations hereunder, or entitle Tenant to any abatement of rent or additional rent or any other payment required to be made by Tenant hereunder, or constitute any accrual or constructive eviction of Tenant, or otherwise give rise to any other claim of any nature against Landlord.

29.33 **Declarations**. This Lease and the terms hereof shall be subject in all respects to the provisions of the Declarations (as defined in Exhibit G attached hereto). Tenant shall comply with all of the terms and conditions of the Declaration of Condominium (as defined below) and the Bylaws of the Block B Condominium Association. Tenant shall not allow or commit any nuisance, waste, unlawful or illegal act upon the Project. Landlord and Tenant acknowledge that (i) the Association (as defined in the Declaration of Condominium) is an intended third party beneficiary of this Lease, (ii) the Association shall have the right to enforce compliance with the Declaration of Condominium and the Bylaws of the Block B Condominium Association and to abate any nuisance, waste, unlawful or illegal activity upon the Premises, and (iii) the Association shall be entitled to exercise all of Landlord's rights and remedies under this Lease to effect the foregoing. As used herein, the "Declaration of Condominium" means that certain Declaration of Condominium, Gateway Block B Condominium Project, recorded 2/26/2001 as Entry No. 7828971 in Book 8427 at Page 4752 in the official records of Salt Lake County, as amended.

29.34 **Building Renovations**. It is specifically understood and agreed that Landlord has made no representation or warranty to Tenant and has no obligation and has made no promises to alter, remodel, improve, renovate, repair or decorate the Premises, Building, or any part thereof and that no representations respecting the condition of the Premises or the Building have been made by Landlord to Tenant except as specifically set forth herein or in the Tenant Work Letter. However, Tenant hereby acknowledges that Landlord may during the Lease Term renovate, improve, alter, or modify (collectively, the "**Renovations**") the Project, the Building and/or the Premises including, without limitation, the parking structure, Common Areas, systems and equipment, roof, and structural portions of the same, which Renovations may include, without limitation, (i) installing sprinklers in the Building Common Areas and tenant spaces, (ii) modifying the Common Areas and tenant spaces to comply with applicable Laws, including regulations relating to the physically disabled, seismic conditions, and building safety and security, and (iii) installing new floor covering, lighting, and wall coverings in the Building Common Areas, and in connection with any Renovations, Landlord may, among other things, erect scaffolding or other necessary structures in the Building, limit or eliminate access to portions of the Project, including portions of the Common Areas, or perform work in the Building, which work may create noise, dust or leave debris in the Building. Tenant hereby agrees that such Renovations and Landlord's actions in connection with such Renovations shall in no way constitute a constructive eviction of Tenant nor entitle Tenant to any abatement of Rent so long as Landlord provides Tenant with seven (7) days' advance written notice of such work an such work does not materially interfere with Tenant's business operations or use of, or access to, the Premises. Except to the

extent due to Landlord's gross negligence or willful misconduct, Landlord shall have no responsibility or for any reason be liable to Tenant for any direct or indirect injury to or interference with Tenant's business arising from the Renovations, nor shall Tenant be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises or of Tenant's personal property or improvements resulting from the Renovations or Landlord's actions in connection with such Renovations, or for any inconvenience or annoyance occasioned by such Renovations or Landlord's actions.

29.35 **Installation of Back-Up Generator**. Tenant shall have the right, at Tenant's sole cost and expense, at any time to install up to two (2) emergency or backup power systems serving the Premises (the "**Back-Up Generator**"). The Back-Up Generator shall be located wholly within the Building and/or on the roof of the Building and/or in the parking garage, in a location reasonably acceptable to Landlord. If Tenant elects to install a Back-Up Generator, then Tenant, at its sole cost and expense, shall perform all work required in connection with such installation (all such work being referred to herein, collectively, as the "**Back-Up Generator Alterations**"). Tenant shall have the right (but not the obligation) to install a Back-Up Generator concurrently with Tenant's construction of the Tenant Improvements, in which case, except as otherwise expressly provided in this Section 29.35, the Back-Up Generator Alterations shall be subject to all of the requirements of the Tenant Work Letter. If Tenant elects to install a Back-Up Generator separate and apart from Tenant's construction of the Tenant Improvements, then, except as otherwise expressly provided in this Section 29.35, the Back-Up Generator Alterations shall be subject to all of the requirements of Article 8. Notwithstanding the foregoing, Landlord shall have the right in any event to review and approve Tenant's plans and specifications for the Back-Up Generator and the Back-Up Generator Alterations (including, without limitation, the manner in which the Back-Up Generator, and any ventilation and exhaust system shall be installed and the measures that shall be taken to mitigate any vibrations or sound disturbances from the operation of the Back-Up Generator), which approval shall not be unreasonably withheld, conditioned or delayed. Tenant shall have the obligation to maintain the Back-Up Generator in good working order and condition and in accordance with all applicable Laws and all permits and approvals of any governmental authorities. Tenant, at its sole cost and expense, shall procure and maintain in full force and effect, a contract (the "Service Contract") for the service, maintenance, repair and replacement of the Back-Up Generator with an electrical generator service and maintenance contracting firm reasonably acceptable to Landlord. Tenant shall follow all reasonable recommendations of said contractor for the use, maintenance, repair and replacement of the Back-Up Generator. A copy of the then current Service Contract shall be delivered to Landlord annually. Tenant, at its sole cost and expense, shall also procure insurance coverage adequate to cover the full replacement value of the Back-Up Generator. A copy of the then-current insurance certificate shall be delivered to Landlord prior to the installation of the Back-Up Generator and thereafter annually. Tenant shall pay for all electricity and other utilities provided to the Back-Up Generator by separate charge in accordance with Section 4.7 above. Except to the extent due to Landlord's gross negligence or intentional act or omission, Tenant hereby agrees to indemnify and hold Landlord and all Landlord Parties harmless from all liability, losses, claims, penalties, and expenses, including, without limitation, reasonable attorneys' fees, resulting from or arising out of Tenant's connection to, or use or operation, of, the Back-Up Generator. Tenant hereby agrees that Tenant's use of the Back-Up Generator is at Tenant's sole risk, and Tenant hereby agrees that Landlord and the Landlord Parties shall not be liable for, and Tenant hereby waives, all claims for loss or damage to Tenant's business or damage to person or property sustained by Tenant or any Tenant Parties resulting from Tenant's use of the Back-Up Generator or connection to the same, the failure of the Back-Up Generator to operate properly, or the interruption or cessation of electrical service from the Back-Up Generator, except to the extent due to by Landlord's gross negligence or intentional act or omission.

29.36 **Landlord's Representations**. In connection with Tenant's lease of the Premises from Landlord pursuant to the terms hereof, Landlord represents, warrants, and certifies to Tenant that (a) Landlord is the fee owner of Retail Unit 2 and Parking Unit 1 contained within the Gateway Block B Condominium Project as the same is identified in the Record of Survey Map recorded in Salt Lake County,

Utah, on February 26, 2001, as Entry No. 7828970 and in the Declaration of Condominium, together with the undivided ownership interest in said Project's Common Elements that arc appurtenant to said Unit as more particularly described in the Declaration; (b) no additional approvals of any third party are required under any of the Declarations in connection with the lease of the Premises to Tenant or in connection with Tenant's completion of the Tenant Improvements (other than any and all building permits and approvals required under applicable Law); (c) Landlord is the "Declarant" under that certain Declaration and Establishment of Protective Covenants, Conditions and Restrictions and Grant of Easements, recorded 12/27/2000 as Entry No. 7787948 in Book 8410 at Page 8311, as amended (the "Master Declaration"), and that, while the proposed use of the Premises as described in Article 5 of this Lease is not expressly permitted by the terms of said Master Declaration, Landlord, both in its capacity as owner of the Building and as Declarant under the Master Declaration, hereby approves of Tenant's proposed use of the Premises described in Article 5 of this Lease and acknowledges and agrees not to allege that Tenant is violating the terms of the Master Declaration solely as a result of Tenant's proposed use of the Premises as described in Article 5 of this Lease; (d) the issuance of the parking passes and Tenant's exclusive use of the Reserved Parking Area in accordance with the provisions of Article 28 will not conflict with any of the Declarations or the rights of any third party in and to the same; (e) to the best of Landlord's knowledge, there exists no breach, default, event or condition which, with the giving of notice or the passage of time or both, would constitute a breach or default by any party to or under the Declarations; (f) the Declarations have not been amended, altered, supplemented or otherwise modified as of the effective date of this Lease, except to the extent expressly set forth on attached Exhibit G; and (g) there are no outstanding assessments or other amounts due by Landlord under any of the Declarations.

[Signatures appear on the following page]

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed the day and date first above written.

LANDLORD:

VESTAR GATEWAY, LLC,
a Delaware limited liability company

By: SLC Gateway Retail, LLC,
a Delaware limited liability company,
its Sole Member

By: VGSLM, LLC,
a Delaware limited liability company,
its Managing Member

By: */s/ Edward J. Reading*
Name: Edward J. Reading
Title: Manager Manager

Signature Date: 11-22-17

TENANT:

RECURSION PHARMACEUTICALS, INC., a Delaware corporation

By: */s/ Christopher C. Gibson*
Name: Christopher C. Gibson
Its: CEO

By: _____
Name: _____
Its: _____

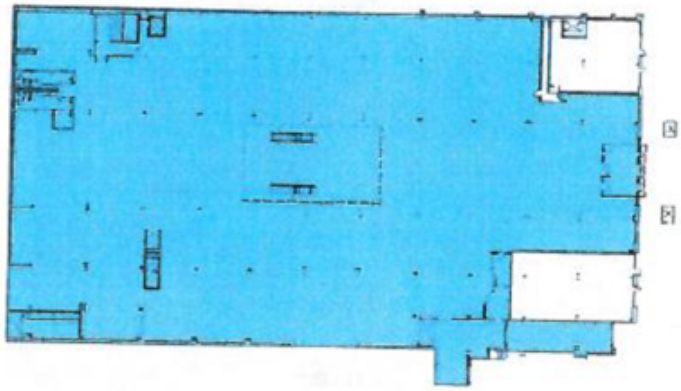
Signature Date: 11-28-17

(This date shall be inserted as of the Date of this Lease in **Article 1**)

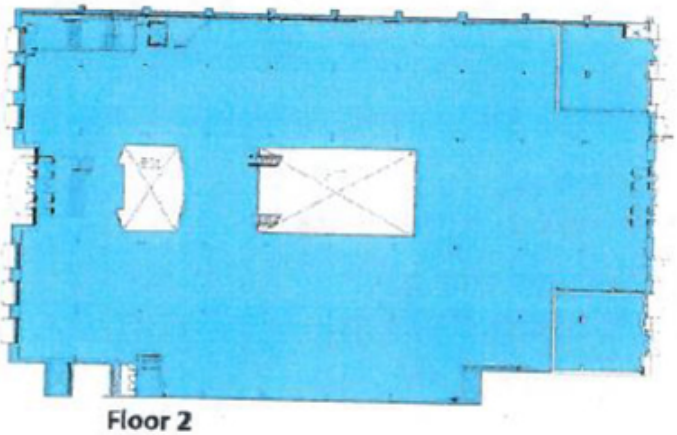
If Tenant is a CORPORATION, the authorized officers must sign on behalf of the corporation and indicate the capacity in which they are signing. The Lease must be executed by the president or vice president and the secretary or assistant secretary, unless the bylaws or a resolution of the board of directors shall otherwise provide, in which event, the bylaws or a certified copy of the resolution, as the case may be, must be attached to this Lease.

EXHIBIT A

CONCEPTUAL OUTLINE OF PREMISES



Floor 1



Floor 2

EXHIBIT A-1

DEPICTION OF PROJECT


Vestar
THE GATEWAY
Salt Lake City, Utah
200 SOUTH
100 SOUTH
400 WEST
MEGAPLEX
vivintArena
Core
UPPER LEVEL

EXHIBIT A-2

PATIO AREA

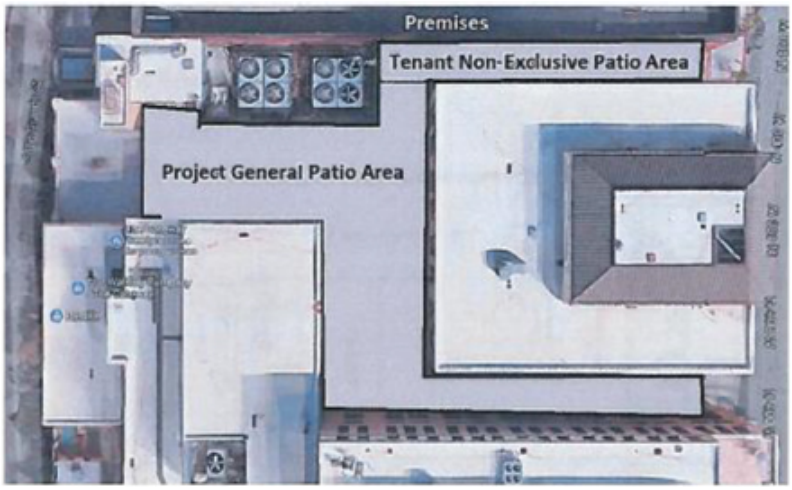
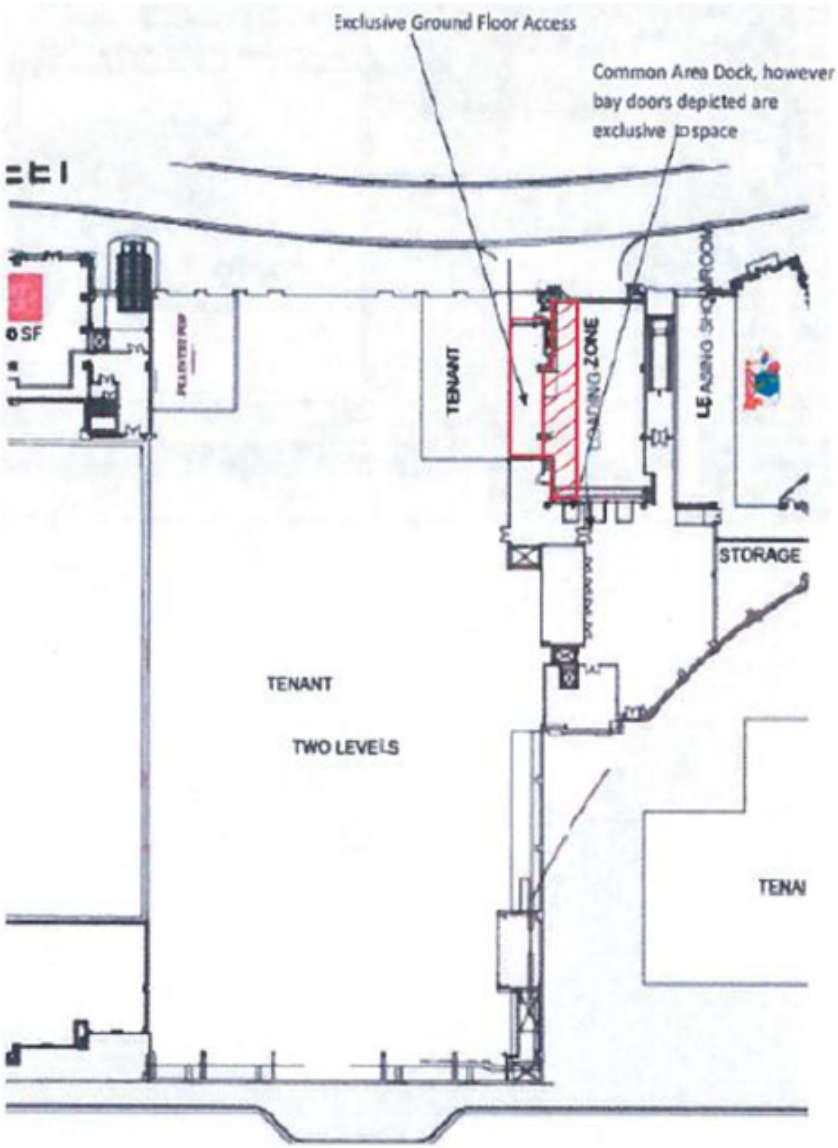


EXHIBIT A-3

DEPICTION OF EXCLUSIVE LOADING AREAS



Loading areas outlined in red above arc reserved for Tenant's exclusive use pursuant to the terms of the Lease; provided, however, Tenant may not place any fixtures, equipment, improvements, or other obstacles within the hatched portion of the exclusive Common Area Dock that block any drive aisles or impede access to or the flow of traffic in and around the Common Area Dock.

EXHIBIT B

TENANT WORK LETTER

This Tenant Work Letter shall set forth the terms and conditions relating to the construction of the tenant improvements in the Premises. This Tenant Work Letter is essentially organized chronologically and addresses the issues of the construction of the Premises, in sequence, as such issues will arise during the actual construction of the Premises. All references in this Tenant Work Letter to Articles or Sections of "this Lease" shall mean the relevant portion of Articles I through 29 of the Office Lease to which this Tenant Work Letter is attached as Exhibit B and of which this Tenant Work Letter forms a part, and all references in this Tenant Work Letter to Sections of "this Tenant Work Letter" shall mean the relevant portion of Sections 1 through 6 of this Tenant Work Letter.

SECTION 1

DELIVERY OF THE PREMISES

Tenant acknowledges that Tenant has thoroughly examined the Premises. Upon the Delivery Date, Landlord shall deliver the Premises to Tenant and Tenant shall accept the Premises from Landlord in their presently existing, "as-is" condition as of the date of this Lease, except as otherwise expressly provided in the Lease. Subject to the provisions of Section 3.4 of this Tenant Work Letter, Tenant may, at Tenant's cost, remove and dispose of (and/or resell or salvage) any and all fixtures, furnishings or equipment within the Premises as of the Delivery Date and Tenant may retain any and all proceeds received by Tenant from the resale or salvage of any such fixtures, furnishings or equipment.

SECTION 2

TENANT IMPROVEMENTS

2.1 **Tenant Improvement Allowance**. Tenant shall be entitled to the one-time Tenant Improvement Allowance (as defined in Section 12 of the Summary) for the costs relating to the initial design and construction of Tenant's improvements, which are permanently affixed to the Premises (the "**Tenant Improvements**"). In no event shall Landlord be obligated to make disbursements pursuant to this Tenant Work Letter in a total amount which exceeds the Tenant Improvement Allowance, except to the extent specifically required by the terms of the Lease and this Tenant Work Letter. All Tenant Improvements for which the Tenant Improvement Allowance has been utilized shall be deemed Landlord's property under the terms of the Lease. In the event that Tenant shall fail to use the entire Tenant Improvement Allowance within one (1) year following the Delivery Date, such unused amounts shall be the sole property of Landlord and Tenant shall have no claim to any such unused amounts. Tenant acknowledges that the Tenant Improvement Allowance is to be applied to Tenant Improvements covering the entirety of the Premises such that, following the completion of the Tenant Improvements, the entire Premises has been built out by Tenant.

2.2 **Disbursement of the Tenant Improvement Allowance**.

2.2.1 Tenant Improvement Allowance Items. Except as otherwise set forth in this Tenant Work Letter, the Tenant Improvement Allowance shall be disbursed by Landlord only for the following items and costs (collectively the "**Tenant Improvement Allowance Items**"):

2.2.1.1 Payment of the fees of the "Architect/Space Planner" and the "**Engineers**," as those terms are defined in Section 3.1 of this Tenant Work Letter, which payment shall, notwithstanding anything to the contrary contained in this Tenant Work Letter, not exceed an aggregate amount equal to $3.00 per rentable square foot of the Premises, and payment of the fees incurred by, and the cost of documents and materials supplied by, Landlord and Landlord's consultants in connection with the preparation and review of the "Construction Documents," as that term is defined in Section 3.1 of this Tenant Work Letter;

2.2.1.2 The payment of plan check, permit and license fees relating to construction of the Tenant Improvements;

2.2.1.3 The cost of construction of the Tenant Improvements, including, without limitation, demolition, testing and inspection costs, trash removal costs, parking fees, after-hours utilities usage and contractors' fees and general conditions;

2.2.1.4 The cost of any changes anywhere in the base building or the floor of the Building on which the Premises is located, when such changes are required by the Construction Documents (including if such changes are due to the fact that such work is prepared on an unoccupied basis) or to comply with applicable governmental regulations or building codes (collectively, the "Code"), such cost to include all direct architectural and/or engineering fees and expenses incurred in connection therewith;

2.2.1.5 The cost of any changes to the Construction Documents or Tenant Improvements required by Code;

2.2.1.6 Sales and use taxes; and

2.2.1.8 the "Landlord Coordination Fee," as that term is defined in Section 4.2.6 of this Tenant Work Letter.

2.2.2 **Disbursement of Tenant Improvement Allowance**. During the construction of the Tenant Improvements, Landlord shall make monthly disbursements of the Tenant Improvement Allowance for Tenant Improvement Allowance Items for the benefit of Tenant and shall authorize the release of monies for the benefit of Tenant as follows.

2.2.2.1 **Monthly Disbursements**. On or before the twentieth (20th) day of each calendar month during the construction of the Tenant Improvements (the "**Submittal Date**") (or such other date as Landlord may designate), Tenant shall deliver to Landlord: (i) a request for payment of the "**Contractor**," as that term is defined in Section 4.1 of this Tenant Work Letter, approved by Tenant showing the schedule, by trade, of percentage of completion of the Tenant Improvements in the Premises; (ii) invoices from all of "Tenant's Agents," as that term is defined in Section 4.1.2 of this Tenant Work Letter, for labor rendered and materials delivered to the Premises (if such invoice is for the Contractor, the Contractor will need to provide an application and certificate for payment [AIA form G702-1992 or equivalent] signed by the Architect/Space Planner, and a breakdown sheet [AIA form G703-1992 or equivalent]); (iii) an original letter from the Tenant approving such invoices and requesting payment from the Tenant Improvement Allowance; (iv) executed mechanic's lien releases, which lien releases shall be conditional with respect to the then-requested payment amounts and unconditional with respect to payment amounts previously disbursed by Landlord or Tenant, from all of Tenant's Agents; and (v) all other information reasonably requested by Landlord. Tenant's request for payment shall be deemed Tenant's acceptance and approval of the work furnished and/or the materials supplied as set forth in Tenant's payment request. On or before the date occurring thirty (30) days after the Submittal Date, and assuming Landlord receives all of the information described in items (i) through (v), above, and subject to Tenant first disbursing any portion of the Over-Allowance Amount (as defined below) in accordance with Section 4.2.1, Landlord shall deliver a check to Tenant made to Tenant's Agent (or to Tenant if such invoices were

previously paid by the Tenant) in payment of the lesser of: (A) the amounts so requested by Tenant, as set forth in this Section 2.2.2.1, above, less a ten percent (10%) retention (the aggregate amount of such retentions shall be known as the "**Final TI Allowance Reimbursement**"), and (B) the balance of any remaining available portion of the Tenant Improvement Allowance (not including the Final TI Allowance Reimbursement), provided that Landlord does not dispute any request for payment based on non-compliance of any work with the "Approved Construction Documents", as that term is defined in Section 3.4 below, or due to any substandard work, or for any other reason as provided in this Lease. Landlord's payment of such amounts shall not be deemed Landlord's approval or acceptance of the work furnished or materials supplied as set forth in Tenant's payment request.

2.2.2.2 **Final TI Allowance Reimbursement**. Subject to the provisions of this Tenant Work Letter, a check for the Final TI Allowance Reimbursement payable to Tenant shall be delivered by Landlord to Tenant following the completion of construction of the Premises, provided that (i) Tenant delivers to Landlord (a) properly executed, unconditional final mechanic's lien releases from all of Tenant's Agents, showing the amounts paid, in compliance with applicable Laws, (b) Contractor's last application and certificate for payment (AIA form G702 1992 or equivalent) signed by the Architect/Space Planner, (c) a breakdown sheet (AIA form G703 1992 or equivalent), (d) original stamped building permit plans, (e) copy of the building permit, (f) original stamped building permit inspection card with all final sign-offs, (g) full size bond copies and a CD R disk containing electronic files of the "as built" drawings of the Tenant Improvements in both "dwg" and "pd?' formats, from the Architect/Space Planner for architectural drawings, and from the Contractor for all other trades, (h) air balance reports, (i) excess energy use calculations, (j) one year warranty letters from Tenant's Agents, (k) manufacturer's warranties and operating instructions, (1) final punchlist completed and signed off by Tenant and the Architect/Space Planner, (m) letters of compliance from the Engineers stating that the Engineers have inspected the Tenant Improvements and that they complies with the Engineers' drawings and specifications, (n) a copy of the recorded Notice of Completion, and (o) a final list of all contractors/vendors/consultants retained by Tenant in connection with the Tenant Improvements and any other improvements in the Premises pursuant to this Tenant Work Letter, including, but not limited to, the Contractor, other contractors, subcontractors and the remaining Tenant's Agents, the Architect/Space Planner, the Engineers, systems furniture vendors/ installers, data/telephone cabling/equipment vendors/installers, etc., which final list shall set forth the full legal name, address, contact name (with telephone/faide mail addresses) and the total price paid by Tenant for goods and services to each of such contractors/vendors/consultants (collectively, the "**Final Close Out Package**"), and (ii) Landlord has inspected the Premises and reasonably determined that no substandard work exists which adversely affects the mechanical, electrical, plumbing, heating, ventilating and air conditioning, life-safety or other systems of the Building, the curtain wall of the Building, the structure or exterior appearance of the Building, or any other tenant's use of such other tenant's leased premises in the Building.

2.2.2.3 **Other Terms**. Landlord shall only be obligated to make disbursements from the Tenant Improvement Allowance to the extent costs are incurred by Tenant for Tenant Improvement Allowance Items. All Tenant Improvement Allowance Items for which the Tenant Improvement Allowance has been made available shall be deemed Landlord's property under the terms of Section 8.5 of this Lease. Tenant shall have no claim to any Tenant Improvement Allowance not expended by Tenant on or before the one (1) year anniversary of the Delivery Date and any such sums shall be the sole property of Landlord.

2.2.2.4 **L-C**. Notwithstanding anything to the contrary contained in this Lease, Landlord shall not be required to disburse any portion of the Tenant Improvement Allowance to Tenant until Tenant has provided Landlord with the L-C described in Article 21 of the Lease.

2.3 **Construction Rules, Requirements, Specifications, Design Criteria and Building Standards**. Landlord has established construction rules, regulation, requirements and procedures, and specifications, design criteria and Building standards with which Tenant, the "**Architect/Space Planner**," as that term is defined below, and all Tenant's Agents must comply in designing and constructing the Tenant Improvements in the Premises (the "Construction Rules, Requirements, Specifications, Design Criteria and Building Standards").

2.4 **Additional Allowance**. Notwithstanding the terms and conditions set forth in Section 2.1, within thirty (30) days after the mutual execution and delivery of this Lease, Tenant shall be entitled, pursuant to a written notice (the "**Additional Allowance Notice**") delivered to Landlord, to a one time increase (the "**Additional Allowance**") in the Tenant Improvement Allowance in an amount not to exceed $10.00 per rentable square foot of the Premises (i.e., $991,720.00), for the costs relating to the initial design and construction of the Tenant Improvements. In the event that Tenant exercises its right to use all or any portion of the Additional Allowance, then such portion of the Additional Allowance shall be repaid by Tenant to Landlord by increasing Tenant's monthly Base Rent hereunder by the amount required to fully amortize such portion of the Additional Allowance over the initial Lease Term, in one hundred twenty (120) equal monthly installments, commencing upon the Lease Commencement Date and continuing on the first day of each calendar month thereafter through the Lease Expiration Date (the "**Additional Monthly Base Rent**"). Such amortization shall be calculated together with interest at the rate of eight percent (8%) per annum. In the event Tenant elects to utilize all or any portion of the Additional Allowance, then (i) the parties shall promptly execute an amendment (the "**Amendment**") to the Lease setting forth the monthly Base Rent as increased by the Additional Monthly Base Rent, and (ii) Tenant shall pay to Landlord, concurrently with Tenant's execution and delivery of the Amendment to Landlord, an amount equal to the first installment of the Additional Monthly Base Rent payment.

SECTION 3

CONSTRUCTION DOCUMENTS

3.1 **Selection of Architect/Space Planner/Construction Documents**. Tenant shall retain a licensed, competent, reputable architect/space planner experienced in high-rise office space and Laboratory Use design selected by Tenant and reasonably approved by Landlord (the "**Architect/Space Planner**") and licensed, competent, reputable engineering consultants selected by Tenant and reasonably approved by Landlord (the "**Engineers**") to prepare the Construction Documents. The plans and drawings to be prepared by Architect/Space Planner and the Engineers hereunder shall be known collectively as the "Construction Documents." All Construction Documents shall comply with Landlord's drawing format and specifications. Landlord's review of the Construction Documents as set forth in this Section 3, shall be for its sole purpose and shall not imply Landlord's review of the same, or obligate Landlord to review the same, for quality, design, Code compliance or other like matters. Accordingly, notwithstanding that any Construction Documents are reviewed by Landlord or its space planner, architect, engineers and consultants, and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord or Landlord's space planner, architect, engineers, and consultants, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Construction Documents, and Tenant's waiver and indemnity set forth in Section 10.1 of this Lease shall specifically apply to the Construction Documents. Furthermore, Tenant and Architect/Space Planner shall verify, in the field, the dimensions and conditions as shown on the relevant portions of the base building plans, and Tenant and Architect/Space Planner shall be solely responsible for the same, and Landlord shall have no responsibility in connection therewith.

3.2 **Final Space Plan**. Tenant shall supply Landlord with two (2) copies signed by Tenant of its final space plan for the Premises before any architectural Construction Documents or engineering drawings have been commenced. The final space plan (the "**Final Space Plan**") shall include a layout and designation of all offices, rooms and other partitioning, their intended use, and equipment to be contained therein. Landlord may request clarification or more specific drawings for special use items not included in the Final Space Plan. Landlord shall advise Tenant within five (5) business days after Landlord's receipt of the Final Space Plan for the Premises if the same is unsatisfactory or incomplete in any respect. If Tenant is so advised, Tenant shall promptly cause the Final Space Plan to be revised to correct any deficiencies or other matters Landlord may reasonably require.

3.3 **Final Construction Documents**. After the approval of the Final Space Plan by Landlord and Tenant, Tenant shall promptly cause the Architect/Space Planner and the Engineers to complete the architectural and engineering drawings for the Premises, and Architect/Space Planner shall compile a fully coordinated set of architectural, structural, mechanical, electrical and plumbing Construction Documents in a form which is complete to allow subcontractors to bid on the work and to obtain all applicable permits (collectively, the "**Final Construction Documents**") and shall submit the same to Landlord for Landlord's approval, not to be unreasonably withheld, conditioned, or delayed. Tenant shall supply Landlord with two (2) copies signed by Tenant of such Final Construction Documents. Landlord, acting reasonably and in good faith, shall advise Tenant within ten (10) business days after Landlord's receipt of the Final Construction Documents for the Premises if the same is unsatisfactory or incomplete in any respect. If Tenant is so advised, Tenant shall immediately revise the Final Construction Documents in accordance with such review and any disapproval of Landlord in connection therewith.

3.4 **Approved Construction Documents**. The Final Construction Documents shall be approved by Landlord (the "**Approved Construction Documents**") prior to the commencement of construction of the Premises by Tenant; provided, however, Tenant may commence demolition work prior to Landlord's approval of the Final Construction Documents with Landlord's prior written consent, not to be unreasonably withheld, conditioned, or delayed. After approval by Landlord of the Final Construction Documents Tenant shall cause the Architect/Space Planner to submit the Approved Construction Documents to the appropriate municipal authorities for all architectural and structural permits (the "Permits"), provided that (a) the Architect/Space Planner shall provide Landlord with a copy of the package that it intends to submit prior to such submission, and (b) if there arc Base Building modifications required to obtain the Permits, then Tenant shall obtain Landlord's prior written consent to any such Base Building modifications. Tenant hereby agrees that neither Landlord nor Landlord's consultants shall be responsible for obtaining any building permit or certificate of occupancy (or other documentation or approval allowing Tenant to legally occupy the Premises) for the Premises and that obtaining the same shall be Tenant's responsibility; provided, however, that Landlord shall cooperate with Tenant in performing ministerial acts reasonably necessary to enable Tenant to obtain any such permit or certificate of occupancy (or other documentation or approval allowing Tenant to legally occupy the Premises). No changes, modifications or alterations in the Approved Construction Documents may be made without the prior written consent of Landlord, which consent may not be unreasonably withheld.

SECTION 4

CONSTRUCTION OF THE TENANT IMPROVEMENTS

4.1 **Tenant's Selection of Contractors**.

4.1.1 **The Contractor**. Tenant shall retain a licensed general contractor selected by Tenant and reasonably approved by Landlord (the "**Contractor**"), as contractor for the construction of the Tenant Improvements, which Contractor shall be a qualified, reputable, general contractor experienced in Comparable Buildings.

4.1.2 **Tenant's Agents**. The Architect/Space Planner, Engineers, consultants, Contractor, other contractors, vendors, subcontractors, laborers, and material suppliers retained and/or used by Tenant shall be known collectively as the "**Tenant's Agents**." For the following trades, only those contractors, subcontractors, laborers, and material suppliers listed in the Construction Rules, Requirements, Specifications, Design Criteria and Building Standards may be selected by Tenant: Asbestos, Cable Television, Electrical, Elevators, Fire Sprinklers, Fire / Life Safety, HVAC, HVAC Air Balance, Plumbing, Roofing (as listed for each building comprising the Project), and Waste. The Electrical, Fire Sprinklers, Fire / Life Safety, HVAC and Plumbing must be engineered by, and any structural engineering must be conducted by, an engineer or engineers approved by Landlord.

4.2 **Construction of Tenant Improvements by Tenant's Agents**.

4.2.1 **Construction Contract; Cost Budget**. Prior to execution of a construction contract, Tenant shall submit a copy of the proposed contract with the Contractor for the construction of the Tenant Improvements, including the general conditions with Contractor (the "**Contract**") to Landlord for its approval, which approval shall not be unreasonably withheld, conditioned or delayed. Following execution of the Contract and prior to commencement of construction, Tenant shall provide Landlord with a fully executed copy of the Contract for Landlord's records. Prior to the commencement of the construction of the Tenant Improvements, and after Tenant has accepted all bids and proposals for the Tenant Improvements, Tenant shall provide Landlord with a detailed breakdown, by trade, for all of Tenant's Agents, of the final estimated costs to be incurred or which have been incurred in connection with the design and construction of the Tenant Improvements to be performed by or at the direction of Tenant or the Contractor (the "**Construction Budget**"), which costs shall include, but not be limited to, the costs of the Architect's and Engineers' fees and the Landlord Coordination Fee. The amount, if any, by which the total costs set forth in the Construction Budget exceed the amount of the Tenant Improvement Allowance is referred to herein as the "**Over Allowance Amount**".

In the event that an Over-Allowance Amount exists, then prior to the commencement of construction of the Tenant Improvements, Tenant shall supply Landlord with cash in an amount equal to the Over-Allowance Amount. The Over-Allowance Amount shall be disbursed by Landlord prior to the disbursement of any of the then remaining portion of the Tenant Improvement Allowance, and such disbursement shall be pursuant to the same procedure as the Tenant Improvement Allowance. In the event that, after the total costs set forth in the Construction Budget have been delivered by Tenant to Landlord, the costs relating to the design and construction of the Tenant Improvements shall change, any additional costs for such design and construction in excess of the total costs set forth in the Construction Budget shall be added to the Over-Allowance Amount and the total costs set forth in the Construction Budget, and such additional costs shall be paid by Tenant to Landlord immediately as an addition to the Over-Allowance Amount or at Landlord's option, Tenant shall make payments for such additional costs out of its own funds, but Tenant shall continue to provide Landlord with the documents described in items (i), (ii), (iii) and (iv) of Section 2.2.2.1 of this Tenant Work Letter, above, for Landlord's approval, prior to Tenant paying such costs. All Tenant Improvements paid for by the Over-Allowance Amount shall be deemed Landlord's property under the terms of the Lease.

4.2.2 **Tenant's Agents**.

4.2.2.1 **Landlord's General Conditions for Tenant's Agents and Tenant Improvement Work**. Tenant's and Tenant's Agent's construction of the Tenant Improvements shall comply with the following: (i) the Tenant Improvements shall be constructed in strict accordance with the Approved Construction Documents; (ii) Tenant and Tenant's Agents shall not, in any way, interfere with, obstruct, or delay, the work of Landlord's base building contractor and subcontractors with respect to the Base Building or any other work in the Building; (iii) Tenant's Agents shall submit schedules of all work

relating to the Tenant's Improvements to Landlord and Landlord shall, within five (5) business days of receipt thereof, inform Tenant's Agents of any changes which are necessary thereto, and Tenant's Agents shall adhere to such corrected schedule; and (iv) Tenant shall abide by all rules made by Landlord with respect to the use of parking, freight, loading dock and service elevators, storage of materials, coordination of work with the contractors of other tenants, and any other matter in connection with this Tenant Work Letter, including, without limitation, the construction of the Tenant Improvements and Tenant shall promptly execute all documents including, but not limited to, Landlord's standard contractor's rules and regulations, as Landlord may deem reasonably necessary to evidence or confirm Tenant's agreement to so abide.

4.2.2.2 **Indemnity**. Tenant's indemnity of Landlord as set forth in Section 10.1 of this Lease shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to any act or omission of Tenant or Tenant's Agents, or anyone directly or indirectly employed by any of them, or in connection with Tenant's non-payment of any amount arising out of the Tenant Improvements and/or Tenant's disapproval of all or any portion of any request for payment. Such indemnity by Tenant, as set forth in Section 10.1 of this Lease, shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to Landlord's performance of any ministerial acts reasonably necessary (i) to permit Tenant to complete the Tenant Improvements, and (ii) to enable Tenant to obtain any building permit or certificate of occupancy (or other documentation or approval allowing Tenant to legally occupy the Premises) for the Premises.

4.2.2.3 **Requirements of Tenant's Agents**. Each of Tenant's Agents shall guarantee to Tenant and for the benefit of Landlord that the portion of the Tenant Improvements for which it is responsible shall be free from any defects in workmanship and materials for a period of not less than one (1) year from the date of completion thereof. Each of Tenant's Agents shall be responsible for the replacement or repair, without additional charge, of all work done or furnished in accordance with its contract that shall become defective within one (1) year after the later to occur of (i) completion of the work performed by such contractor or subcontractors and (ii) the Lease Commencement Date. The correction of such work shall include, without additional charge, all additional expenses and damages incurred in connection with such removal or replacement of all or any part of the Tenant Improvements, and/or the Building and/or common areas that may be damaged or disturbed thereby. All such warranties or guarantees as to materials or workmanship of or with respect to the Tenant Improvements shall be contained in the Contract or subcontract and shall be written such that such guarantees or warranties shall inure to the benefit of both Landlord and Tenant, as their respective interests may appear, and can be directly enforced by either. Tenant covenants to give to Landlord any assignment or other assurances which may be necessary to effect such right of direct enforcement.

4.2.2.4 **Insurance Requirements**.

4.2.2.4.1 **General Coverages**. All of Tenant's Agents shall carry worker's compensation insurance covering all of their respective employees, and shall also carry commercial general liability insurance, including property damage, all with limits, in form and with companies as are required to be carried by Tenant as set forth in Article 10 of this Lease, and the policies therefor shall insure Landlord and Tenant, as their interests may appear, as well as the Contractor and subcontractors.

4.2.2.4.2 **Special Coverages**. Tenant or Contractor shall carry "Builder's All Risk" insurance in an amount approved by Landlord, which shall in no event be less than the amount actually carried by Tenant or Contractor, covering the construction of the Tenant Improvements, and such other insurance as Landlord may require, it being understood and agreed that the Tenant Improvements shall be insured by Tenant pursuant to Article 10 of this Lease immediately upon completion thereof. Such insurance shall be in amounts and shall include such extended coverage endorsements as may be reasonably required by Landlord.

4.2.2.4.3 **General Terms.** Certificates for all insurance carried pursuant to this Section 4.2.2.4 shall be delivered to Landlord before the commencement of construction of the Tenant Improvements and before the Contractor's equipment is moved onto the site. All such policies of insurance must contain a provision that the company writing said policy will give Landlord thirty (30) days prior written notice of any cancellation or lapse of the effective date or any reduction in the amounts of such insurance. In the event that the Tenant Improvements are damaged by any cause during the course of the construction thereof, Tenant shall immediately repair the same at Tenant's sole cost and expense. Tenant's Agents shall maintain all of the foregoing insurance coverage in force until the Tenant Improvements are fully completed and accepted by Landlord, except for any Products and Completed Operation Coverage insurance required by Landlord, which is to be maintained for ten (10) years following completion of the work and acceptance by Landlord and Tenant and which shall name Landlord, and any other party that Landlord so specifies, as additional insured as to the full limits required hereunder for such entire ten (10) year period. All insurance, except Workers' Compensation, maintained by Tenant's Agents shall preclude subrogation claims by the insurer against anyone insured thereunder. Such insurance shall provide that it is primary insurance as respects the owner and that any other insurance maintained by owner is excess and noncontributing with the insurance required hereunder. The requirements for the foregoing insurance shall not derogate from the provisions for indemnification of Landlord by Tenant under Section 4.2.2.2 of this Tenant Work Letter. Landlord may, in its discretion, require Tenant to obtain a lien and completion bond or some alternate form of security satisfactory to Landlord in an amount sufficient to ensure the lien-free completion of the Tenant Improvements and naming Landlord as a co-obligee.

4.2.3 **Governmental Compliance**. The Tenant Improvements shall comply in all respects with the following: (i) the Code and other state, federal, city or quasi-governmental laws, codes, ordinances and regulations, as each may apply according to the rulings of the controlling public official, agent or other person; (ii) applicable standards of the American Insurance Association (formerly, the National Board of Fire Underwriters) and the National Electrical Code; and (iii) building material manufacturer's specifications.

4.2.4 **Inspection by Landlord**. Landlord shall have the right to inspect the Tenant Improvements at all times, provided however, that Landlord's failure to inspect the Tenant Improvements shall in no event constitute a waiver of any of Landlord's rights hereunder nor shall Landlord's inspection of the Tenant Improvements constitute Landlord's approval of the same. Should Landlord reasonably disapprove any portion of the Tenant Improvements due to defects or deviations in the completion of such improvements, Landlord shall notify Tenant in writing of such disapproval and shall specify the items disapproved. Any defects or deviations noted in Landlord's disapproval shall be rectified by Tenant at no expense to Landlord, provided however, that in the event Landlord determines that a defect or deviation exists, Landlord may, take such action as Landlord deems necessary, at Tenant's expense and without incurring any liability on Landlord's part, to correct any such defect or deviation, including, without limitation, causing the cessation of performance of the construction of the Tenant Improvements until such time as the defect, deviation and/or matter is corrected to Landlord's satisfaction.

4.2.5 **Meetings**. Commencing upon the execution of this Lease, Tenant shall hold regular meetings with the Architect/Space Planner and the Contractor regarding the progress of the preparation of Construction Documents and the construction of the Tenant Improvements, which meetings shall be held at the office of the Project, at a time mutually agreed upon by Landlord and Tenant, and, upon Landlord's request, certain of Tenant's Agents shall attend such meetings. In addition, minutes shall be taken at all such meetings, a copy of which minutes shall be promptly delivered to Landlord. One such meeting each month shall include the review of Contractor's current request for payment.

4.2.6 **Landlord Coordination Fee**. Tenant shall pay a construction supervision and management fee (the "Landlord Coordination Fee") to Landlord in an amount equal to one percent (1%) of the hard and soft costs of the Tenant Improvements.

4.3 **Notice of Completion**. Within five (5) days after the final completion of construction of the Tenant Improvements, including, without limitation, the completion of any punch list items, Tenant shall cause a Notice of Completion to be recorded in the office of the Recorder of the County in which the Premises is located pursuant to applicable Law, and shall furnish a copy thereof to Landlord upon such recordation. If Tenant fails to do so, Landlord may execute and file the same on behalf of Tenant as Tenant's agent for such purpose, at Tenant's sole cost and expense. At the conclusion of construction and prior to Landlord's payment of the Final TI Allowance Reimbursement, (i) Tenant shall cause the Contractor and the Architect/Space Planner (A) to update the Approved Construction Documents through annotated changes, as necessary, to reflect all changes made to the Approved Construction Documents during the course of construction, (B) to certify to the best of the Architect/Space Planner's and Contractor's knowledge that such updated Approved Construction Documents are true and correct, which certification shall survive the expiration or termination of this Lease, as hereby amended, and (ii) Tenant shall deliver to Landlord the Final Close Out Package. Landlord shall, at Tenant's expense, update Landlord's "as-built" master plans, for the floor(s) on which the Premises are located, if any, including updated vellums and electronic CAD files, all of which may be modified by Landlord from time to time, and the current version of which shall be made available to Tenant upon Tenant's request.

SECTION 5

MISCELLANEOUS

5.1 **Tenant's Representative**. Tenant has designated Shannon Torstrom as its sole representative with respect to the matters set forth in this Tenant Work Letter, who shall have full authority and responsibility to act on behalf of the Tenant as required in this Tenant Work Letter.

5.2 **Landlord's Representative**. Landlord has designated Jack Van Kleumen as its sole representative with respect to the matters set forth in this Tenant Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Tenant Work Letter.

5.3 **Time of the Essence in This Tenant Work Letter**. Unless otherwise indicated, all references in this Tenant Work Letter to a "number of days" shall mean and refer to calendar days. If any item requiring approval is timely disapproved by Landlord, the procedure for preparation of the document and approval thereof shall be repeated until the document is approved by Landlord.

5.4 **Tenant's Lease Default**. Notwithstanding any provision to the contrary contained in this Lease, if an event of default as described in Section 19.1 of this Lease or a default by Tenant under this Tenant Work Letter has occurred at any time on or before the substantial completion of the Premises, then (i) in addition to all other rights and remedies granted to Landlord pursuant to this Lease, Landlord shall have the right to withhold payment of all or any portion of the Tenant Improvement Allowance and/or Landlord may cause Contractor to cease the construction of the Premises (in which case, Tenant shall be responsible for any delay in the substantial completion of the Premises caused by such work stoppage), and (ii) all other obligations of Landlord under the terms of this Tenant Work Letter shall be forgiven until such time as such default is cured pursuant to the terms of this Lease (in which case, Tenant shall be responsible for any delay in the substantial completion of the Premises caused by such inaction by Landlord).

EXHIBIT C

NOTICE OF LEASE TERM DATES

To:_____

_____

_____

_____

Re: Office Lease dated , 20_ between VESTAR GATEWAY, LLC, a Delaware limited liability company ("**Landlord**"), and RECURSION PHARMACEUTICALS, INC., a Delaware corporation ("**Tenant**") concerning that certain two (2) story office building containing approximately 99,172 rentable square feet of space, commonly known as Station 41 at The Gateway, 41 South Rio Grande, Salt Lake City, Utah.

Ladies and gentlemen:

In accordance with the Office Lease (the "**Lease**"), we wish to advise you and/or confirm as follows:

1. The Delivery Date occurred on_____
2. The Lease Term shall commence on or has commenced on [June 1, 2018] for a term of ten (10) years ending on [May 31, 2027].
3. Rent commenced to accrue on [June 1, 2018], in the amount of $209,078.38 per month.
4. If the Lease Commencement Date is other than the first day of the month, the first billing will contain a pro rata adjustment. Each billing thereafter, with the exception of the final billing, shall be for the full amount of the monthly installment as provided for in the Lease.
5. Your rent checks should be made payable to_____ at_____

"**Landlord**":
VESTAR GATEWAY, LLC,

a Delaware limited liability company

[ADD LANDLORD'S SIGNATURE BLOCK]

Agreed to and Accepted
as of_____ , 20_____.

"Tenant":

RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation

By: _____
Its:_____
_____

EXHIBIT D

RULES AND REGULATIONS

Tenant shall faithfully observe and comply with the following Rules and Regulations. Landlord shall not be responsible to Tenant for the nonperformance of any of said Rules and Regulations by or otherwise with respect to the acts or omissions of any other tenants or occupants of the Project. In the event of any conflict between the Rules and Regulations and the other provisions of this Lease, the latter shall control.

1. Tenant shall not alter any lock or install any new or additional locks or bolts on any doors or windows of the Premises without obtaining Landlord's prior written consent, not to be unreasonably withheld, conditioned or delayed. Tenant shall bear the cost of any lock changes or repairs required by Tenant. Two keys will be furnished by Landlord for the Premises, and any additional keys required by Tenant must be obtained from Landlord at a reasonable cost to be established by Landlord. Upon the termination of this Lease, Tenant shall restore to Landlord all keys of stores, offices, and toilet rooms, either furnished to, or otherwise procured by, Tenant and in the event of the loss of keys so furnished, Tenant shall pay to Landlord the cost of replacing same or of changing the lock or locks opened by such lost key if Landlord shall deem it necessary to make such changes.

2. All doors opening to public corridors shall be kept closed at all times except for normal ingress and egress to the Premises.

3. Except as otherwise set forth in and permitted under the Lease, Landlord reserves the right to close and keep locked all entrance and exit doors of the Building during such hours as are customary for the Comparable Buildings. Tenant, its employees and agents must be sure that the doors to the Building are securely closed and locked when leaving the Premises if it is after the normal hours of business for the Building. Any tenant, its employees, agents or any other persons entering or leaving the Building at any time when it is so locked, or any time when it is considered to be after normal business hours for the Building, may be required to sign the Building register. Access to the Building may be refused unless the person seeking access has proper identification or has a previously arranged pass for access to the Building. Landlord will furnish passes to persons for whom Tenant requests same in writing. Tenant shall be responsible for all persons for whom Tenant requests passes and shall be liable to Landlord for all acts of such persons. The Landlord and his agents shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob, riot, public excitement, or other commotion, Landlord reserves the right to prevent access to the Building or the Project during the continuance thereof by any means it deems appropriate for the safety and protection of life and property.

4. No furniture, freight or equipment of any kind shall be brought into the Building without prior notice to Landlord. All moving activity into or out of the Building shall be scheduled with Landlord and done only at such time and in such manner as Landlord designates. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy property brought into the Building and also the times and manner of moving the same in and out of the Building. Safes and other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property in any case. Any damage to any part of the Building, its contents, occupants or visitors by moving or maintaining any such safe or other property shall be the sole responsibility and expense of Tenant.

5. No furniture, packages, supplies, equipment or merchandise will be received in the Building or carried up or down in the elevators, except between such hours established by Landlord from time to time, in such specific elevator and by such personnel as shall be designated by Landlord.

6. The requirements of Tenant will be attended to only upon application at the management office for the Project or at such office location designated by Landlord. Employees of Landlord shall not perform any work or do anything outside their regular duties unless under special instructions from Landlord.

7. No sign, advertisement, notice or handbill shall be exhibited, distributed, painted or affixed by Tenant on any part of the Premises or the Building without the prior written consent of the Landlord. Tenant shall not disturb, solicit, peddle, or canvass any occupant of the Project and shall cooperate with Landlord and its agents of Landlord to prevent same.

8. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose servants, employees, agents, visitors or licensees shall have caused same.

9. Tenant shall not overload the floor of the Premises, nor mark, drive nails or screws, or drill into the partitions, woodwork or drywall or in any way deface the Premises or any part thereof without Landlord's prior written consent. Tenant shall not purchase spring water, ice, towel, linen, maintenance or other like services from any person or persons not approved by Landlord.

10. Except for vending machines intended for the sole use of Tenant's employees and invitees, no vending machine or machines other than fractional horsepower office machines shall be installed, maintained or operated upon the Premises without the written consent of Landlord.

11. Except as otherwise set forth in and permitted under the Lease, Tenant shall not use or keep in or on the Premises, the Building, or the Project any kerosene, gasoline, explosive material, corrosive material, material capable of emitting toxic fumes, or other inflammable or combustible fluid chemical, substitute or material. Tenant shall provide material safety data sheets for any Hazardous Material used or kept on the Premises.

12. Except as otherwise set forth in and permitted under the Lease, Tenant shall not without the prior written consent of Landlord use any method of heating or air conditioning other than that supplied by Landlord.

13. Except as otherwise set forth in and permitted under the Lease, Tenant shall not use, keep or permit to be used or kept, any foul or noxious gas or substance in or on the Premises, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Project by reason of noise, odors, or vibrations, or interfere with other tenants or those having business therein, whether by the use of any musical instrument, radio, phonograph, or in any other way. Tenant shall not throw anything out of doors, windows or skylights or down passageways.

14. Tenant shall not bring into or keep within the Project, the Building or the Premises any animals, birds, fish, aquariums, or, except in areas designated by Landlord, bicycles or other vehicles.

15. Except as otherwise set forth in and permitted under the Lease, no cooking shall be done or permitted on the Premises, nor shall the Premises be used for the storage of merchandise, for lodging or for any improper, objectionable or immoral purposes. Notwithstanding the foregoing, Underwriters' laboratory-approved equipment and microwave ovens may be used in the Premises for heating food and brewing coffee, tea, hot chocolate and similar beverages for employees and visitors, provided that such use is in accordance with all applicable federal, state, county and city laws, codes, ordinances, rules and regulations.

16. The Premises shall not be used for manufacturing or for the storage of merchandise except as such storage may be incidental to the use of the Premises provided for in the Summary. Tenant shall not occupy or permit any portion of the Premises to be occupied as an office for a messenger-type operation or dispatch office, public stenographer or typist, or, except as otherwise set forth in and permitted under the Lease, for the manufacture or sale of liquor, narcotics, or tobacco in any form, or as a medical office, or as a barber or manicure shop, or as an employment bureau without the express prior written consent of Landlord. Tenant shall not engage or pay any employees on the Premises except those actually working for such tenant on the Premises nor advertise for laborers giving an address at the Premises.

17. Landlord reserves the right to exclude or expel from the Project any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of these Rules and Regulations.

18. Tenant, its employees and agents shall not loiter in or on the entrances, corridors, sidewalks, lobbies, courts, halls, stairways, elevators, vestibules or any Common Areas for the purpose of smoking tobacco products or for any other purpose, nor in any way obstruct such areas, and shall use them only as a means of ingress and egress for the Premises.

19. Tenant shall not waste electricity, water or air conditioning and agrees to cooperate fully with Landlord to ensure the most effective operation of the Building's heating and air conditioning system, and shall refrain from attempting to adjust any controls. Tenant shall participate in recycling programs undertaken by Landlord.

20. Tenant shall store all its trash and garbage within the interior of the Premises. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in Salt Lake City, Utah without violation of any law or ordinance governing such disposal. All trash, garbage and refuse disposal shall be made only through entry-ways and elevators provided for such purposes at such times as Landlord shall designate. Tenant shall make alternate arrangements, at Tenant's cost, for the disposal of high volumes of trash in excess of the amount determined by Landlord to be an office tenant's typical volume of trash (i.e., excessive moving boxes or shipping materials). If the Premises is or becomes infested with vermin as a result of the use or any misuse or neglect of the Premises by Tenant, its agents, servants, employees, contractors, visitors or licensees, Tenant shall forthwith, at Tenant's expense, cause the Premises to be exterminated from time to time to the satisfaction of Landlord and shall employ such licensed exterminators as shall be approved in writing in advance by Landlord.

21. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.

22. Any persons employed by Tenant to do janitorial work shall be subject to the prior written approval of Landlord, and while in the Building and outside of the Premises, shall be subject to and under the control and direction of the Building manager (but not as an agent or servant of such manager or of Landlord), and Tenant shall be responsible for all acts of such persons.

23. No awnings or other projection shall be attached to the outside walls of the Building without the prior written consent of Landlord, and no curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises other than Landlord standard drapes. All electrical ceiling fixtures hung in the Premises or spaces along the perimeter of the Building must be fluorescent and/or of a quality, type, design and a warm white bulb color approved in advance in writing by Landlord. Neither the interior nor exterior of any windows shall be coated or otherwise sunscreened without the prior written consent of Landlord. Tenant shall be responsible for any damage to the window film on the exterior windows of the Premises and shall promptly repair any such damage at Tenant's sole cost and expense. Tenant shall keep its window coverings closed during any period of the day when the sun is shining directly on the windows of the Premises. Prior to leaving the Premises for the day, Tenant shall draw or lower window coverings and extinguish all lights. Tenant shall abide by Landlord's regulations concerning the opening and closing of window coverings which are attached to the windows in the Premises, if any, which have a view of any interior portion of the Building or Common Areas.

24. The sashes, sash doors, skylights, windows, and doors that reflect or admit light and air into the halls, passageways or other public places in the Building shall not be covered or obstructed by Tenant, nor shall any bottles, parcels or other articles be placed on the windowsills.

25. Tenant must comply with requests by the Landlord concerning the informing of their employees of items of importance to the Landlord.

26. Tenant must comply with all applicable "NO-SMOKING" or similar ordinances. If Tenant is required under the ordinance to adopt a written smoking policy, a copy of said policy shall be on file in the office of the Building.

27. Tenant hereby acknowledges that Landlord shall have no obligation to provide guard service or other security measures for the benefit of the Premises, the Building or the Project. Tenant hereby assumes all responsibility for the protection of Tenant and its agents, employees, contractors, invitees and guests, and the property thereof, from acts of third parties, including keeping doors locked and other means of entry to the Premises closed, whether or not Landlord, at its option, elects to provide security protection for the Project or any portion thereof. Tenant further assumes the risk that any safety and security devices, services and programs which Landlord elects, in its sole discretion, to provide may not be effective, or may malfunction or be circumvented by an unauthorized third party, and Tenant shall, in addition to its other insurance obligations under this Lease, obtain its own insurance coverage to the extent Tenant desires protection against losses related to such occurrences. Tenant shall cooperate in any reasonable safety or security program developed by Landlord or required by law.

28. All office equipment of any electrical or mechanical nature shall be placed by Tenant in the Premises in settings approved by Landlord, to absorb or prevent any vibration, noise and annoyance.

29. Tenant shall not use in any space or in the public halls of the Building, any hand trucks except those equipped with rubber tires and rubber side guards.

30. No auction, liquidation, fire sale, going-out-of-business or bankruptcy sale shall be conducted in the Premises without the prior written consent of Landlord.

31. No tenant shall use or permit the use of any portion of the Premises for living quarters, sleeping apartments or lodging rooms.

32. Tenant shall not purchase spring water, towels, janitorial or maintenance or other similar services from any company or persons not approved by Landlord. Landlord shall approve a sufficient number of sources of such services to provide Tenant with a reasonable selection, but only in such instances and to such extent as Landlord in its judgment shall consider consistent with the security and proper operation of the Building.

33. Tenant shall install and maintain, at Tenant's sole cost and expense, an adequate, visibly marked and properly operational fire extinguisher next to any duplicating or photocopying machines or similar heat producing equipment, which may or may not contain combustible material, in the Premises.

34. Tenant shall not permit any portion of the Project, including the Parking Facilities, to be used for the washing, detailing or other cleaning of automobiles. Landlord reserves the right at any time to change or rescind any one or more of these Rules and Regulations, or to make such other and further reasonable Rules and Regulations as in Landlord's judgment may from time to time be necessary for the management, safety, care and cleanliness of the Premises, Building, the Common Areas and the Project, and for the preservation of good order therein, as well as for the convenience of other occupants and tenants therein; provided that (i) Landlord provides Tenant with written notice of any such additional or modified Rules and Regulations and (ii) any such additional or modified Rules and Regulations remain subject to the provisions of this Lease and in the event of any conflict between the additional or modified Rules and Regulations and the other provisions of this Lease, the latter shall control. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant, nor prevent Landlord from thereafter enforcing any such Rules or Regulations against any or all tenants of the Project. Tenant shall be deemed to have read these Rules and Regulations and to have agreed to abide by them as a condition of its occupancy of the Premises.

EXHIBIT E

FORM OF LETTER OF CREDIT

(Letterhead of a money center bank acceptable to the Landlord)

FAX NO. [( ) = 1
SWIFT: [Insert No., if any]

[Insert Bank Name And Address]

DATE OF ISSUE:_____

BENEFICIARY:
[Insert Beneficiary Name And Address]

APPLICANT:
[Insert Applicant Name And Address]

LETTER OF CREDIT NO._____

EXPIRATION DATE:
_____AT OUR COUNTERS

AMOUNT AVAILABLE:
USD[Insert Dollar Amount]
(U.S. DOLLARS [Insert Dollar Amount])

LADIES AND GENTLEMEN:

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO._____ IN YOUR FAVOR FOR THE ACCOUNT OF [Insert Tenant's Name], A [Insert Entity Type], UP TO THE AGGREGATE AMOUNT OF USD[Insert Dollar Amount] ([Insert Dollar Amount] U.S. DOLLARS) EFFECTIVE IMMEDIATELY AND EXPIRING ON (Expiration Date) AVAILABLE BY PAYMENT UPON PRESENTATION OF YOUR DRAFT AT SIGHT DRAWN ON [Insert Bank Name] WHEN ACCOMPANIED BY THE FOLLOWING DOCUMENT(S):

1. THE ORIGINAL OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND AMENDMENT(S), IF ANY.

2. BENEFICIARY'S SIGNED STATEMENT PURPORTEDLY SIGNED BY AN AUTHORIZED REPRESENTATIVE OF [Insert Landlord's Name], A [Insert Entity Type] ("LANDLORD") STATING THE FOLLOWING:

"THE UNDERSIGNED HEREBY CERTIFIES THAT THE LANDLORD, EITHER (A) UNDER THE LEASE (DEFINED BELOW), OR (B) AS A RESULT OF THE TERMINATION OF SUCH LEASE, HAS THE RIGHT TO DRAW DOWN THE AMOUNT OF USD IN ACCORDANCE WITH THE TERMS OF THAT CERTAIN OFFICE LEASE DATED [Insert Lease Date], AS AMENDED (COLLECTIVELY, THE "LEASE"), OR SUCH AMOUNT CONSTITUTES DAMAGES OWING BY THE TENANT UNDER SUCH LEASE TO BENEFICIARY RESULTING FROM THE BREACH OF SUCH LEASE BY THE TENANT THEREUNDER, AND SUCH AMOUNT REMAINS UNPAID AT THE TIME OF THIS DRAWING."

OR

"THE UNDERSIGNED HEREBY CERTIFIES THAT WE HAVE RECEIVED A WRITTEN NOTICE OF [Insert Bank Name]'S ELECTION NOT TO EXTEND ITS STANDBY LETTER OF CREDIT NO. AND HAVE NOT RECEIVED A REPLACEMENT LETTER OF CREDIT WITHIN AT LEAST SIXTY (60) DAYS PRIOR TO THE PRESENT EXPIRATION DATE."

OR

"THE UNDERSIGNED HEREBY CERTIFIES THAT BENEFICIARY IS ENTITLED TO DRAW DOWN THE FULL AMOUNT OF LETTER OF CREDIT NO. AS THE RESULT OF THE FILING OF A VOLUNTARY PETITION UNDER THE U.S. BANKRUPTCY CODE OR A STATE BANKRUPTCY CODE BY THE TENANT UNDER THAT CERTAIN OFFICE LEASE DATED [Insert Lease Date], AS AMENDED (COLLECTIVELY, THE "LEASE"), WHICH FILING HAS NOT BEEN DISMISSED AT THE TIME OF THIS DRAWING."

OR

"THE UNDERSIGNED HEREBY CERTIFIES THAT BENEFICIARY IS ENTITLED TO DRAW DOWN THE FULL AMOUNT OF LETTER OF CREDIT NO. AS THE RESULT OF AN INVOLUNTARY PETITION HAVING BEEN FILED UNDER THE U.S. BANKRUPTCY CODE OR A STATE BANKRUPTCY CODE AGAINST THE TENANT UNDER THAT CERTAIN OFFICE LEASE DATED [Insert Lease Date], AS AMENDED (COLLECTIVELY, THE "LEASE"), WHICH FILING HAS NOT BEEN DISMISSED AT THE TIME OF THIS DRAWING."

SPECIAL CONDITIONS:

PARTIAL DRAWINGS AND MULTIPLE PRESENTATIONS MAY BE MADE UNDER THIS STANDBY LETTER OF CREDIT, PROVIDED, HOWEVER, THAT EACH SUCH DEMAND THAT IS PAID BY US SHALL REDUCE THE AMOUNT AVAILABLE UNDER THIS STANDBY LETTER OF CREDIT.

ALL INFORMATION REQUIRED WHETHER INDICATED BY BLANKS, BRACKETS OR OTHERWISE, MUST BE COMPLETED AT THE TIME OF DRAWING. [Please Provide The Required Forms For Review, And Attach As Schedules To The Letter Of Credit.]

ALL SIGNATURES MUST BE MANUALLY EXECUTED IN ORIGINALS.

ALL BANKING CHARGES ARE FOR THE APPLICANT'S ACCOUNT.

IT IS A CONDITION OF THIS STANDBY LETTER OF CREDIT THAT IT SHALL BE DEEMED AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR A PERIOD OF ONE YEAR FROM THE PRESENT OR ANY FUTURE EXPIRATION DATE, UNLESS AT LEAST SIXTY (60) DAYS PRIOR TO THE EXPIRATION DATE WE SEND YOU NOTICE BY NATIONALLY RECOGNIZED OVERNIGHT COURIER SERVICE THAT WE ELECT NOT TO EXTEND THIS CREDIT FOR ANY SUCH ADDITIONAL PERIOD. SAID NOTICE WILL BE SENT TO THE ADDRESS INDICATED ABOVE, UNLESS A CHANGE OF ADDRESS IS OTHERWISE NOTIFIED BY YOU TO US IN WRITING BY RECEIPTED MAIL OR COURIER. ANY NOTICE TO US WILL BE DEEMED EFFECTIVE ONLY UPON ACTUAL RECEIPT BY US AT OUR DESIGNATED OFFICE. IN NO EVENT, AND WITHOUT FURTHER NOTICE FROM OURSELVES, SHALL THE EXPIRATION DATE BE EXTENDED BEYOND A FINAL EXPIRATION DATE OF (Expiration Date

THIS LETTER OF CREDIT IS TRANSFERABLE ONE OR MORE TIMES, BUT IN EACH INSTANCE TO A SINGLE TRANSFEREE ("TRANSFEREE") AND ONLY IN THE FULL AMOUNT AVAILABLE TO BE DRAWN UNDER THE LETTER OF CREDIT AT THE TIME OF SUCH TRANSFER, ASSUMING SUCH TRANSFER TO SUCH TRANSFEREE IS IN COMPLIANCE WITH ALL APPLICABLE U.S. LAWS AND REGULATIONS. AT THE TIME OF TRANSFER, THE ORIGINAL LETTER OF CREDIT AND ORIGINAL AMENDMENT(S) IF ANY, MUST BE SURRENDERED TO US TOGETHER WITH OUR TRANSFER FORM (AVAILABLE UPON REQUEST) AND PAYMENT OF OUR CUSTOMARY TRANSFER FEES BY APPLICANT. IN CASE OF ANY TRANSFER UNDER THIS LETTER OF CREDIT, THE DRAFT AND ANY REQUIRED STATEMENT MUST BE EXECUTED BY THE TRANSFEREE AND WHERE THE BENEFICIARY'S NAME APPEARS WITHIN THIS STANDBY LETTER OF CREDIT, THE TRANSFEREE'S NAME IS AUTOMATICALLY SUBSTITUTED THEREFOR.

ALL DRAFTS REQUIRED UNDER THIS STANDBY LETTER OF CREDIT MUST BE MARKED: "DRAWN

UNDER [Insert Bank Name] STANDBY LETTER OF CREDIT NO.

WE HEREBY AGREE WITH YOU THAT IF DRAFTS ARE PRESENTED TO [Insert Bank Name] UNDER THIS LETTER OF CREDIT AT OR PRIOR TO [Insert Time — (e.g., 11:00 AM)], ON A BUSINESS DAY, AND PROVIDED THAT SUCH DRAFTS PRESENTED CONFORM TO THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT, PAYMENT SHALL BE INITIATED BY US IN IMMEDIATELY AVAILABLE FUNDS BY OUR CLOSE OF BUSINESS ON THE SUCCEEDING BUSINESS DAY. IF DRAFTS ARE PRESENTED TO [Insert Bank Name] UNDER THIS LETTER OF CREDIT AFTER [Insert Time — (e.g., 11:00 AM)], ON A BUSINESS DAY, AND PROVIDED THAT SUCH DRAFTS CONFORM WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT, PAYMENT SHALL BE INITIATED BY US IN IMMEDIATELY AVAILABLE FUNDS BY OUR CLOSE OF BUSINESS ON THE SECOND SUCCEEDING BUSINESS DAY. AS USED IN THIS LETTER OF CREDIT, "BUSINESS DAY" SHALL MEAN ANY DAY OTHER THAN A SATURDAY, SUNDAY OR A DAY ON WHICH BANKING INSTITUTIONS IN THE STATE OF UTAH ARE AUTHORIZED OR REQUIRED BY LAW TO CLOSE. IF THE EXPIRATION DATE FOR THIS LETTER OF CREDIT SHALL EVER FALL ON A DAY WHICH IS NOT A BUSINESS DAY THEN SUCH EXPIRATION DATE SHALL AUTOMATICALLY BE EXTENDED TO THE DATE WHICH IS THE NEXT BUSINESS DAY.

PRESENTATION OF A DRAWING UNDER THIS LETTER OF CREDIT MAY BE MADE ON OR PRIOR TO THE THEN CURRENT EXPIRATION DATE HEREOF BY HAND DELIVERY, COURIER SERVICE, OVERNIGHT MAIL, OR FACSIMILE. PRESENTATION BY FACSIMILE TRANSMISSION SHALL BE BY TRANSMISSION OF THE ABOVE REQUIRED SIGHT DRAFT DRAWN ON US TOGETHER WITH THIS

LETTER OF CREDIT TO OUR FACSIMILE NUMBER, [Insert Fax Number — ( ) -], ATTENTION: [Insert Appropriate Recipient], WITH TELEPHONIC CONFIRMATION OF OUR RECEIPT OF SUCH FACSIMILE TRANSMISSION AT OUR TELEPHONE NUMBER [Insert Telephone Number — ( ) -] OR TO SUCH OTHER FACSIMILE OR TELEPHONE NUMBERS, AS TO WHICH YOU HAVE RECEIVED WRITTEN NOTICE FROM US AS BEING THE APPLICABLE SUCH NUMBER. WE AGREE TO NOTIFY YOU IN WRITING, BY NATIONALLY RECOGNIZED OVERNIGHT COURIER SERVICE, OF ANY CHANGE IN SUCH DIRECTION. ANY FACSIMILE PRESENTATION PURSUANT TO THIS PARAGRAPH SHALL ALSO STATE THEREON THAT THE ORIGINAL OF SUCH SIGHT DRAFT AND LETTER OF CREDIT ARE BEING REMITTED, FOR DELIVERY ON THE NEXT BUSINESS DAY, TO [Insert Bank Name] AT THE APPLICABLE ADDRESS FOR PRESENTMENT PURSUANT TO THE PARAGRAPH FOLLOWING THIS ONE.

WE HEREBY ENGAGE WITH YOU THAT ALL DOCUMENT(S) DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS STANDBY LETTER OF CREDIT WILL BE DULY HONORED IF DRAWN AND PRESENTED FOR PAYMENT AT OUR OFFICE LOCATED AT [Insert Bank Name], [Insert Bank Address], ATTN: [Insert Appropriate Recipient], ON OR BEFORE THE EXPIRATION DATE OF THIS CREDIT, (Expiration Date) .

[Insert Name of Issuing Bank] SHALL REPLACE THE ORIGINAL OF THIS LETTER OF CREDIT WITH A REPLACEMENT LETTER OF CREDIT IF SUCH ORIGINAL IS LOST, STOLEN, MUTILATED, OR DESTROYED PRIOR TO FULL DRAWING UPON PRIOR RECEIPT BY [Insert Name of Issuing Bank] OF ANY FEES CHARGED BY IT AND AN AFFIDAVIT OF LOST LETTER OF CREDIT AND INDEMNITY, EXECUTED BY BENEFICIARY, ACCEPTABLE TO [Insert Name of Issuing Bank] IN ITS SOLE DISCRETION. ANY BANK CHARGES FOR SUCH REPLACEMENT SHALL BE PAYABLE BY THE BENEFICIARY.

EXCEPT SO FAR AS OTHERWISE EXPRESSLY STATED HEREIN, THIS STANDBY LETTER OF CREDIT IS SUBJECT TO THE "INTERNATIONAL STANDBY PRACTICES" (ISP 98) INTERNATIONAL CHAMBER OF COMMERCE (PUBLICATION NO. 590).

Very truly yours,

(Name of Issuing Bank)

By: _____

EXHIBIT F

EXTERIOR BUILDING SIGNAGE

EXHIBIT G

DECLARATION

The term "**Declarations**" as used in this Lease shall mean, together, the following:

(i) Notice Of Adoption Of Redevelopment plan Entitled "Depot District Redevelopment Project Area Plan", dated October 15, 1998, recorded October 22, 1998 as Entry No. 7127194 in Book 8133 at Page 1835 of the Official Records, as amended and affected by an Amended Notice Of Adoption Of Redevelopment Plan Entitled "Depot District Redevelopment Project Area Plan", dated October 15, 1998, recorded May 6, 1999 as Entry No. 7345726 in Book 8275 at Page 1402 of the Official Records;

(ii) Easement Agreement (With Boundary Agreement), dated January 3, 2000, recorded January 13, 2000 as Entry No. 7553961, in Book 8336, at Page 1170 of the Official Records, as amended and/or otherwise affected by that certain Omnibus Amendment To City Project Agreements, recorded April 22, 2013 as Entry No. 11622650, in Book 10129, at Page 5755 of the Official Records, as amended and/or otherwise affected by that certain Affidavit, dated February 21, 2001, executed by BRIAN GOCHNOUR, recorded February 26, 2001 as Entry No.7828965, in Book 8427, at Page 4667 of the Official Records;

(iii) Amended And Restated Participation And Reimbursement Agreement, dated as of May 30, 2006, recorded June 8, 2006 as Entry No. 9747342, in Book 9305, at Page 5127 of the Official Records, as amended and/or otherwise affected by that certain First Amendment To Amended And Restated Participation And Reimbursement Agreement, recorded April 22, 2013 as Entry No. 11622649, in Book 10129, at Page 5750 of the Official Records;

(iv) Rio Grande Street Grant Of Easement, dated January 3, 2000, recorded January 13, 2000 as Entry No. 7553963, in Book 8336, at Page 1217 of the Official Records, as corrected by an Affidavit recorded August 7, 2000 as Entry No. 7693049, in Book 8379 at Page 5484 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Rio Grande Street Grant Of Easement, recorded May 6, 2005 as Entry No. 9370280, in Book 9128, at Page 481 of the Official Records, and by that certain Second Amendment to Rio Grande Street Grant Of Easement, recorded December 20, 2007 as Entry No. 10305320, in Book 9550, at Page 5547 of the Official Records, and by that certain Joint Omnibus Amendment To Project Agreements, recorded April 22, 2013 as Entry No. 11622651, in Book 10129, at Page 5760 of the Official Records;

(v) Plaza Pedestrian And Public Use Easement And Programming Agreement, dated December 23, 1999, recorded January 13, 2000 as Entry No. 7553964, in Book 8336, at Page 1240 of the Official Records, as corrected by an Affidavit recorded August 7, 2000 as Entry No. 7693049, in Book 8379 at Page 5484 of the Official Records, and as amended, supplemented and otherwise affected by that certain First Amendment To Plaza Pedestrian And Public Use Easement And Programming Agreement, recorded May 6, 2005 as Entry No. 9370282, in Book 9128, at Page 506 of the Official Records, and by that certain Joint Omnibus Amendment To Project Agreements, recorded April 22, 2013 as Entry No. 11622651, in Book 10129, at Page 5760 of the Official Records;

(vi) North Temple Frontage Road Grant Of Easement, dated December 23, 1999, recorded January 13, 2000 as Entry No. 7553965, in Book 8336, at Page 1263 of the Official Records, as corrected by an Affidavit recorded August 7, 2000 as Entry No. 7693049, in Book 8379 at Page 5484 of the Official Records, and as amended, supplemented and otherwise affected by that certain First Amendment To North Temple Frontage Road Grant Of Easement, recorded May 6, 2005 as Entry No. 9370279, in Book 9128, at Page 466 of the Official Records, and by that certain Joint Omnibus Amendment To Project Agreements, recorded April 22, 2013 as Entry No. 11622651, in Book 10129, at Page 5760 of the Official Records;

(vii) Depot Pedestrian And Public Use Easement, dated December 23, 1999, recorded January 13, 2000 as Entry No. 7553966, in Book 8336, at Page 1284 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Depot Pedestrian And Public Use Easement, recorded May 6, 2005 as Entry No. 9370281, in Book 9128, at Page 497 of the Official Records;

(viii) Hotel Pedestrian Easement, dated December 23, 1999, recorded January 13, 2000 as Entry No. 7553967, in Book 8336, at Page 1302 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Hotel Pedestrian Easement Now Known As Walkway Easement, recorded May 6, 2005 as Entry No. 9370283, in Book 9128, at Page 525 of the Official Records;

(ix) Parks Blocks Agreement, dated as of July 5, 2000, recorded July 7, 2000 as Entry No. 7674967, in Book 8373, at Page 5614 of the Official Records, as amended and/or otherwise affected by that certain Omnibus Amendment To City Project Agreements, recorded April 22, 2013 as Entry No. 11622650, in Book 10129, at Page 5755 of the Official Records;

(x) Declaration And Establishment Of Protective Covenants, Conditions And Restrictions And Grant Of Easements, dated as of December 15, 2000, recorded December 27, 2000 as Entry No. 7787948, in Book 8410, at Page 8311 of the Official Records, as amended and/or otherwise affected by that certain First Amendment To Declaration And Establishment Of Protective Covenants, Conditions And Restrictions And Grant Of Easements, recorded March 1, 2001 as Entry No. 7833680, in Book 8430, at Page 1766 of the Official Records, and by that certain Second Amendment To Declaration And Establishment Of Protective Covenants, Conditions And Restrictions And Grant Of Easements, recorded May 6, 2005 as Entry No. 9370284, in Book 9128, at Page 536 of the Official Records;

(xi) Amended and Restated Declaration of Condominium Gateway Block Cl Condominium Project, recorded April 27, 2001 as Entry No. 7881708, in Book 8450, at Page 4761 of the Official Records, as said Amended And Restated Declaration was amended and/or otherwise affected by that certain First Amendment to Amended and Restated Declaration of Condominium Gateway Block Cl Condominium Project, recorded February 15, 2011 as Entry No. 11134756, in Book 9905, at Page 6380 of the Official Records;

(xii) Amended And Restated Declaration Of Condominium Gateway Block C2 Condominium Project, recorded April 27, 2001 as Entry No. 7881709, in Book 8450, at Page 4843 of the Official Records;
(xiii) Declaration Of Condominium Gateway Block A Condominium Project, recorded February 26, 2001 as Entry No. 7828969, in Book 8427, at Page 4676 of the Official Records;

(xiv) Declaration Of Condominium Gateway Block B Condominium Project, recorded February 26, 2001 as Entry No. 7828971, in Book 8427, at Page 4752 of the Official Records, as amended or otherwise affected by that certain First Amendment To Declaration Of Condominium Gateway Block B Condominium Project And Amendment Of Record Of Survey Map, recorded May 16, 2002 as Entry No. 8235748, in Book 8598 at Page 7012, of the Official Records, and by that certain Second Amendment To Declaration Of Condominium Gateway Block B Condominium Project And Amendment Of Record Of Survey Map, recorded July 20, 2004 as Entry No. 9125323, in Book 9016 at Page 2655;

(xv) Declaration Of Covenants, Conditions And Restrictions Re Commercial Shared Maintenance, dated as of February 28, 2001, as evidenced by that certain Memorandum Of Declaration Of Covenants, Conditions And Restrictions Re Commercial Shared Maintenance (Gateway), recorded March 1, 2001 as Entry No. 7833681, in Book 8430, at Page 1770 of the Official Records, and by that certain First Amendment To Memorandum Of Declaration Of Covenants, Conditions And Restrictions Re Commercial Shared Maintenance, recorded May 6, 2005 as Entry No. 9370286, in Book 9128, at Page 563 of the Official Records, and by that certain Consent and Acknowledgment of Inland Western Salt Lake City Gateway, L.L.C., recorded September 25, 2013 as Entry No. 11730200, in Book 10180, at Page 1552 of the Official Records;

(xvi) Declaration Of Easements, dated as of September 1, 2001, recorded April 7, 2003 as Entry No. 8600407, in Book 8772, at Page 5889 of the Official Records;

(xvii) Covenant Agreement, dated as of February 28, 2003, recorded April 7, 2003 as Entry No. 8600408, in Book 8772, at Page 5901 of the Official Records;

(xviii) unrecorded Parking License Agreement dated April 8, 2002, unrecorded First Amendment to Parking License Agreement dated as of July 9, 2002, and unrecorded Central Plant Participation Agreement dated June 1, 2002, each as disclosed by that certain Parking License, Parking Access, Central Plant Participation And Subordination Agreement, dated as of June 16, 2003, recorded June 16, 2003 as Entry No. 8691592, in Book 8818, at Page 5955 of the Official Records;

(xix) Parking License Agreement, dated October 6, 2003, recorded October 10, 2003 as Entry No. 8848851, in Book 8894, at Page 9334 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Parking License Agreement (Gateway Office 3), dated May 5, 2005, recorded May 6, 2005 as Entry No. 9370289, in Book 9128, at Page 580 of the Official Records; (xx) Agreement For Construction And Subsequent Acquisition Of Retail Unit 4, Gateway Block A Condominium, For The Purpose Of Operating A Planetarium And Presenting Large Screen Motion Picture Features, dated February 13, 2002, recorded June 8, 2004 as Entry No. 9084123, in Book 8998, at Page 4901 of the Official Records;

(xxi) Parking License Agreement, dated June 30, 2004, recorded July 20, 2004 as Entry No. 9125321, in Book 9016, at Page 2635 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Parking License Agreement, dated May 5, 2005, recorded May 6, 2005 as Entry No. 9370288, in Book 9128, at Page 573 of the Official Records;

(xxii) Air Space Easement Agreement, dated as of May 5, 2005, recorded May 6, 2005 as Entry No. 9370290, in Book 9128, at Page 586 of the Official Records;

(xxiii) Encroachment Agreement, dated as of May 5, 2005, recorded May 6, 2005 as Entry No. 9370291, in Book 9128, at Page 595 of the Official Records;

(xxiv) Declaration Of Covenants, Restrictions And Easements (The Gateway—Retail Parcels), recorded May 6, 2005 as Entry No. 9370292, in Book 9128, at Page 605 of the Official Records, as amended by that certain Amendment To Declaration Of Covenants, Restrictions And Easements, recorded May 31, 2005 as Entry No. 9390612, in Book 9137, at Page 7862 of the Official Records;

(xxv) Declaration Of Easement (Emergency Ingress & Egress), dated as of January 6, 2006, recorded January 10, 2006 as Entry No. 9606025, in Book 9241, at Page 9418 of the Official Records;

(xxvi) Parking License Agreement, dated December 15, 2006, recorded December 26, 2006 as Entry No. 9951937, in Book 9399, at Page 9815 of the Official Records;

(xxvii) Easement, recorded December 4, 2007 as Entry No. 10291031, in Book 9544, at Page 1216 of the Official Records;

(xxviii) Declaration Of Bridge Covenants And Easements (The Gateway—Retail Parcels), dated October 3, 2007, recorded January 22, 2008 as Entry No. 10328082, in Book 9561, at Page

(xxix) Easement, recorded January 22, 2008 as Entry No. 10328083, in Book 9561, at Page 1144 of the Official Records;

(xxx) Parking License Agreement, dated March 20, 2006, the existence of which is disclosed of record by that certain Memorandum Of Parking License Agreement recorded October 22, 2012 as Entry No. 11496303, in Book 10068, at Page 3312 of the Official Records;

(xxxi) Central Plant Participation Agreement, dated October 6, 2003, recorded October 10, 2003 as Entry No. 8848852, in Book 8894, at Page 9344 of the Official Records;

(xxxii) Central Plant Participation Agreement, dated June 30, 2004, recorded July 20, 2004 as Entry No. 9125322 , in Book 9016, at Page 2645 of the Official Records; and

(xxxiii) all amendments, modifications, extensions and renewals and replacements thereof; all of which shall be superior to this Lease, binding upon the Project and run with the land.

EXHIBIT H

FORM OF TENANT'S ESTOPPEL CERTIFICATE

The undersigned as Tenant under that certain Office Lease (the "Lease") made and entered into as of _____, 201_ by and between as Landlord, and the undersigned as Tenant, for Premises on the floor(s) of the office building located at, certifies as follows:

1. Attached hereto as Exhibit A is a true and correct copy of the Lease and all amendments and modifications thereto. The documents contained in Exhibit A represent the entire agreement between the parties as to the Premises.

2. The undersigned currently occupies the Premises described in the Lease, the Lease Term commenced on , and the Lease Term expires on, and, except as set forth in the Lease, the undersigned has no option to terminate or cancel the Lease or to purchase all or any part of the Premises, the Building and/or the Project.

3. Base Rent became payable on

4. The Lease is in full force and effect and has not been modified, supplemented or amended in any way except as provided in Exhibit A.

5. Tenant has not transferred, assigned, or sublet any portion of the Premises nor entered into any license or concession agreements with respect thereto except as follows:

6. All monthly installments of Base Rent, all Additional Rent and all monthly installments of estimated Additional Rent have been paid when due through _____. The current monthly installment of Base Rent is $_____

7. All conditions of the Lease to be performed by Landlord necessary to the enforceability of the Lease have been satisfied and, to the undersigned's actual knowledge, Landlord is not in default thereunder. In addition, the undersigned has not delivered any notice to Landlord regarding a default by Landlord thereunder.

8. No rental has been paid more than thirty (30) days in advance and no security has been deposited with Landlord except as provided in the Lease.

9. As of the date hereof, there are no existing defenses or offsets, or, to the undersigned's actual knowledge, claims or any basis for a claim, that the undersigned has against Landlord.

10. If Tenant is a corporation or partnership, each individual executing this Estoppel Certificate on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in Utah and that Tenant has full right and authority to execute and deliver this Estoppel Certificate and that each person signing on behalf of Tenant is authorized to do so.

11. There are no actions pending against the undersigned under the bankruptcy or similar laws of the United States or any state.

12. Other than in compliance with all applicable laws and incidental to the ordinary course of the use of the Premises, the undersigned has not used or stored any hazardous substances in the Premises.

13. To the undersigned's actual knowledge, all tenant improvement work to be performed by Landlord under the Lease has been completed in accordance with the Lease and has been accepted by the undersigned and all reimbursements and allowances due to the undersigned under the Lease in connection with any tenant improvement work have been paid in full.

The undersigned acknowledges that this Estoppel Certificate may be delivered to Landlord or to a prospective mortgagee or prospective purchaser, and acknowledges that said prospective mortgagee or prospective purchaser will be relying upon the statements contained herein in making the loan or acquiring the property of which the Premises are a part and that receipt by it of this certificate is a condition of making such loan or acquiring such property.

[Remainder of Page Intentionally Blank]

This Estoppel Certificate has been executed by the undersigned on the ____ day of_____, 201__.

"**Tenant**":

_____

a _____

By: _____
Its: _____

By: _____
Its: _____

EXHIBIT I

RESERVED PARKING SPACES

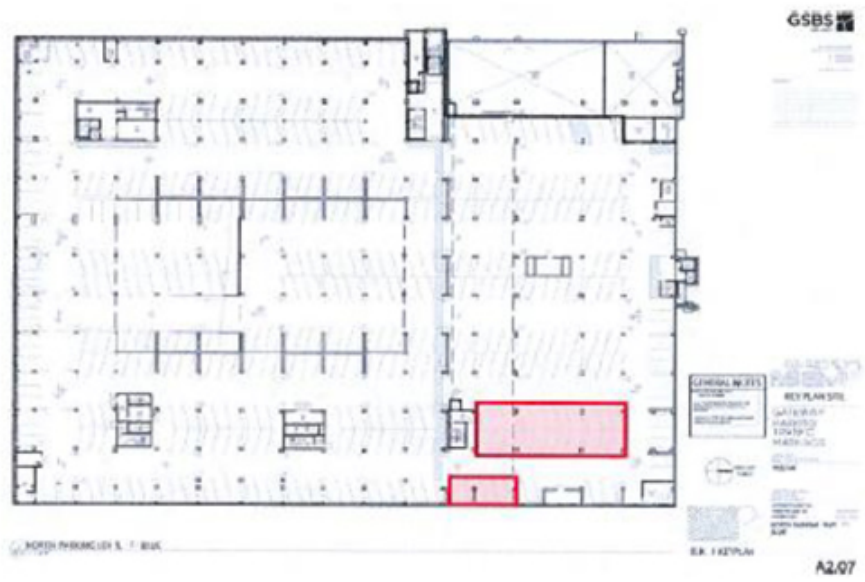


Exhibit 10.12

OFFICE LEASE

VESTAR GATEWAY, LLC,

a Delaware limited liability company,

as Landlord,
and
RECURSION PHARMACEUTICALS, INC.,

a Delaware corporation,

as Tenant.

Exhibit 10.12

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Exhibit 10.12

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Exhibit 10.12

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this "**Amendment**") is dated as of September ___, 2018, between VESTAR GATEWAY, LLC, a Delaware limited liability company ("**Landlord**"), and RECURSION PHARMACEUTICALS, INC., a Delaware corporation ("**Tenant**").

RECITALS

A. Landlord and Tenant are parties to a lease dated as of November 13, 2017 (the "**Lease**"), pursuant to which Tenant leases from Landlord certain premises (the "**Premises**") consisting of a two (2) story office building containing approximately 99,172 rentable square feet of space, commonly known as Station 41 at The Gateway, 41 South Rio Grande, Salt Lake City, Utah. Capitalized terms not otherwise defined in this Amendment shall have the meanings given them in the Lease.

B. Pursuant to Section 2.4 of Exhibit B to the Lease, Tenant had the right to increase the Tenant Improvement Allowance by up to $10.00 per rentable square foot of the Premises (i.e., $991,720.00) (the actual amount of such increase being referred to as the "**Additional Allowance**"). The parties agreed that once the actual amount of the Additional Allowance was determined, the monthly Base Rent payable by Tenant for the Premises would be increased by the amortized value of such amount. The actual amount of the Additional Allowance has now been determined and that amount is the entire $10.00 per rentable square foot of the Premises (i.e., $991,720.00). Accordingly, the monthly Base Rent payable by Tenant shall increase by $12,032.30 per month in order to amortize the Additional Allowance over the Lease Term.

C. Landlord and Tenant now desire to amend the Lease to (i) adjust the Base Rent payable by Tenant for the Premises pursuant to the Lease, and (ii) modify the location of Tenant's reserved parking spaces, all upon and subject to the terms and conditions set forth herein

NOW, THEREFORE, in consideration of the foregoing, the parties hereto agree as follows:

1. Base Rent. Effective as of the date of this Amendment, the rental chart set forth in Section 4.1 of the Summary of Basic Lease Information in the Lease is hereby deleted in its entirety and replaced with the following:

Period	Monthly Installment of Base Rent Based on Partial Premises for First Five Years	Monthly Installment of Base Rent Based on Entire Premises
06/01/18 – 05/31/19	$ 221,110.68	$ 247,565.80
06/01/19 – 05/31/20	$ 227,383.03	$ 254,631.81
06/01/20 – 05/31/21	$ 233,843.55	$ 261,909.79
06/01/21 – 05/31/22	$ 240,497.89	$ 269,406.12
06/01/22 – 05/31/23	$ 247,351.85	$ 277,127.33
06/01/23 – 05/31/24	$ 285,080.18	$ 285,080.18
06/01/24 – 05/31/25	$ 293,271.62	$ 293,271.62
06/01/25 – 05/31/26	$ 301,708.80	$ 301,708.80
06/01/26 – 05/31/27	$ 310,399.09	$ 310,399.09
06/01/27 – 05/31/28	$ 319,350.09	$ 319,350.09

*During the period from June 1, 2018 through May 31, 2023 (the "**Reduced Rent Period**"), Tenant shall only be required to pay Base Rent on 88,033 rentable square feet of the Premises (rather than on the entire 99,172 rentable square feet), as shown in the second column of the rental chart above. The "**Reduced Rent Amount**" refers to the amount of Base Rent that Tenant is not paying for the entire Premises (i.e., the remaining 11,151 rentable square feet) during the Reduced Rent Period. Landlord shall have the right to purchase the Reduced Rent from Tenant pursuant to Section 3.2 of the Lease, in which case, from and after the date such payment is received, Base Rent shall be payable by Tenant as shown in the third column of the rental chart above.

Within ten (10) days after the execution of this Amendment, Tenant shall pay Landlord such additional increased Base Rent described Recital B above which is applicable for June 2018, July 2018 and August 2018 (and September 2018 if applicable).

2. Reserved Parking Spaces. Exhibit I to the Lease is hereby deleted in its entirety and replaced with Exhibit A attached hereto, it being acknowledged that the Reserved Parking Area is shown highlighted in yellow on Exhibit A attached hereto.

3. No Offer. Submission of this instrument for examination and signature by Tenant does not constitute an offer to amend the Lease or a reservation of or option to amend the Lease, and this instrument is not effective as a lease amendment or otherwise until executed and delivered by both Landlord and Tenant.

4. Lease in Full Force and Effect. Except as provided above, the Lease is unmodified hereby and remains in full force and effect.

5. Counterparts. This Amendment may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same First Amendment.

[Signatures appear on the following page]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date and year first above written.

LANDLORD:

VESTAR GATEWAY, LLC,
a Delaware limited liability company

By: SLC Gateway Retail, LLC,
a Delaware limited liability company,
its Sole Member

By: VGSLM, LLC,
a Delaware limited liability company,
its Managing Member

By: _____
Name: _____
Title: _____

TENANT:

RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

EXHIBIT A

RESERVED PARKING SPACES

Exhibit 10.12

SECOND AMENDMENT TO OFFICE LEASE

THIS SECOND AMENDMENT TO OFFICE LEASE (this "Amendment") is made and entered into as of the 13th day of November, 2019 (the "Amendment Effective Date") by and between VESTAR GATEWAY, LLC, a Delaware limited liability company ("Landlord") and RECURSION PHARMACEUTICALS, INC., a Delaware corporation ("Tenant").

RECITALS:

A. Landlord and Tenant have previously executed and delivered that certain Office Lease dated November 13, 2017, as amended by that certain First Amendment to Lease dated September 25, 2018 (collectively, the "Lease") with respect to certain Premises more particularly described therein.

B. Landlord and Tenant have agreed to modify the Lease, subject to and in accordance with the further terms, covenants and provisions of this Amendment.

NOW, THEREFORE, in consideration of the execution and delivery of the Lease, the foregoing Recitals, the mutual agreements, covenants and promises contained in this Amendment and other good and valuable considerations, the receipt, sufficiency and validity of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Definitions. Capitalized terms used in this Amendment without definition shall have the meanings assigned to such terms in the Lease unless the context expressly requires otherwise.

2. Additional Premises.

(a) In addition to and together with the Premises, from and after the Additional Premises Rent Commencement Date (as defined in Paragraph 4 below), Landlord leases to Tenant and Tenant leases from Landlord that certain Additional Premises (herein so called) consisting of approximately five thousand five hundred forty-seven (5,547) square feet of Floor Area and identified as the "Additional Premises" on the Site Plan attached hereto as **Exhibit "A,"** together with the "Outdoor Play Area" identified on the Site Plan attached as **"Exhibit C-1."** From and after the Additional Premises Rent Commencement Date, references in the Lease to the "Premises" shall be deemed to include the "Additional Premises" and Tenant's use, lease and occupancy of the Additional Premises shall be subject to all of the terms, covenants and provisions of the Lease, except as expressly set forth in this Amendment. The term of Tenant's lease of the Additional Premises shall be coterminous with the Lease.

(b) Landlord consents to entry by Tenant in the Additional Premises from and after completion by Landlord of the Sewer Work described in Paragraph 8 hereof for the purposes of readying the Additional Premises for Tenant's business operations. Tenant acknowledges that the (i) indemnification and waiver provisions of Article 10 of the Lease, (ii) the waiver of subrogation provisions of Section 10.5 of the Lease, and the insurance provisions of Article 10 of the Lease, apply to Tenant's entry in the Additional Premises.

3. Use. The Additional Premises shall be used solely for a daycare facility operated by Bright Horizons Family Solutions or its affiliate (or such other licensed day-care provider chosen by Tenant, which may or may not be a third-party); provided, however, the Additional Premises may be used for the purposes expressly set forth in Article 5 of the Lease upon Tenant providing advance written notice to Landlord of such change, and for no other purpose.

4. Base Rent. From and after the earlier of (a) the date the Additional Premises opens for business, and (b) the date that is 180 days after Tenant obtains the necessary building permits for the Additional Tenant Improvements (as defined below) (which date shall be no later than the date that is 270 days after the Amendment Effective Date, subject to Tenant's extension rights set forth below) (the "Additional Premises Rent Commencement Date"), Base Rent shall be payable with respect to the Additional Premises in accordance with the schedule of Base Rent set forth below; provided, however, Tenant may extend the Additional Premises Rent Commencement Date upon written notice to Landlord up to ninety (90) additional days to allow for completion of Tenant's Work (as defined below) so long as Tenant has commenced and continues to diligently prosecute such work to completion. No Rent shall be due or payable with respect to the Outdoor Play Area.

Month of Lease Term	Monthly Rental	Annual Rental	Annual Rental Rate Per Square Foot
Additional Premises Rent Commencement Date - 12	$ 13,174.13	$158,089.50	$ 28.5000
13-24	$ 13,569.35	$162,832.19	$ 29.3550
25-36	$ 13,976.43	$167,717.15	$ 30.2357
37-48	$ 14,395.72	$172,748.67	$ 31.1427
49-60	$ 14,827.59	$177,931.13	$ 32.0770
61-72	$ 15,272.42	$183,269.06	$ 33.0393
73-84*	$ 15,730.59	$188,767.13	$ 34.0305

* Tenant acknowledges that the Lease Term expires on May 31, 2028.

5. Termination of Lease. Tenant may terminate the Lease, but only with respect to the Additional Premises, from and after on the date that is three (3) years from the Amendment Effective Date. On the effective date of such termination, and as a condition to such termination, Tenant shall pay to Landlord an amount equal to the unamortized Additional Premises Allowance (as defined in Paragraph 9 hereof) and the unamortized brokerage commissions paid by Landlord in connection with the execution of this Amendment, as of the effective date of such termination amortized in accordance with the terms of Section 2.4 of the Lease.

6. Central Plant Charges. From and after the Additional Premises Rent Commencement Date, Tenant shall pay to Landlord Two and 75/100 Dollars ($2.75) per square foot of floor area of the Additional Premises per annum for costs incurred by Landlord to provide heated and chilled water from the central plant, and which shall be payable in twelve (12) equal monthly installments during each year of the Lease Term, in advance, on the first day of each calendar month, without setoff or deduction, notice or demand, together with Tenant's monthly payments of Base Rent.

7. Operating Expenses, Taxes — Additional Premises. Tenant acknowledges that its obligation for payments for Direct Expenses, Operating Expenses and Tax Expenses with respect to the Additional Premises shall be calculated differently than its obligations for Direct Expenses, Operating Expenses and Tax Expenses with respect to the original Premises (as is set forth in Article 4 of the Lease). Accordingly, Landlord and Tenant hereby agree as follows:

(a) Operating Expenses. Operating Expenses with respect to the Additional Premises shall be prorated in the following manner: A portion of the Project is or will be owned or leased by occupants of buildings having a floor area of ten thousand (10,000) square feet or more (the "Major Tenants"). The contributions of the Major Tenants towards the Operating Expenses shall be credited toward payment of the entirety of the Operating Expenses and the balance of the Operating Expenses shall be prorated in the following manner. From and after the Additional Premises Rent Commencement Date, Tenant shall pay to Landlord, on the first day of each calendar month, an amount estimated by Landlord to be Tenant's share of the Operating Expenses. This estimated monthly charge may be adjusted by Landlord at the end of any calendar quarter on the basis of Landlord's experience and any variation in reasonably anticipated cost (subject, however, to the definitions and limitations set forth in the Lease of Operating Expenses and Operating Expenses Exclusions). Operating. Expenses and Operating Expense Exclusions as defined in the Lease shall not be modified by the terms of this Amendment. In addition to Operating Expenses, Tenant shall pay to Landlord a sum for accounting, bookkeeping and collection of the Operating Expenses in an amount equal to three percent (3%) of the Base Rent.

(b) Operating Expenses Statement. Within thirty (30) days following the end of each calendar quarter or, at Landlord's option, within ninety (90) days after the end of each calendar year, Landlord shall furnish Tenant a statement of actual Operating Expenses incurred or accrued for the preceding calendar year or calendar quarter, as applicable, for the Additional Premises, certified as correct by a certified public accountant or an authorized representative of Landlord, showing in reasonable detail the total amount of the Operating Expenses allocated to tenants of the Project, the amount of Tenant's share of the Operating Expenses for such calendar quarter or year and the payments made by Tenant with respect to such period as set forth above. If Tenant's share of the Operating Expenses for the Additional Premises exceeds Tenant's payments, Tenant shall pay Landlord the deficiency within thirty (30) days after receipt of such statement. If Tenant's payments exceed Tenant's share of the Operating Expenses, Tenant shall be entitled to offset the excess against payments next thereafter to become due Landlord as set forth in above (or receive a refund of such excess payments within thirty (30) days of Tenant's written request therefor, which obligation shall survive the expiration of the Lease Term). Tenant's share of the Operating Expenses for the Additional Premises for the previous calendar quarter or year shall be that portion of all Operating Expenses, less the amounts contributed by the Major Tenants multiplied by a fraction, the numerator of which is the number of square feet of floor area in the Additional Premises and the denominator of which is the total number of square feet of floor area of buildings in the Project (other than the Excluded Components, defined below) as of the commencement of such calendar quarter or year, and excluding those buildings the owners, tenants or occupants of which self-maintain with respect to any particular component of Operating Expenses. There shall be an appropriate adjustment of Tenant's share of the Operating Expenses as of the Additional Premises Rent Commencement Date and at the expiration or earlier termination of Lease Term. Tenant's right to audit Direct Expenses shall be as set forth in Section 4.6 of the Lease (with the terms thereof modified as necessary to conform to the terms and purposes of this Amendment). Excluded Components include those portions of the Project identified on the Project site plan attached as **Exhibit "B"** (the "Project Site Plan") as "**One Gateway**", "**Two Gateway**", "**Three Gateway**", "**Four Gateway**" and "**Five Gateway**" and the portions of the Project utilized for residential purposes and/or lodging purposes.

(c) Estimated Operating Expenses. Landlord estimates that Tenant's share of Operating Expenses (excluding Tax Expenses and insurance premiums) for the Additional Premises during calendar year 2020 shall be Seven and 54/100 Dollars ($7.54) per square foot of the floor area of the Additional Premises. Notwithstanding this estimate, subject to the terms of the Lease and this Amendment, Tenant shall be liable for the actual obligations for Operating Expenses, irrespective of whether the actual obligation for Operating Expenses is greater or less than Landlord's estimate.

(d) Insurance. Tenant shall pay Landlord, commencing on the Additional Premises Rent Commencement Date and for the balance of the Lease Term, on the first day of each calendar month thereafter, as a component of Operating Expenses, one twelfth (1/12th) of the estimated cost to Landlord of the insurance required to be maintained by Landlord under the Lease for each such year or partial year, subject to annual reconciliation in the manner set forth above. Payment shall be made by Tenant together with Tenant's payment of its pro-rata share of Operating Expenses, unless Landlord elects to bill Tenant separately, in which event, payment shall be made within thirty (30) days after delivery to Tenant of a written statement from Landlord setting forth the cost of such insurance and showing in reasonable detail the manner in which it has been computed. In the event the cost to Landlord of the insurance Landlord is required to maintain under the Lease is not separately charged to Landlord by Landlord's insurance carrier, the portion applicable to the Additional Premises of the cost of such insurance (the "pro rata share") shall be that proportion of such cost which the floor area of the Additional Premises bears to the floor area of all the areas available for exclusive use and occupancy by tenants of the Project (other than the Excluded Components) which are occupied and open for business and covered by such insurance.

(e) Estimated Insurance Expenses. Landlord estimates that Tenant's share of insurance premiums for calendar year 2020 shall be seventeen cents (170) per square foot of the floor area of the Additional Premises. Subject to the terms of the Lease and this Amendment, Tenant shall be liable for Tenant's actual share of insurance premiums regardless of whether Landlord's estimate is greater or less than Tenant's actual obligation.

(f) Taxes. Tenant shall pay to Landlord, commencing on the Additional Premises Rent Commencement Date, and for the balance of the Lease Term, on the first day of each calendar month, as a component of Operating Expenses, one-twelfth (1/12th) of the estimated amount of Tax Expenses levied and assessed upon the Additional Premises and the underlying realty for each calendar year, subject to reconciliation in accordance with the provisions of Paragraph 7(b) above. Should any levy and/or assessment relate to or be payable over a period of time which encompasses all or a portion of the Lease Term and either precedes or succeeds the Lease Term, Tenant shall pay a pro rata share thereof based upon the portion of such Tax Expenses falling due during the Lease Term.

(g) Estimated Taxes. Landlord estimates that Tenant's share of Tax Expenses for the first year of the Lease Term shall be One and 27/100 Dollars ($1.27) per square foot of the floor area of the Additional Premises. Subject to the terms of the Lease and this Amendment, Tenant shall be liable for Tenant's actual share of Tax Expenses regardless of whether Landlord's estimate is greater or less than Tenant's actual obligation.

8. Delivery of Additional Premises. Landlord shall tender possession of the Additional Premises to Tenant as of the date the work to be performed by Landlord to repair the sewer pipes, lines and related facilities within or adjacent to the Additional Premises (such work being the "Sewer Work") is completed, such Sewer Work to be at Landlord's sole cost and expense. As of the Amendment Effective Date, Landlord represents that the Sewer Work is substantially complete but for repairs to (or replacement of) a few feet of cracked pipe, that Tenant may not use depending on Tenant's plumbing plans for the Additional Premises. If Tenant's plumbing plans for the Additional Premises reflect an abandonment of the portion of such pipes that are cracked, no further Sewer Work shall be required. If, however, Tenant's plumbing plans for Additional Premises reflect the use of some or all of such cracked pipes, the remaining Sewer Work shall be completed at Landlord's sole cost and expense within ten (10) days following approval by Landlord of Tenant's plumbing plans for the Additional Premises; provided, however, if Landlord's completion of such remaining Sewer Work causes a delay in Tenant's commencement of the Additional Tenant Improvements (and Tenant has obtained all necessary building permits for the Additional Tenant Improvements), the Additional Premises Rent Commencement Date shall be extended day-for-day until such remaining Sewer Work is completed. Tenant shall utilize such early access to ready the Additional Premises for business. Such early access shall not modify the Additional Premises Rent Commencement Date. No representations, inducements, understanding or anything of any nature whatsoever, made, stated or represented by Landlord or anyone acting for or on Landlord's behalf, either orally or in writing, have induced Tenant to enter into this Amendment, and Tenant acknowledges, represents and warrants that Tenant has entered into this Amendment under and by virtue of Tenant's own independent investigation. Except for the Sewer Work and Landlord's representations and warranties in this Amendment, Tenant hereby shall accept the Additional Premises in its current "as is" and "where is" condition without warranty of any kind, express or implied, including, without limitation, any warranty as to title, physical condition or the presence or absence of Hazardous Materials. Subject to Landlord's obligation to complete the Sewer Work at its sole cost and expense, if the Additional Premises are not in all respects entirely suitable for the use or uses to which the Additional Premises or any part thereof will be put, then it is the sole responsibility and obligation of Tenant to take such action as may be necessary to place the Additional Premises in a condition entirely suitable for such use or uses. The work to be performed and improvements made by Tenant at the Additional Premises (which may include fencing and security measures reasonably acceptable to Landlord and Tenant) shall substantially conform to the conceptual plans attached as **Exhibit "C-1"** to this Amendment (the "Additional Tenant Improvements") and shall be performed in accordance with the terms of the Lease. The Additional Premises will be delivered to Tenant in a gray-shell condition described in attached **Exhibit "C-2"** to this Amendment. **IN CONNECTION WITH THE ABOVE, TENANT HEREBY ACKNOWLEDGES AND REPRESENTS TO LANDLORD, AND THE GROUND LESSOR THAT TENANT HAS HAD AMPLE OPPORTUNITY TO INSPECT AND EVALUATE THE ADDITIONAL PREMISES AND THE FEASIBILITY OF THE USES AND ACTIVITIES TENANT IS ENTITLED TO CONDUCT THEREON; THAT TENANT IS EXPERIENCED; THAT TENANT WILL RELY ENTIRELY ON TENANT'S EXPERIENCE, EXPERTISE AND ITS OWN INSPECTION OF THE ADDITIONAL PREMISES IN ITS CURRENT STATE IN PROCEEDING WITH THIS AMENDMENT SUBJECT TO LANDLORD'S OBLIGATION TO COMPLETE THE SEWER WORK AND LANDLORD'S EXPRESS REPRESENTATIONS AND WARRANTIES IN THIS AMENDMENT); TENANT ACCEPTS THE ADDITIONAL PREMISES IN ITS PRESENT CONDITION (SUBJECT TO LANDLORD'S OBLIGATION TO COMPLETE THE SEWER WORK AND LANDLORD'S EXPRESS REPRESENTATIONS AND WARRANTIES IN THIS AMENDMENT), AND THAT, TO THE EXTENT THAT TENANT'S OWN EXPERIENCE WITH RESPECT TO ANY OF THE FOREGOING IS INSUFFICIENT TO ENABLE TENANT TO REACH AND FORM A CONCLUSION, TENANT HAS ENGAGED THE SERVICES OF PERSONS QUALIFIED TO ADVISE TENANT WITH RESPECT TO SUCH MATTERS.**

TENANT IS NOT RELYING ON ANY EXPRESS OR IMPLIED, ORAL OR WRITTEN REPRESENTATIONS, OR WARRANTIES MADE BY LANDLORD OR ITS REPRESENTATIVES, OTHER THAN THOSE EXPRESSLY SET FORTH IN THE LEASE OR THIS AMENDMENT.

9. Allowance. If the Lease is in full force and effect and if Tenant is not in breach or default of any of the terms, conditions, covenants and provisions of this Lease, Tenant shall be entitled to a one-time "Additional Premises Allowance" in the amount of Forty and No/100 Dollars ($40.00) gross square foot for partial reimbursement of the cost to ready the Additional Premises for occupancy ("Tenant's Work"). Payment of the Additional Premises Allowance shall be made to Tenant by Landlord within thirty (30) days after the later to occur of (i) Tenant requesting, in writing, disbursement of the Additional Premises Allowance, which request may be made only after Tenant has opened at the Additional Premises for business to the general public in accordance with the terms, covenants and provisions of this Amendment, and (ii) delivery to Landlord of the following: (a) a copy of the Certificate of Occupancy or comparable permit issued by the City of Salt Lake and/or the County of Salt Lake, Utah for the Additional Premises, (b) unconditional lien waivers from Tenant's contractor and all subcontractors and suppliers who furnished labor and/or materials in connection with the construction of the Additional Premises in a form substantially similar to the form previously delivered to Landlord with respect to the original Additional Premises Allowance, and (c) a copy of all permits, licenses or other governmental, quasi-governmental or other licensing authority authorizations required as a prerequisite for Tenant (or the third party operator) conducting business operations at the Additional Premises, and (d) execution and delivery by Tenant to Landlord of an estoppel certificate in the form attached to the Lease as an Exhibit, and (e) copies of invoices and work orders demonstrating the cost of Tenant's Work, and (f) a copy of the "as-built" plans (or record drawings marked to show field changes) for the Additional Premises. Tenant shall deliver the request for the Additional Premises Allowance to Landlord no later than three hundred sixty (360) days after the Additional Premises Rent Commencement Date (the "Allowance Cutoff Date"). In the event Tenant does not submit the request for the Additional Premises Allowance within thirty (30) days after the Allowance Cutoff Date, Landlord shall not be obligated to fund any portion of the Additional Premises Allowance to Tenant and the Additional Premises Allowance shall be forfeited by Tenant without any reduction or adjustment to the Base Rent, Additional Rent (as defined in the Lease) or other charges payable by Tenant to Landlord under this Lease.

10. Exclusive. So long as the originally named Tenant or an assignee or sublessee pursuant to a Permitted Transfer is continuously and without interruption conducting business operations within the entire Additional Premises for the Permitted Use of the Additional Premises and provided that there has not occurred a Default, except for and any lease, license or concession agreement executed prior to the Amendment Effective Date, and any amendment, modification, extension, expansion, renewal or replacement thereof, Landlord shall not during the Lease Term, lease or rent any other premises within the portions of the Project presently owned by Landlord to a tenant or occupant who will use such for a daycare facility; provided, however, the foregoing restriction shall not apply to: (a) an office tenant/occupant that provides day-care services for the children of its employees, (b) a children's activity center (e.g. "My Gym"), or (c) a strictly after-care (after normal school hours) children's facility. In the event of a breach by Landlord of its obligations contained in this Paragraph 11, which breach is not cured by Landlord pursuant to the terms of the Lease, Tenant shall have the right, as its sole and exclusive remedy, to bring an action for specific performance and/or obtaining a temporary or permanent injunction against Landlord with respect to such uncured breach. In the event of a violation of the exclusive rights set forth in this Paragraph 10 by a third party within the Project, Landlord shall be deemed to have satisfied its obligations hereunder so long as it uses all commercially reasonable efforts to enforce Tenant's exclusive rights. No

breach of this Paragraph 10 shall be deemed to have arisen until such time as Landlord has received written notice from Tenant of an alleged violation and Landlord has failed to remedy the violation in accordance with the terms of the Lease and this Amendment. In the event that any third party and/or governmental body, agency, branch, commission, authority, subdivision, bureau or department commences any action or proceeding against Landlord before any court of competent jurisdiction or administrative tribunal (collectively referred to as an "Action") arising from the restriction set forth in this Paragraph 10, and it is finally determined in such Action that the restriction set forth in this Paragraph 10 is in violation of law, then the restriction set forth in this Paragraph 10 shall be automatically cancelled and revoked. Landlord agrees to notify Tenant of any Action commenced as stated above and shall permit Tenant to defend such Action provided (i) Tenant agrees to hold Landlord and any Landlord's lender harmless and indemnify Landlord and any Landlord's lender for all costs, expenses, damages and judgments which they might incur, expend or be liable for in defending the legality and enforceability of the restriction set forth in Paragraph 10, and (ii) Landlord receives adequate reasonable assurance of Tenant's financial willingness and ability to hold Landlord and any Landlord's lender harmless and indemnify Landlord or any Landlord's lender. Within fourteen (14) days of Landlord notifying Tenant of the institution of the Action, Tenant, at its sole option, may elect in writing by notice to Landlord, to either waive the provisions set forth in the restrictions set forth in this Paragraph 10 with respect to the Action, or to defend the Action. Landlord in its reasonable business judgment shall determine if the aforesaid assurances are satisfactory. It is understood and agreed that Landlord's defense may be undertaken by counsel selected by Tenant, but approved by Landlord, which approval shall not be unreasonably withheld or delayed. Landlord shall have no obligation to enforce the rights granted to Tenant under this Paragraph 10 unless and until Landlord receives written notice of an Action. Landlord shall not be deemed in breach of this Paragraph 10 so long as Landlord has commenced and pursues reasonable efforts to protect Tenant's rights hereunder.

11. Signage. Landlord acknowledges that the signage rights and obligations set forth in the Lease (except for specific free-standing signage, if any) shall apply to the operator of the daycare facility as to the Additional Premises. So long as the Lease is free from default, Landlord shall not install, locate or affix any "for lease" or "for rent" signage within or upon the interior and exterior windows or walls of the Additional Premises or the original Premises.

12. Drop-off Area; Parking. Landlord and Tenant agree to reasonably cooperate to locate pick up/drop off areas for the daycare facility such that traffic flow for patrons of Tenants daycare facility shall not materially disrupt the traffic flow in the Common Area of the Project. Tenant may, at Tenant's option, increase the total number of parking passes rented by Tenant under the Lease by up to 16 additional parking passes for use in connection with the Additional Premises (the "Additional Parking Passes"); provided, however, notwithstanding anything in Article 28 of the Lease to the contrary, parking for the holders of the Additional Parking Passes may be located in garages at the Project owned and/or operated by Landlord and its affiliates, as well as the garage below the Building.

13. Estoppel. Tenant hereby affirms by execution of this Amendment that to the best of Tenant's knowledge the Lease is in full force and effect and Tenant does not have any presently existing claims against Landlord or any offsets against any amounts due under the Lease. To the best of Tenant's knowledge, there are no defaults of Landlord under the Lease and there are no existing circumstances which with the passage of time, notice or both, would give rise to a default under the Lease.

14. Broker. Landlord shall pay the commissions due mountain West Retail pursuant to a separate agreement. Each party hereto shall indemnify the other party against claims by any other broker or finders claiming through the indemnifying party.

15. Full Force and Effect. Except as expressly modified by this Amendment, the Lease remains unmodified and in full force and effect. All references in the Lease to "this Lease" shall be deemed references to the Lease as modified by this Amendment.

16. Counterparts; Electronic Signatures. This Amendment may be executed in one or more counterparts and the signature pages combined to constitute one document. Electronic signatures shall have the same force and effect as original signatures.

17. Landlord's Address for Payments of Rent. Landlord's address for payments of rent under the Lease shall be amended to be: Vestar Gateway, LLC, c/o Vestar, P.O. Box 60051, City of Industry, California 91716.

(signatures on next page)

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date and year first above written.

LANDLORD:

VESTAR GATEWAY, LLC, a Delaware limited liability company

By: SLC Gateway Retail, LLC
A Delaware limited liability company
Its Sole Member

By: VGSLM, LLC
a Delaware limited liability company
its Managing Member

By: */s/ David Larcher*
Name: David Larcher
Title: Manager

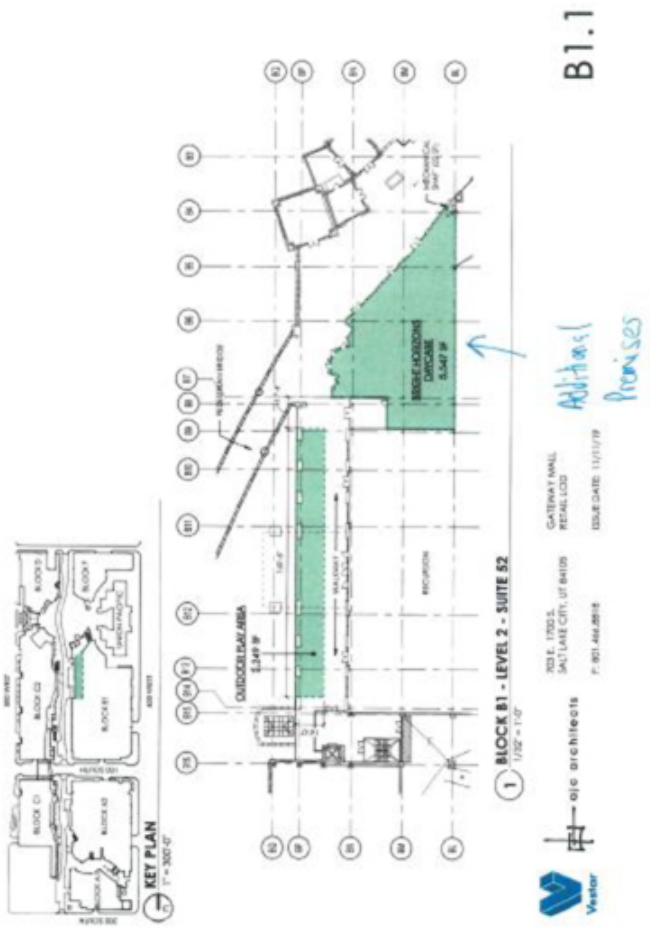
TENANT:

RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation

By: */s/ Tina Larson*
Name: Tina Larson
Its: Chief Operating Officer

EXHIBIT “A”

SITE PLAN




Vestar
THE GATEWAY
Salt Lake City, Utah
200 SOUTH
100 SOUTH
MEGAPLEX
vivint Arena
Cicero
brr


Vestar
THE GATEWAY
Salt Lake City, Utah
MEGAPLEX
Vivint Arena
Delta Center
Ceora
brr

EXHIBIT “B”

PROJECT SITE PLAN


THE
GATEWAY
Salt Lake City, Utah
MEGAPLEX
Vivint Arena
ZIONS
Cove
brr

EXHIBIT “C-l”

TENANT’S CONCEPTUAL PLANS

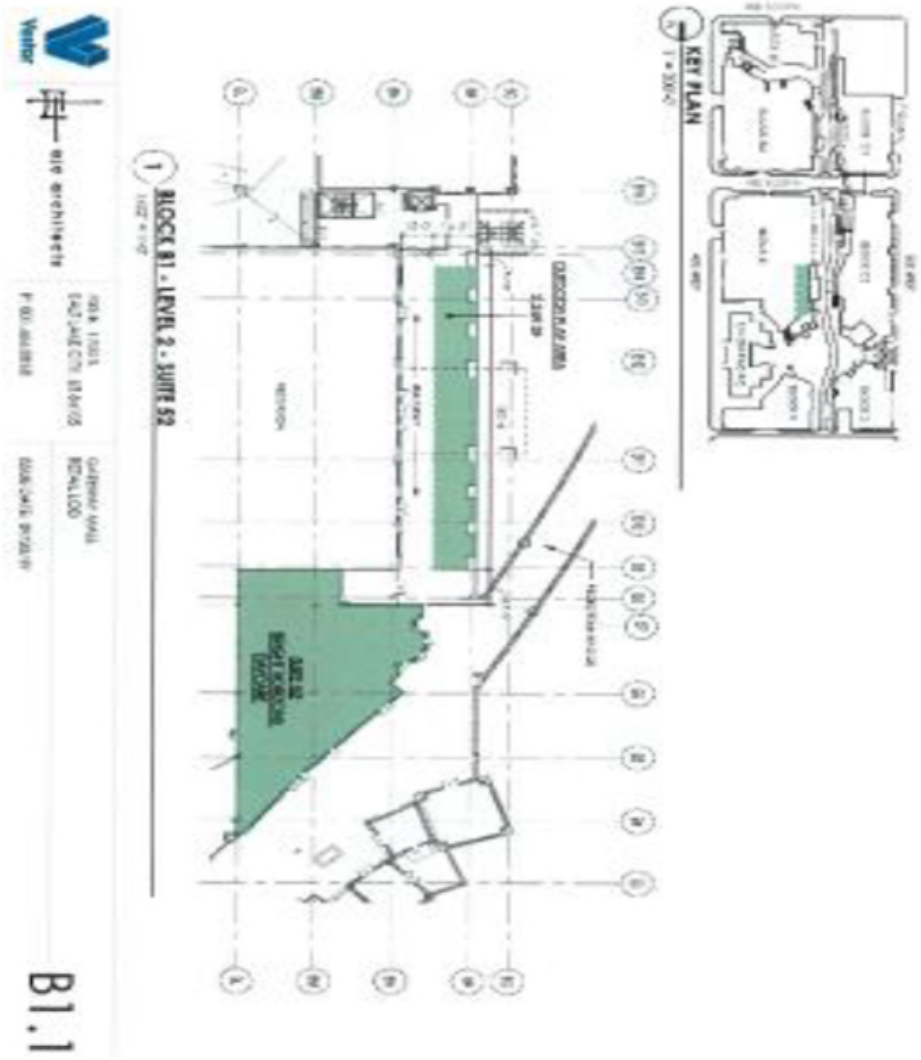

KEY PLAN
BLOCK B1 - LEVEL 2 - SUITE 52
B1.1

EXHIBIT “C-2”

GRAY SHELL SPECIFICATIONS

(ATTACHED)

EXHIBIT "C-2"-GRAY SHELL (RETAIL)

9-16-19

LANDLORD CONSTRUCTION CRITERIA
GATEWAY — SALT LAKE CITY

LANDLORD SHALL PROVIDE THE FOLLOWING GRAY SHELL IMPROVEMENTS TO THE PREMISES HEREINAFTER REFERRED TO AS "**LANDLORD'S WORK**":

STRUCTURES:

Frame: The building is constructed of steel frame, reinforced concrete, or masonry bearing wall, as provided within the existing Gateway project.

Exterior Walls: The exterior wall(s) are of masonry, steel framed, or such other material or materials, as provided within the existing Gateway project.

Ceiling Heights: Tenant's responsibility as to clear height from floor slab.

Roof: The roof is of single ply material type, or equal, as provided within the existing Gateway project.

Partitions: Interior partition walls are Tenant's responsibility.

Door(s) and Frame(s): Exterior service door(s) and frame(s) shall be hollow metal.

Storefront Doors: See Paragraph F.

INTERIOR FINISHES:

Floors: Landlord shall furnish a standard four inch (4") thick concrete slab or suspended structural slab throughout the interior of the Premises

Suspended Structural Slab: The elevated floor slabs of this building are of post-tension concrete construction. Any attachments for mechanical, electrical, or architectural elements shall be limited to a 1" maximum drilled or driven anchor embedment. If deeper embedment or core drilling is required, the slab shall be scanned to locate PT tendons and location adjusted to provide at least 3" clear from any PT tendon. In the event that PT tendons become damaged or cut, they must be repaired to bring the building back to the original design condition. Cost of these repairs shall be the responsibility of the Contactor.

Walls: Demising wall(s) shall be unpainted masonry or unpainted drywall finish, taped over stud, Tenant shall be responsible for final preparation and finish. Height shall be determined by Project Architect. Any cross partition(s) shall be Tenant's responsibility. Exterior and rear wall(s) shall be unpainted masonry or concrete finish or such other material(s) as selected by Project Architect.

Ceilings: None provided, Tenant's responsibility.

SANITARY FACILITIES:

Toilet Room: None provided, Tenant's responsibility. (Existing toilet rooms can remain if tenant so chooses.)

UTILITIES:

Water and Sewer: Landlord shall furnish a minimum of one (1), one inch (1") cold water supply and one (1), four inch (4") waste water line to the Premises per Landlord's plans. Tenant is responsible for stubbing access to both the supply and waste lines.

Electricity: Landlord shall furnish existing electrical cabinets and breakers, located on the rear of the building, capable of accommodating the following minimum service requirements. All downstream conduit from existing panels to be removed except for power to F.C.U.'s and misc. fire alarm devices.

Service at gutter shall be a 200A – 120/208V of service, terminated at the gutter.

Any electrical requirements (step-down transformer, distribution, wiring, convenience outlets, etc.) beyond said service above shall be Tenant's responsibility.

Lighting: None provided, Tenant's responsibility.

H.V.A.C.: Landlord shall provide chilled and heating water from the central plant to the space and provide an outside air connection for space ventilation, based on the following:

Distribution System Design: All air distribution system(s) shall be Tenant's responsibility including providing 4-pipe fan coils, heating and chilled water distribution, outside air distribution and thermostats. Chilled water coils will be designed for 48°F EWT. Heating water coils will be designed for 145°F EWT.

Central Plant Deliverable: Hot water and chilled water delivered from the central plant is intended for artificial cooling and heating of the space and for heating domestic hot water. Hot water and chilled water temperature set points change seasonally for efficiencies but are always adequate to maintain 72°F (Cooling Mode) and 70°F (Heating Mode) air temperatures year-round and to maintain 120°F domestic hot water. Tenant is responsible for obtaining Landlord approval for use of the central plant's hot and chilled water which exceed these parameters.

Capacity: The air conditioning capacity shall not exceed one (1) ton for each three hundred (300) square feet of Floor Area for retail space.

Special Equipment: In the event that Tenant's use of the Premises requires fresh air and/or exhaust air for special equipment, cooking equipment, additional personnel, stock room areas, or show windows, and the like, Tenant shall provide same at Tenant's sole expense, subject to the prior approval of Landlord. Tenant shall connect to base building systems where available.

Fire Sprinkler System: Landlord will provide a main fire line stubbed through the Premises and a layout of upright heads for shell construction as required by code.

TELEPHONE:

One (1), one inch (1”) conduit, with pull string from the building telephone mounting board to Premises will be provided by the Landlord.

STORE FRONTS:

Design and Installation: A standard minimum of one (1) store front shall be designed by the Project Architect and installed by Landlord consisting of a minimum of one (1) single door with cylinder lock. Landlord may elect to provide a double-entry door, at Landlord’s sole discretion, predicated on the square footage of the Premises.

Exhibit 10.12

THIRD AMENDMENT TO OFFICE LEASE

THIS THIRD AMENDMENT TO OFFICE LEASE (this "Amendment") is made and entered into as of the 22nd day of January, 2021 (the "Amendment Effective Date") by and between VESTAR GATEWAY, LLC, a Delaware limited liability company ("Landlord") and RECURSION PHARMACEUTICALS, INC., a Delaware corporation ("Tenant").

RECITALS:

A. Landlord and Tenant have previously executed and delivered that certain Office Lease dated November 13, 2017, as amended by that certain First Amendment to Lease dated September 25, 2018, and as amended by that certain Second Amendment to Lease dated November 13, 2019 (collectively, the "Lease") with respect to certain Premises more particularly described therein.

B. Landlord and Tenant have agreed to modify the Lease, subject to and in accordance with the further terms, covenants and provisions of this Amendment.

NOW, THEREFORE, in consideration of the execution and delivery of the Lease, the foregoing Recitals, the mutual agreements, covenants and promises contained in this Amendment and other good and valuable considerations, the receipt, sufficiency and validity of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Definitions. Capitalized terms used in this Amendment without definition shall have the meanings assigned to such terms in the Lease unless the context expressly requires otherwise.

2. Expansion Premises.

(a) In addition to and together with the Premises, from and after the Expansion Premises Rent Commencement Date (as defined in Paragraph 4 below), Landlord leases to Tenant and Tenant leases from Landlord that certain Expansion Premises (herein so called) located, in part, in the building comprising "Block B" (the "Expansion Premises Building") and, in part, in the Building, and consisting of approximately ninety-one thousand seven hundred forty-eight (91,748) rentable square feet (with 37,717 square feet located on the 1st floor and 51,856 square feet located on the 2nd floor of the Expansion Premises Building and 2,175 square feet located on the 1st floor of the Building adjacent to the Premises). The Expansion Premises is identified as the "Expansion Premises" on the Site Plan attached hereto as Exhibit "A-1". From and after the Expansion Premises Rent Commencement Date, references in the Lease to the "Premises" shall be deemed to include the "Expansion Premises" and Tenant's use, lease and occupancy of the Expansion Premises shall be subject to all of the terms, covenants and provisions of the Lease, except as expressly set forth in this Amendment.

(b) Landlord consents to entry by Tenant in the Expansion Premises from and after the date Landlord tenders possession of the Expansion Premises to Tenant as described in Paragraph 8 below (the "Expansion Premises Delivery Date") for the purposes of readying the Expansion Premises for Tenant's business operations and completing the Expansion Premises Work (as defined below). Tenant acknowledges that the (i) indemnification and waiver provisions of Article 10 of the Lease, (ii) the waiver of subrogation provisions of Section 10.5 of the Lease, and the insurance provisions of Article 10 of the Lease, apply to Tenant's early entry in the Expansion Premises.

3. Use. The Expansion Premises shall be used solely for the purposes expressly set forth in Article 5 of the Lease and for no other purpose.

4. Lease Term. The new Lease Term for the Expansion Premises shall be ten (10) years commencing on the Expansion Premises Rent Commencement Date (defined below) (the "Expansion Premises Lease Term"); provided, however, the terms and provisions of this Amendment are effective as of the Amendment Effective Date. The Lease Term for all portions of the Premises and the Additional Premises (except the Expansion Premises) shall not be modified by the terms of this Amendment. References in the Lease to the "Lease Term" shall be deemed to include the Expansion Premises Lease Term to the extent consistent with the terms of this Amendment. Tenant will have the right to extend the Expansion Premises Lease Term for one (1) five (5) year period, provided Tenant gives Landlord written notice of its intent to do so at least twelve (12) months prior to the expiration of the Expansion Premises Lease Term. The Base Rent for the Option Period with respect to the Expansion Premises shall be ninety-five percent (95%) of the then Fair Rental Value (as defined in Article 2 of the Lease) of the Expansion Premises.

5. Base Rent. From and after the date Tenant commences business operation in the Expansion Premises, but no later than March 31, 2022 (the "Expansion Premises Rent Commencement Date"), Base Rent shall be payable with respect to the Expansion Premises in accordance with the schedule of Base Rent set forth below. Notwithstanding the foregoing, if Tenant's completion of the Expansion Premises Work extends beyond March 31, 2022, then Tenant will not be required to pay any Rent for the Expansion Premises until the Expansion Premises Work is substantially complete; however, the initial Expansion Premises Lease Term shall be extended day-for-day for each additional day beyond March 31, 2022 needed to complete such work (however, the Expansion Premises Rent Commencement Date shall not be extended by more than thirty (30) days), in which case, the last year of the initial Expansion Premises Lease Term may contain more than three hundred sixty-five (365) days. The Rent for the first year of the Expansion Premises Lease Term shall be on a modified gross equivalent basis, inclusive of all Operating Expenses. Following the first year of the Expansion Premises Lease Term, with respect to the Expansion Premises, Tenant shall be responsible for paying its pro-rata share (i.e., 28.99%) of the increases in Operating Expenses and Tax Expenses over a calendar year 2022 (the "Expansion Premises Base Year") in accordance with Article 4 of the Lease, the terms of which, modified as necessary to conform to the defined terms and purposes of this Amendment, are incorporated herein by this reference. Tenant shall be responsible for the direct costs of electricity, water, and HVAC maintenance, consistent with Tenant's obligation with respect to the Premises as set forth in the Section 4.7 of the Lease (excluding the Additional Premises).

Year of Lease Term	Monthly Rental	Annual Rental	Annual Rental Rate Per Square Foot
1	$ 246,572.75	$2,958,873.00	$ 32.2500
2	$ 253,969.93	$3,047,639.19	$ 33.2175
3	$ 261,589.03	$3,139,068.37	$ 34.2140
4	$ 269,436.70	$3,233,240.42	$ 35.2404
5	$ 277,519.80	$3,330,237.63	$ 36.2977
6	$ 285,845.40	$3,430,144.76	$ 37.3866
7	$ 294,420.76	$3,533,049.10	$ 38.5082
8	$ 303,253.38	$3,639,040.57	$ 39.6634
9	$ 312,350.98	$3,748,211.79	$ 40.8533
10	$ 321,721.51	$3,860,658.14	$ 42.0789

* Tenant shall be allowed to occupy the Expansion Premises Rent-free until the Expansion Premises Rent Commencement Date. In addition, all Rent shall abate for the first six (6) months following the Expansion Premises Commencement Date (the "Rent Abatement Period"). The "Rent Abatement Amount" refers to the amount of Rent that Tenant is not required to pay for the Expansion Premises during the Rent Abatement Period. The Rent Abatement Amount is subject to the following: The parties agree to work cooperatively and in good faith to apply for and obtain a loan to Landlord and/or a tax increment incentive from the Redevelopment Agency of Salt Lake City in an amount equal to or greater than the Rent Abatement Amount (the "City Incentive") upon terms that are otherwise reasonably acceptable to Landlord (and Tenant to the extent Tenant is a party to, or has obligations under, any agreement for the City Incentive). If the total amount of the City Incentive is less than the Rent Abatement Amount, the Rent Abatement Amount shall be reduced to match the total amount of the City Incentive. For the avoidance of doubt, the Rent Abatement Amount shall not be increased even if the City Incentive is increased.

6. Termination of Lease for the Expansion Premises. So long as Tenant is not in material default under the Lease beyond any applicable notice and cure periods, Tenant may terminate the Lease, but only with respect to the Expansion Premises, by delivering written notice to Landlord of its intent to do so prior to May 15, 2021, which termination shall be effective as of May 31, 2021, but only if Tenant reasonably determines (and provides written documentation demonstrating) that the cost of the Expansion Premises Work exceeds the estimated construction budget of Eighteen Million and No/100 Dollars ($18,000,000.00) by more than fifteen percent (15%).

7. Security; Access. During the Expansion Premises Lease Term, Landlord shall continue to operate the Building and the Project in a first-class manner that is consistent with similar buildings in the Salt Lake City downtown area and, at a minimum, consistent with past practices, and shall maintain the level of investment in and expenditures for security services for the Project that were made in calendar year 2020 (the "Minimum Security Investment"). If at any time during the Expansion Premises Lease Term Landlord fails to maintain the Minimum Security Investment, which failure continues for thirty (30) days after written notice thereof by Tenant to Landlord, Tenant may, at its option, separately contract for and/or otherwise engage additional security personnel as Tenant deems necessary to ensure a safe working environment for Tenant's employees, invitees, and guests, at Landlord's sole cost. In the event Tenant incurs such expenses at any time during the Expansion Premises Lease Term, Tenant shall submit an invoice to Landlord for reimbursement of the amount of such expenses, together with reasonable documentation of such expenses, and Landlord shall pay Tenant the amount set forth in each such invoice within thirty (30) days of receipt thereof. Tenant shall have the same access to the Expansion Premises as provided for the Premises in the Lease.

8. Delivery of Expansion Premises. Landlord shall tender possession of the Expansion Premises to Tenant promptly following the waiver by Tenant of the contingency set forth above in Paragraph 6 (the "Waiver Date"); provided, however such tender of possession of the Expansion Premises shall not include Suites 32, 81, 82, 83 and 84 (the "Exception Suites") within the Expansion Premises Building. Landlord shall tender possession of the Exception Suites to Tenant in grey shell condition as more fully described in Exhibit "D" hereto on or before the date that is one hundred twenty-five (125) days after the Waiver Date. No representations, inducements, understanding or anything of any nature whatsoever, made, stated or represented by Landlord or anyone acting for or on Landlord's behalf, either orally or in writing, have induced Tenant to enter into this Amendment, and Tenant acknowledges, represents and warrants that Tenant has entered into this Amendment under and by virtue of Tenant's own independent investigation. Except for Landlord's representation and warranties in this Amendment or the Lease, Tenant hereby shall accept the Expansion Premises (except the Exception Suites) in its current "as is" and "where is" condition without warranty of any kind, express or implied, including, without limitation, any warranty as to title, physical condition or the presence or absence of Hazardous Materials, and if the Expansion Premises (except the Exception Suites) are not in all respects entirely suitable for the use or uses to which the Expansion Premises or any part thereof will be put, then it is the sole responsibility and obligation of Tenant to take such action as may be necessary to place the Expansion Premises (except the Exception Suites) in a condition entirely suitable for such use or uses.

IN CONNECTION WITH THE ABOVE, TENANT HEREBY ACKNOWLEDGES AND REPRESENTS TO LANDLORD THAT TENANT HAS HAD AMPLE OPPORTUNITY TO INSPECT AND EVALUATE THE EXPANSION PREMISES AND THE FEASIBILITY OF THE USES AND ACTIVITIES TENANT IS ENTITLED TO CONDUCT THEREON; THAT TENANT IS EXPERIENCED; THAT TENANT WILL RELY ENTIRELY ON TENANT'S EXPERIENCE, EXPERTISE AND ITS OWN INSPECTION OF THE EXPANSION PREMISES IN ITS CURRENT STATE IN PROCEEDING WITH THIS AMENDMENT (SUBJECT TO LANDLORD'S REPRESENTATIONS AND WARRANTIES IN THIS AMENDMENT AND THE LEASE AND LANDLORD'S WORK TO BE PERFORMED WITH RESPECT TO THE EXCEPTION SUITES); TENANT ACCEPTS THE EXPANSION PREMISES IN ITS PRESENT CONDITION (SUBJECT TO LANDLORD'S REPRESENTATIONS AND WARRANTIES IN THIS AMENDMENT AND THE LEASE AND LANDLORD'S WORK TO BE PERFORMED WITH RESPECT TO THE EXCEPTION SUITES), AND THAT, TO THE EXTENT THAT TENANT'S OWN EXPERIENCE WITH RESPECT TO ANY OF THE FOREGOING IS INSUFFICIENT TO ENABLE TENANT TO REACH AND FORM A CONCLUSION, TENANT HAS ENGAGED THE SERVICES OF PERSONS QUALIFIED TO ADVISE TENANT WITH RESPECT TO SUCH MATTERS. TENANT IS NOT RELYING ON ANY EXPRESS OR IMPLIED, ORAL OR WRITTEN REPRESENTATIONS, OR WARRANTIES MADE BY LANDLORD OR ITS REPRESENTATIVES, OTHER THAN THOSE EXPRESSLY SET FORTH IN THIS AMENDMENT OR THE LEASE. In this regard, except as set forth in this Amendment, Tenant shall be responsible, at its sole cost and expense for the Expansion Premises Work in accordance with the provisions of the Lease and this Amendment.

9. Allowance. Tenant shall be entitled to a one-time "Expansion Premises Allowance" in an amount not to exceed One Hundred Ten and No/100 Dollars ($110.00) per rentable square foot of the Expansion Premises for reimbursement of the cost to install certain Tenant Improvements and otherwise ready the Expansion Premises for occupancy (such work is referred to herein as the "Expansion Premises Work"). The terms and conditions relating to the Expansion Premises Work and the payment of the Expansion Premises Allowance are set forth in the Tenant Work Letter (Expansion Premises) attached as Exhibit "B-1" to this Amendment.

10. Signage. Subject to all applicable laws and the sign criteria for the Project, Landlord shall allow Tenant the exclusive right to locate exterior crown signage on the Expansion Premises Building in a mutually acceptable location, subject to Landlord's prior review and approval, which shall not be unreasonably withheld, conditioned or delayed. Tenant shall be responsible for the cost of installation, maintenance, and removal of the exterior signage. Tenant may also install additional signage with respect to the Expansion Premises in accordance with the provisions of Article 23 of the Lease.

11. Letter of Credit. Tenant shall deliver to Landlord within ninety (90) days of the mutual execution of this Amendment an additional L-C (the "Additional L-C") in the amount of Six Million Four Hundred Thousand and No/100 Dollars ($6,400,000.00) which represents sixty-five percent (65%) of the Expansion Premises Allowance. So long as a Default by Tenant has not occurred and remains uncured beyond any required notice and applicable cure period, on the expiration of the 30th full calendar month of the Expansion Premises Lease Term, the amount of the Additional L-C shall reduce by One Million and No/100 Dollars ($1,000,000.00) and thereafter, annually by such amount on each anniversary of the 30th full calendar month of the Expansion Premises Lease Term for the remainder of such term; provided, however, in no event shall the Additional L-C amount reduce below One Million and No/100 Dollars ($1,000,000.00). The Additional L-C shall be in the form set forth in Exhibit "E" to the Lease.

12. Parking. In addition to Tenant's existing parking rights set forth in the Lease, Tenant shall have the additional right, but not the obligation, to utilize up to three (3) parking passes for every one-thousand (1,000) rentable square feet comprising the Expansion Premises for use on a monthly basis throughout the Expansion Premises Lease Term for use in the north and south parking garages owned by Landlord, of which up to twenty (20) of such parking passes shall be for reserved parking spaces located in the Reserved Parking Area and the remaining passes shall be unreserved and on a first-come, first-served basis. The cost for such parking passes described herein for the Expansion Premises Lease Term shall be Eighty-Five and No/100 Dollars ($85.00) per pass per month; provided, however, that the parking fees for up to one hundred twenty (120) parking passes shall be abated in full during the Expansion Premises Lease Term. All other terms and provisions with respect to parking passes shall be as set forth in Article 28 of the Lease.

13. Power Supply. Tenant may, at its sole cost and expense, at any time during the Expansion Premises Lease Term install an uninterruptible power supply and/or Back-Up Generators for the Expansion Premises sufficient for Tenant's needs at a technically feasible location that is mutually acceptable to Tenant and Landlord.

14. Landlord's Representations. Landlord's representations set forth in Section 29.36 of the Lease with regard to the Premises are incorporated herein by this reference with respect to the Expansion Premises (and modified as necessary to conform to the defined terms and purposes of this Amendment); provided, however, for the purposes of Section 29.36 of the Lease and this Paragraph 14, the term "Master Declaration" shall refer to the instruments identified on Exhibit "C" attached to this Amendment, which have not been amended or modified as of the Amendment Effective Date except to the extent expressly set forth on attached Exhibit "C".

15. Estoppel. Tenant and Landlord each hereby affirms by execution of this Amendment that to the best of such party's knowledge the Lease is in full force and effect and such party does not have any presently existing claims against the other party or any offsets against any amounts due under the Lease. To the best of each party's knowledge, there are no defaults of the other party under the Lease and there are no existing circumstances which with the passage of time, notice or both, would give rise to a default under the Lease.

16. Broker. Landlord shall be solely responsible for and shall pay any and all commissions due to Mountain West Retail with respect to this Amendment pursuant to a separate agreement. In no event shall any commission be paid prior to Tenant waiving its termination right set forth in Paragraph 6 above and any other contingency set forth herein. Each party hereto shall indemnify the other party against claims by any other broker or finders claiming through the indemnifying party.

17. Full Force and Effect. Except as expressly modified by this Amendment, the Lease remains unmodified and in full force and effect. All references in the Lease to "this Lease" shall be deemed references to the Lease as modified by this Amendment.

18. Counterparts; Electronic Signatures. This Amendment may be executed in one or more counterparts and the signature pages combined to constitute one document. Electronic signatures shall have the same force and effect as original signatures.

19. Payments of Rental Obligations. Tenant shall pay all rental obligations under the Lease by ACH or other electronic means in accordance with such written instructions that may be obtained from Landlord from time to time.

(signatures on next page)

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date and year first above written.

LANDLORD:

VESTAR GATEWAY, LLC, a Delaware limited liability company

By: SLC Gateway Retail, LLC,
a Delaware limited liability company,
its Sole Member

By: VGSLM, LLC,
a Delaware limited liability company,
its Managing Member

By: */s/ David Larcher*
Name: David Larcher
Title: Manager

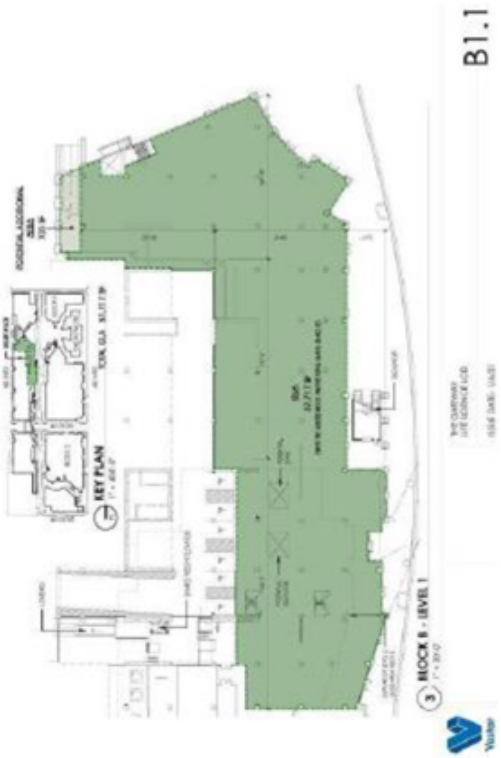
TENANT:

RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation

By: */s/ Tina Larson*
Name: Tina Larson
Title: President & COO

EXHIBIT “A-1”

SITE PLAN


B1.1
KEY PLAN
BLOCK B - LEVEL 1

Page 2

EXHIBIT A-1
Page 3

EXHIBIT "B-1"

TENANT WORK LETTER
(EXPANSION PREMISES)

This Tenant Work Letter shall set forth the terms and conditions relating to the construction of the tenant improvements in the Expansion Premises. This Tenant Work Letter is essentially organized chronologically and addresses the issues of the construction of the Expansion Premises, in sequence, as such issues will arise during the actual construction of the Expansion Premises. All references in this Tenant Work Letter to Articles or Sections of "this Lease" or "this Amendment" shall mean the relevant portion of (a) Articles 1 through 29 of the Office Lease and (b) Paragraphs 1 through 19 of the Third Amendment to Office Lease, to which this Tenant Work Letter is attached **as Exhibit B-1** and of which this Tenant Work Letter forms a part. all references in this Tenant Work Letter to Sections of "this Tenant Work Letter" shall mean the relevant portion of Sections 1 through 6 of this Tenant Work Letter.

SECTION 1

DELIVERY OF THE PREMISES

Tenant acknowledges that Tenant has thoroughly examined the Expansion Premises. Upon the Expansion Premises Delivery Date, Landlord shall deliver the Expansion Premises to Tenant and Tenant shall accept the Premises from Landlord in their presently existing, "as-is" condition as of the date of this Amendment, except as otherwise expressly provided in the Lease and this Amendment. Notwithstanding the foregoing, Landlord and Tenant hereby acknowledge that the Exception Suites portion of the Expansion Premises shall be delivered to Tenant in "grey shell" condition in accordance with the work set forth in Exhibit "D" to this Amendment and not in its presently existing, "as-is" condition as of the date of this Amendment.

SECTION 2

TENANT IMPROVEMENTS

2.1 **Tenant Improvement Allowance**. Tenant shall be entitled to the one-time Expansion Premises Allowance (as defined in Paragraph 9 of this Amendment) for the costs relating to the initial design and construction of Tenant's improvements, which are permanently affixed to the Expansion Premises (the "Tenant Improvements"). In no event shall Landlord be obligated to make disbursements pursuant to this Tenant Work Letter in a total amount which exceeds the Expansion Premises Allowance, except to the extent specifically required by the terms of this Lease and this Tenant Work Letter. All Tenant Improvements for which the Expansion Premises Allowance has been utilized shall be deemed Landlord's property under the terms of the Lease. In the event that Tenant fails to use the entire Expansion Premises Allowance within one (1) year following the Delivery Date, such unused amounts shall be the sole property of Landlord and Tenant shall have no claim to any such unused amounts. Tenant acknowledges that the Expansion Premises Allowance is to be applied to Tenant Improvements covering the entirety of the Expansion Premises such that, following the completion of the Tenant Improvements, the entire Expansion Premises has been built out by Tenant.

2.2 **Disbursement of the Expansion Premises Allowance**.

2.2.1 **Tenant Improvement Allowance Items**. Except as otherwise set forth in this Tenant Work Letter, the Expansion Premises Allowance shall be disbursed by Landlord only for the following items and costs (collectively the "**Tenant Improvement Allowance Items**"):

2.2.1.1 Payment of the fees of the "Architect/Space Planner" and the "Engineers," as those terms are defined in Section 3.1 of this Tenant Work Letter, which payment shall, notwithstanding anything to the contrary contained in this Tenant Work Letter, not exceed an aggregate amount equal to $3.00 per rentable square foot of the Expansion Premises, and payment of the fees incurred by, and the cost of documents and materials supplied by, Landlord and Landlord's consultants in connection with the preparation and review of the "Construction Documents," as that term is defined in Section 3.1 of this Tenant Work Letter;

2.2.1.2 The payment of plan check, permit and license fees relating to construction of the Tenant Improvements;

2.2.1.3 The cost of construction of the Tenant Improvements, including, without limitation, demolition, testing and inspection costs, trash removal costs, parking fees, after-hours utilities usage and contractors' fees and general conditions;

2.2.1.4 The cost of any changes anywhere in the base building or the floor of the Building on which the Expansion Premises is located (referred to herein as the "Building"), when such changes are required by the Construction Documents (including if such changes are due to the fact that such work is prepared on an unoccupied basis) or to comply with applicable governmental regulations or building codes (collectively, the "Code"), such cost to include all direct architectural and/or engineering fees and expenses incurred in connection therewith;

2.2.1.5 The cost of any changes to the Construction Documents or Tenant Improvements required by Code;

2.2.1.6 Sales and use taxes; and

2.2.1.8 the "Landlord Coordination Fee," as that term is defined in Section 4.2.6 of this Tenant Work Letter.

2.2.2 **Disbursement of Expansion Premises Tenant Improvement Allowance**. During the construction of the Tenant Improvements, Landlord shall make monthly disbursements of the Expansion Premises Tenant Improvement Allowance for Tenant Improvement Allowance Items for the benefit of Tenant and shall authorize the release of monies for the benefit of Tenant as follows.

2.2.2.1 **Monthly Disbursements**. On or before the twentieth (20th) day of each calendar month during the construction of the Tenant Improvements (the "Submittal Date") (or such other date as Landlord or Tenant may designate), Tenant shall deliver to Landlord: (i) a request for payment of the "Contractor," as that term is defined in Section 4.1 of this Tenant Work Letter, approved by Tenant showing the schedule, by trade, of percentage of completion of the Tenant Improvements in the Premises; (ii) invoices from all of "Tenant's Agents," as that term is defined in Section 4.1.2 of this Tenant Work Letter, for labor

rendered and materials delivered to the Premises (if such invoice is for the Contractor, the Contractor will need to provide an application and certificate for payment [AIA form G702-1992 or equivalent] signed by the Architect/Space Planner, and a breakdown sheet [AIA form G703-1992 or equivalent]); (iii) an original letter from the Tenant approving such invoices and requesting payment from the Tenant Improvement Allowance; (iv) executed mechanic's lien releases, which lien releases shall be conditional with respect to the then-requested payment amounts and unconditional with respect to payment amounts previously disbursed by Landlord or Tenant, from all of Tenant's Agents; and (v) all other information reasonably requested by Landlord. Tenant's request for payment shall be deemed Tenant's acceptance and approval of the work furnished and/or the materials supplied as set forth in Tenant's payment request. On or before the date occurring thirty (30) days after the Submittal Date, and assuming Landlord receives all of the information described in items (i) through (v), above, and subject to Tenant first disbursing any portion of the Over-Allowance Amount (as defined below) in accordance with Section 4.2.1, Landlord shall deliver a check to Tenant made to Tenant's Agent (or to Tenant if such invoices were previously paid by the Tenant) in payment of the lesser of: (A) the amounts so requested by Tenant, as set forth in this Section 2.2.2.1, above, less a ten percent (10%) retention (the aggregate amount of such retentions shall be known as the "Final TI Allowance Reimbursement"), and (B) the balance of any remaining available portion of the Expansion Premises Tenant Improvement Allowance (not including the Final TI Allowance Reimbursement), provided that Landlord does not dispute any request for payment based on non-compliance of any work with the "Approved Construction Documents", as that term is defined in Section 3.4 below, or due to any substandard work, or for any other reason as provided in this Lease. Landlord's payment of such amounts shall not be deemed Landlord's approval or acceptance of the work furnished or materials supplied as set forth in Tenant's payment request.

2.2.2.2 **Final TI Allowance Reimbursement**. Subject to the provisions of this Tenant Work Letter, a check for the Final TI Allowance Reimbursement payable to Tenant shall be delivered by Landlord to Tenant following the completion of construction of the Premises, provided that (i) Tenant delivers to Landlord (a) properly executed, unconditional final mechanic's lien releases from all of Tenant's Agents, showing the amounts paid, in compliance with applicable Laws, (b) Contractor's last application and certificate for payment (AIA form G702 1992 or equivalent) signed by the Architect/Space Planner, (c) a breakdown sheet (AIA form G703 1992 or equivalent), (d) original stamped building permit plans, (e) copy of the building permit, (f) original stamped building permit inspection card with all final sign-offs, (g) full size bond copies and a CD R disk containing electronic files of the "as built" drawings of the Tenant Improvements in both "dwg" and "pdf" formats, from the Architect/Space Planner for architectural drawings, and from the Contractor for all other trades, (h) air balance reports, (i) excess energy use calculations, (j) one year warranty letters from Tenant's Agents, (k) manufacturer's warranties and operating instructions, (l) final punch-list completed and signed off by Tenant and the Architect/Space Planner, (m) letters of compliance from the Engineers stating that the Engineers have inspected the Tenant Improvements and that they complies with the Engineers' drawings and specifications, (n) a copy of the recorded Notice of Completion, and (o) a final list of all contractors/vendors/consultants retained by Tenant in connection with the Tenant Improvements and any other improvements in the Premises pursuant to this Tenant Work Letter, including, but not limited to, the Contractor, other contractors, subcontractors and the remaining Tenant's Agents, the Architect/Space Planner, the Engineers, systems furniture vendors/ installers, data/telephone cabling/equipment vendors/installers, etc., which final list shall set forth the full legal name, address, contact name (with telephone/fax/e mail addresses) and the total price paid by Tenant for goods and services to each of such contractors/vendors/consultants (collectively, the "Final Close Out Package"), and (ii) Landlord has inspected the Expansion Premises and reasonably determined that no substandard work exists which adversely affects the mechanical, electrical, plumbing, heating, ventilating and air conditioning, life-safety or other systems of the Building, the curtain wall of the Building, the structure or exterior appearance of the Building, or any other tenant's use of such other tenant's leased premises in the Building.

2.2.2.3 **Other Terms**. Landlord shall only be obligated to make disbursements from the Tenant Improvement Allowance to the extent costs are incurred by Tenant for Tenant Improvement Allowance Items. All Tenant Improvement Allowance Items for which the Tenant Improvement Allowance has been made available shall be deemed Landlord's property under the terms of Section 8.5 of this Lease. Tenant shall have no claim to any Tenant Improvement Allowance not expended by Tenant on or before the one (1) year anniversary of the Delivery Date and any such sums shall be the sole property of Landlord.

2.2.2.4 **Allowance Disbursement**. Notwithstanding anything to the contrary contained in this Amendment, Landlord shall not be required to disburse any portion of the Expansion Premises Allowance to Tenant until Tenant has provided to Landlord the Additional L—C described in paragraph 9 of this Amendment.

2.3 **Construction Rules, Requirements, Specifications, Design Criteria and Building Standards**. Landlord has established construction rules, regulation, requirements and procedures, and specifications, design criteria and Building standards with which Tenant, the "Architect/Space Planner," as that term is defined below, and all Tenant's Agents must comply in designing and constructing the Tenant Improvements in the Premises (the "Construction Rules, Requirements, Specifications, Design Criteria and Building Standards").

SECTION 3

CONSTRUCTION DOCUMENTS

3.1 **Selection of Architect/Space Planner/Construction Documents**. Tenant shall retain a licensed, competent, reputable architect/space planner experienced in high-rise office space and Laboratory Use design selected by Tenant and reasonably approved by Landlord (the "Architect/Space Planner") and licensed, competent, reputable engineering consultants selected by Tenant and reasonably approved by Landlord (the "Engineers") to prepare the Construction Documents. The plans and drawings to be prepared by Architect/Space Planner and the Engineers hereunder shall be known collectively as the "Construction Documents." All Construction Documents shall comply with Landlord's drawing format and specifications. Landlord's review of the Construction Documents as set forth in this Section 3, shall be for its sole purpose and shall not imply Landlord's review of the same, or obligate Landlord to review the same, for quality, design, Code compliance or other like matters. Accordingly, notwithstanding that any Construction Documents are reviewed by Landlord or its space planner, architect, engineers and consultants, and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord or Landlord's space planner, architect, engineers, and consultants, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Construction Documents, and Tenant's waiver and indemnity set forth in Section 10.1 of this Lease shall specifically apply to the Construction Documents. Furthermore, Tenant and Architect/Space Planner shall verify, in the field, the dimensions and conditions as shown on the relevant portions of the base building plans, and Tenant and Architect/Space Planner shall be solely responsible for the same, and Landlord shall have no responsibility in connection therewith.

3.2 **Final Space Plan**. Tenant shall supply Landlord with two (2) copies signed by Tenant of its final space plan for the Premises before any architectural Construction Documents or engineering drawings have been commenced. The final space plan (the "Final Space Plan") shall include a layout and designation of all offices, rooms and other partitioning, their intended use, and equipment to be contained therein. Landlord may request clarification or more specific drawings for special use items not included in the Final Space Plan. Landlord shall advise Tenant within five (5) business days after Landlord's receipt of the Final Space Plan for the Premises if the same is unsatisfactory or incomplete in any respect. If Tenant is so advised, Tenant shall promptly cause the Final Space Plan to be revised to correct any deficiencies or other matters Landlord may reasonably require.

3.3 **Final Construction Documents**. After the approval of the Final Space Plan by Landlord and Tenant, Tenant shall promptly cause the Architect/Space Planner and the Engineers to complete the architectural and engineering drawings for the Expansion Premises, and Architect/Space Planner shall compile a fully coordinated set of architectural, structural, mechanical, electrical and plumbing Construction Documents in a form which is complete to allow subcontractors to bid on the work and to obtain all applicable permits (collectively, the "Final Construction Documents") and shall submit the same to Landlord for Landlord's approval, not to be unreasonably withheld, conditioned, or delayed. Tenant shall supply Landlord with two (2) copies signed by Tenant of such Final Construction Documents. Landlord, acting reasonably and in good faith, shall advise Tenant within ten (10) business days after Landlord's receipt of the Final Construction Documents for the Expansion Premises if the same is unsatisfactory or incomplete in any respect. If Tenant is so advised, Tenant shall immediately revise the Final Construction Documents in accordance with such review and any disapproval of Landlord in connection therewith.

3.4 **Approved Construction Documents**. The Final Construction Documents shall be approved by Landlord (the "Approved Construction Documents") prior to the commencement of construction of the Expansion Premises by Tenant; provided, however, Tenant may commence demolition work prior to Landlord's approval of the Final Construction Documents with Landlord's prior written consent, not to be unreasonably withheld, conditioned, or delayed. After approval by Landlord of the Final Construction Documents Tenant shall cause the Architect/Space Planner to submit the Approved Construction Documents to the appropriate municipal authorities for all architectural and structural permits (the "Permits"), provided that (a) the Architect/Space Planner shall provide Landlord with a copy of the package that it intends to submit prior to such submission, and (b) if there are Base Building modifications required to obtain the Permits, then Tenant shall obtain Landlord's prior written consent to any such Base Building modifications. Tenant hereby agrees that neither Landlord nor Landlord's consultants shall be responsible for obtaining any building permit or certificate of occupancy (or other documentation or approval allowing Tenant to legally occupy the Premises) for the Premises and that obtaining the same shall be Tenant's responsibility; provided, however, that Landlord shall cooperate with Tenant in performing ministerial acts reasonably necessary to enable Tenant to obtain any such permit or certificate of occupancy (or other documentation or approval allowing Tenant to legally occupy the Expansion Premises). No changes, modifications or alterations in the Approved Construction Documents may be made without the prior written consent of Landlord, which consent may not be unreasonably withheld.

SECTION 4

CONSTRUCTION OF THE TENANT IMPROVEMENTS

4.1 **Tenant's Selection of Contractors**.

4.1.1 **The Contractor**. Tenant shall retain a licensed general contractor selected by Tenant and reasonably approved by Landlord (the "Contractor"), as contractor for the construction of the Tenant Improvements, which Contractor shall be a qualified, reputable, general contractor experienced in Comparable Buildings.

4.1.2 **Tenant's Agents**. The Architect/Space Planner, Engineers, consultants, Contractor, other contractors, vendors, subcontractors, laborers, and material suppliers retained and/or used by Tenant shall be known collectively as the "Tenant's Agents." For the following trades, only those contractors, subcontractors, laborers, and material suppliers listed in the Construction Rules, Requirements, Specifications, Design Criteria and Building Standards may be selected by Tenant: Asbestos, Cable Television, Electrical, Elevators, Fire Sprinklers, Fire / Life Safety, HVAC, HVAC Air Balance, Plumbing, Roofing (as listed for each building comprising the Project), and Waste. The Electrical, Fire Sprinklers, Fire / Life Safety, HVAC and Plumbing must be engineered by, and any structural engineering must be conducted by, an engineer or engineers approved by Landlord.

4.2 **Construction of Tenant Improvements by Tenant's Agents**.

4.2.1 **Construction Contract; Cost Budget**. Prior to execution of a construction contract, Tenant shall submit a copy of the proposed contract with the Contractor for the construction of the Tenant Improvements, including the general conditions with Contractor (the "Contract") to Landlord for its approval, which approval shall not be unreasonably withheld, conditioned or delayed. Following execution of the Contract and prior to commencement of construction, Tenant shall provide Landlord with a fully executed copy of the Contract for Landlord's records. Prior to the commencement of the construction of the Tenant Improvements, and after Tenant has accepted all bids and proposals for the Tenant Improvements, Tenant shall provide Landlord with a detailed breakdown, by trade, for all of Tenant's Agents, of the final estimated costs to be incurred or which have been incurred in connection with the design and construction of the Tenant Improvements to be performed by or at the direction of Tenant or the Contractor (the "Construction Budget"), which costs shall include, but not be limited to, the costs of the Architect's and Engineers' fees and the Landlord Coordination Fee. The amount, if any, by which the total costs set forth in the Construction Budget exceed the amount of the Expansion Premises Tenant Improvement Allowance is referred to herein as the "Over Allowance Amount".

In the event that an Over-Allowance Amount exists, then prior to the commencement of construction of the Tenant Improvements, Tenant shall supply Landlord with cash in an amount equal to the Over-Allowance Amount. The Over-Allowance Amount shall be disbursed by Landlord prior to the disbursement of any of the then remaining portion of the Expansion Premises Improvement Allowance, and such disbursement shall be pursuant to the same procedure as the Expansion Premises Improvement Allowance. In the event that, after the total costs set forth in the Construction Budget have been delivered by Tenant to Landlord, the costs relating to the design and construction of the Tenant Improvements change, any additional costs for such design and construction in excess of the total costs set forth in the Construction Budget shall be added to the Over-Allowance Amount and the total costs set forth in the Construction Budget, and such additional costs shall be paid by Tenant to Landlord immediately as an addition to the Over-Allowance Amount or at Landlord's option, Tenant shall make payments for such additional costs out of its own funds, but Tenant shall continue to provide Landlord with the documents described in items (i), (ii), (iii) and (iv) of Section 2.2.2.1 of this Tenant Work Letter, above, for Landlord's approval, prior to Tenant paying such costs. All Tenant Improvements paid for by the Over-Allowance Amount shall be deemed Landlord's property under the terms of the Lease.

4.2.2 **Tenant's Agents**.

4.2.2.1 **Landlord's General Conditions for Tenant's Agents and Tenant Improvement Work**. Tenant's and Tenant's Agent's construction of the Tenant Improvements shall comply with the following: (i) the Tenant Improvements shall be constructed in strict accordance with the Approved Construction Documents; (ii) Tenant and Tenant's Agents shall not, in any way, interfere with, obstruct, or delay, the work of Landlord's base building contractor and subcontractors with respect to the Base Building or any other work in the Building; (iii) Tenant's Agents shall submit schedules of all work relating to the Tenant Improvements to Landlord and Landlord shall, within five (5) business days of receipt thereof, inform Tenant's Agents of any changes which are necessary thereto, and Tenant's Agents shall adhere to such corrected schedule; and (iv) Tenant shall abide by all rules made by Landlord with respect to the use of parking, freight, loading dock and service elevators, storage of materials, coordination of work with the contractors of other tenants, and any other matter in connection with this Tenant Work Letter, including, without limitation, the construction of the Tenant Improvements and Tenant shall promptly execute all documents including, but not limited to, Landlord's standard contractor's rules and regulations, as Landlord may deem reasonably necessary to evidence or confirm Tenant's agreement to so abide.

4.2.2.2 **Indemnity**. Tenant's indemnity of Landlord as set forth in Section 10.1 of this Lease shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to any act or omission of Tenant or Tenant's Agents, or anyone directly or indirectly employed by any of them, or in connection with Tenant's non-payment of any amount arising out of the Tenant Improvements and/or Tenant's disapproval of all or any portion of any request for payment. Such indemnity by Tenant, as set forth in Section 10.1 of this Lease, shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to Landlord's performance of any ministerial acts reasonably necessary (i) to permit Tenant to complete the Tenant Improvements, and (ii) to enable Tenant to obtain any building permit or certificate of occupancy (or other documentation or approval allowing Tenant to legally occupy the Expansion Premises) for the Expansion Premises.

4.2.2.3 **Requirements of Tenant's Agents**. Each of Tenant's Agents shall guarantee to Tenant and for the benefit of Landlord that the portion of the Tenant Improvements for which it is responsible shall be free from any defects in workmanship and materials for a period of not less than one (1) year from the date of completion thereof. Each of Tenant's Agents shall be responsible for the replacement or repair, without additional charge, of all work done or furnished in accordance with its contract that shall become defective within one (1) year after the later to occur of (i) completion of the work performed by such contractor or subcontractors and (ii) the Expansion Premises Rent Commencement Date. The correction of such work shall include, without additional charge, all additional expenses and damages incurred in connection with such removal or replacement of all or any part of the Tenant Improvements, and/or the Building and/or common areas that may be damaged or disturbed thereby. All such warranties or guarantees as to materials or workmanship of or with respect to the Tenant Improvements shall be contained in the Contract or subcontract and shall be written such that such guarantees or warranties shall inure to the benefit of both Landlord and Tenant, as their respective interests may appear, and can be directly enforced by either. Tenant covenants to give to Landlord any assignment or other assurances which may be necessary to effect such right of direct enforcement.

4.2.2.4 **Insurance Requirements**.

4.2.2.4.1 **General Coverages**. All of Tenant's Agents shall carry worker's compensation insurance covering all of their respective employees, and shall also carry commercial general liability insurance, including property damage, all with limits, in form and with companies as are required to be carried by Tenant as set forth in Article 10 of this Lease, and the policies therefor shall insure Landlord and Tenant, as their interests may appear, as well as the Contractor and subcontractors.

4.2.2.4.2 **Special Coverages**. Tenant or Contractor shall carry "Builder's All Risk" insurance in an amount approved by Landlord, which shall in no event be less than the amount actually carried by Tenant or Contractor, covering the construction of the Tenant Improvements, and such other insurance as Landlord may require, it being understood and agreed that the Tenant Improvements shall be insured by Tenant pursuant to Article 10 of this Lease immediately upon completion thereof. Such insurance shall be in amounts and shall include such extended coverage endorsements as may be reasonably required by Landlord.

4.2.2.4.3 **General Terms**. Certificates for all insurance carried pursuant to this Section 4.2.2.4 shall be delivered to Landlord before the commencement of construction of the Tenant Improvements and before the Contractor's equipment is moved onto the site. All such policies of insurance must contain a provision that the company writing said policy will give Landlord thirty (30) days prior written notice of any cancellation or lapse of the effective date or any reduction in the amounts of such insurance. In the event that the Tenant Improvements are damaged by any cause during the course of the construction thereof, Tenant shall immediately repair the same at Tenant's sole cost and expense. Tenant's Agents shall maintain all of the foregoing insurance coverage in force until the Tenant Improvements are fully completed and accepted by Landlord, except for any Products and Completed Operation Coverage insurance required by Landlord, which is to be maintained for ten (10) years following completion of the work and acceptance by Landlord and Tenant and which shall name Landlord, and any other party that Landlord so specifies, as additional insured as to the full limits required hereunder for such entire ten (10) year period. All insurance, except Workers' Compensation, maintained by Tenant's Agents shall preclude subrogation claims by the insurer against anyone insured thereunder. Such insurance shall provide that it is primary insurance as respects the owner and that any other insurance maintained by owner is excess and noncontributing with the insurance required hereunder. The requirements for the foregoing insurance shall not derogate from the provisions for indemnification of Landlord by Tenant under Section 4.2.2.2 of this Tenant Work Letter. Landlord may, in its discretion, require Tenant to obtain a lien and completion bond or some alternate form of security satisfactory to Landlord in an amount sufficient to ensure the lien-free completion of the Tenant Improvements and naming Landlord as a co-obligee.

4.2.3 **Governmental Compliance**. The Tenant Improvements shall comply in all respects with the following: (i) the Code and other state, federal, city or quasi-governmental laws, codes, ordinances and regulations, as each may apply according to the rulings of the controlling public official, agent or other person; (ii) applicable standards of the American Insurance Association (formerly, the National Board of Fire Underwriters) and the National Electrical Code; and (iii) building material manufacturer's specifications.

4.2.4 **Inspection by Landlord**. Landlord shall have the right to inspect the Tenant Improvements at all times, provided however, that Landlord's failure to inspect the Tenant Improvements shall in no event constitute a waiver of any of Landlord's rights hereunder nor shall Landlord's inspection of the Tenant Improvements constitute Landlord's approval of the same. Should Landlord reasonably disapprove any portion of the Tenant Improvements due to defects or deviations in the completion of such improvements, Landlord shall notify Tenant in writing of such disapproval and shall specify the items disapproved. Any defects or deviations noted in Landlord's disapproval shall be rectified by Tenant at no expense to Landlord, provided however, that in the event Landlord determines that a defect or deviation exists, Landlord may, take such action as Landlord deems necessary, at Tenant's expense and without incurring any liability on Landlord's part, to correct any such defect or deviation, including, without limitation, causing the cessation of performance of the construction of the Tenant Improvements until such time as the defect, deviation and/or matter is corrected to Landlord's satisfaction.

4.2.5 **Meetings**. Commencing upon the execution of this Amendment, Tenant shall hold regular meetings with the Architect/Space Planner and the Contractor regarding the progress of the preparation of Construction Documents and the construction of the Tenant Improvements, which meetings shall be held at the office of the Project, at a time mutually agreed upon by Landlord and Tenant, and, upon Landlord's request, certain of Tenant's Agents shall attend such meetings. In addition, minutes shall be taken at all such meetings, a copy of which minutes shall be promptly delivered to Landlord. One such meeting each month shall include the review of Contractor's current request for payment.

4.2.6 **Landlord Coordination Fee**. Tenant shall pay a construction supervision and management fee (the "Landlord Coordination Fee") to Landlord in an amount equal to one percent (1.0%) of the Expansion Improvement Allowance.

4.3 **Notice of Completion**. Within five (5) days after the final completion of construction of the Tenant Improvements, including, without limitation, the completion of any punch list items, Tenant shall cause a Notice of Completion to be recorded in the office of the Recorder of the County in which the Premises is located pursuant to applicable Law, and shall furnish a copy thereof to Landlord upon such recordation. If Tenant fails to do so, Landlord may execute and file the same on behalf of Tenant as Tenant's agent for such purpose, at Tenant's sole cost and expense. At the conclusion of construction and prior to Landlord's payment of the Final TI Allowance Reimbursement, (i) Tenant shall cause the Contractor and the Architect/Space Planner (A) to update the Approved Construction Documents through annotated changes, as necessary, to reflect all changes made to the Approved Construction Documents during the course of construction, (B) to certify to the best of the Architect/Space Planner's and Contractor's knowledge that such updated Approved Construction Documents are true and correct, which certification shall survive the expiration or termination of this Lease, as hereby amended, and (ii) Tenant shall deliver to Landlord the Final Close Out Package. Landlord shall, at Tenant's expense, update Landlord's "as-built" master plans, for the floor(s) on which the Premises are located, if any, including updated vellums and electronic CAD files, all of which may be modified by Landlord from time to time, and the current version of which shall be made available to Tenant upon Tenant's request.

SECTION 5

MISCELLANEOUS

5.1 **Tenant's Representative**. Tenant has designated Jason Gordon as its sole representative with respect to the matters set forth in this Tenant Work Letter, who shall have full authority and responsibility to act on behalf of the Tenant as required in this Tenant Work Letter.

5.2 **Landlord's Representative**. Landlord has designated Jack Van Kleunen as its sole representative with respect to the matters set forth in this Tenant Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Tenant Work Letter.

5.3 **Time of the Essence in This Tenant Work Letter**. Unless otherwise indicated, all references in this Tenant Work Letter to a "number of days" shall mean and refer to calendar days. If any item requiring approval is timely disapproved by Landlord, the procedure for preparation of the document and approval thereof shall be repeated until the document is approved by Landlord.

5.4 **Tenant's Lease Default**. Notwithstanding any provision to the contrary contained in this Lease, if an event of default as described in Section 19.1 of this Lease or a default by Tenant under this Tenant Work Letter has occurred at any time on or before the substantial completion of the Expansion Premises, then (i) in addition to all other rights and remedies granted to Landlord pursuant to this Lease, Landlord shall have the right to withhold payment of all or any portion of the Expansion Premises Tenant Improvement Allowance and/or Landlord may cause Contractor to cease the construction of the Expansion Premises (in which case, Tenant shall be responsible for any delay in the substantial completion of the Expansion Premises caused by such work stoppage), and (ii) all other obligations of Landlord under the terms of this Tenant Work Letter shall be forgiven until such time as such default is cured pursuant to the terms of this Lease (in which case, Tenant shall be responsible for any delay in the substantial completion of the Expansion Premises caused by such inaction by Landlord).

EXHIBIT "C"

MASTER DECLARATION

(i) Notice Of Adoption Of Redevelopment plan Entitled "Depot District Redevelopment Project Area Plan", dated October 15, 1998, recorded October 22, 1998 as Entry No. 7127194 in Book 8133 at Page 1835 of the Official Records, as amended and affected by an Amended Notice Of Adoption Of Redevelopment Plan Entitled "Depot District Redevelopment Project Area Plan", dated October 15, 1998, recorded May 6, 1999 as Entry No. 7345726 in Book 8275 at Page 1402 of the Official Records;

(ii) Easement Agreement (With Boundary Agreement), dated January 3, 2000, recorded January 13, 2000 as Entry No. 7553961, in Book 8336, at Page 1170 of the Official Records, as amended and/or otherwise affected by that certain Omnibus Amendment To City Project Agreements, recorded April 22, 2013 as Entry No. 11622650, in Book 10129, at Page 5755 of the Official Records, as amended and/or otherwise affected by that certain Affidavit, dated February 21, 2001, executed by BRIAN GOCHNOUR, recorded February 26, 2001 as Entry No.7828965, in Book 8427, at Page 4667 of the Official Records;

(iii) Amended And Restated Participation And Reimbursement Agreement, dated as of May __, 2006, recorded June 8, 2006 as Entry No. 9747342, in Book 9305, at Page 5127 of the Official Records, as amended and/or otherwise affected by that certain First Amendment To Amended And Restated Participation And Reimbursement Agreement, recorded April 22, 2013 as Entry No. 11622649, in Book 10129, at Page 5750 of the Official Records;

(iv) Rio Grande Street Grant Of Easement, dated January 3, 2000, recorded January 13, 2000 as Entry No. 7553963, in Book 8336, at Page 1217 of the Official Records, as corrected by an Affidavit recorded August 7, 2000 as Entry No. 7693049, in Book 8379 at Page 5484 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Rio Grande Street Grant Of Easement, recorded May 6, 2005 as Entry No. 9370280, in Book 9128, at Page 481 of the Official Records, and by that certain Second Amendment to Rio Grande Street Grant Of Easement, recorded December 20, 2007 as Entry No. 10305320, in Book 9550, at Page 5547 of the Official Records, and by that certain Joint Omnibus Amendment To Project Agreements, recorded April 22, 2013 as Entry No. 11622651, in Book 10129, at Page 5760 of the Official Records;

(v) Plaza Pedestrian And Public Use Easement And Programming Agreement, dated December 23, 1999, recorded January 13, 2000 as Entry No. 7553964, in Book 8336, at Page 1240 of the Official Records, as corrected by an Affidavit recorded August 7, 2000 as Entry No. 7693049, in Book 8379 at Page 5484 of the Official Records, and as amended, supplemented and otherwise affected by that certain First Amendment To Plaza Pedestrian And Public Use Easement And Programming Agreement, recorded May 6, 2005 as Entry No. 9370282, in Book 9128, at Page 506 of the Official Records, and by that certain Joint Omnibus Amendment To Project Agreements, recorded April 22, 2013 as Entry No. 11622651, in Book 10129, at Page 5760 of the Official Records;

(vi) North Temple Frontage Road Grant Of Easement, dated December 23, 1999, recorded January 13, 2000 as Entry No. 7553965, in Book 8336, at Page 1263 of the Official Records, as corrected by an Affidavit recorded August 7, 2000 as Entry No. 7693049, in Book 8379 at Page 5484 of the Official Records, and as amended, supplemented and otherwise affected by that certain First Amendment To North Temple Frontage Road Grant Of Easement, recorded May 6, 2005 as Entry No. 9370279, in Book 9128, at Page 466 of the Official Records, and by that certain Joint Omnibus Amendment To Project Agreements, recorded April 22, 2013 as Entry No. 11622651, in Book 10129, at Page 5760 of the Official Records;

(vii) Depot Pedestrian And Public Use Easement, dated December 23, 1999, recorded January 13, 2000 as Entry No. 7553966, in Book 8336, at Page 1284 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Depot Pedestrian And Public Use Easement, recorded May 6, 2005 as Entry No. 9370281, in Book 9128, at Page 497 of the Official Records;

(viii) Hotel Pedestrian Easement, dated December 23, 1999, recorded January 13, 2000 as Entry No. 7553967, in Book 8336, at Page 1302 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Hotel Pedestrian Easement Now Known As Walkway Easement, recorded May 6, 2005 as Entry No. 9370283, in Book 9128, at Page 525 of the Official Records;

(ix) Parks Blocks Agreement, dated as of July 5, 2000, recorded July 7, 2000 as Entry No. 7674967, in Book 8373, at Page 5614 of the Official Records, as amended and/or otherwise affected by that certain Omnibus Amendment To City Project Agreements, recorded April 22, 2013 as Entry No. 11622650, in Book 10129, at Page 5755 of the Official Records;

(x) Declaration And Establishment Of Protective Covenants, Conditions And Restrictions And Grant Of Easements, dated as of December 15, 2000, recorded December 27, 2000 as Entry No. 7787948, in Book 8410, at Page 8311 of the Official Records, as amended and/or otherwise affected by that certain First Amendment To Declaration And Establishment Of Protective Covenants, Conditions And Restrictions And Grant Of Easements, recorded March 1, 2001 as Entry No. 7833680, in Book 8430, at Page 1766 of the Official Records, and by that certain Second Amendment To Declaration And Establishment Of Protective Covenants, Conditions And Restrictions And Grant Of Easements, recorded May 6, 2005 as Entry No. 9370284, in Book 9128, at Page 536 of the Official Records;

(xi) Amended and Restated Declaration of Condominium Gateway Block C1 Condominium Project, recorded April 27, 2001 as Entry No. 7881708, in Book 8450, at Page 4761 of the Official Records, as said Amended And Restated Declaration was amended and/or otherwise affected by that certain First Amendment to Amended and Restated Declaration of Condominium Gateway Block C1 Condominium Project, recorded February 15, 2011 as Entry No. 11134756, in Book 9905, at Page 6380 of the Official Records;

(xii) Amended And Restated Declaration Of Condominium Gateway Block C2 Condominium Project, recorded April 27, 2001 as Entry No. 7881709, in Book 8450, at Page 4843 of the Official Records;

(xiii) Declaration Of Condominium Gateway Block A Condominium Project, recorded February 26, 2001 as Entry No. 7828969, in Book 8427, at Page 4676 of the Official Records;

(xiv) Declaration Of Condominium Gateway Block B Condominium Project, recorded February 26, 2001 as Entry No. 7828971, in Book 8427, at Page 4752 of the Official Records, as amended or otherwise affected by that certain First Amendment To Declaration Of Condominium Gateway Block B Condominium Project And Amendment Of Record Of Survey Map, recorded May 16, 2002 as Entry No. 8235748, in Book 8598 at Page 7012, of the Official Records, and by that certain Second Amendment To Declaration Of Condominium Gateway Block B Condominium Project And Amendment Of Record Of Survey Map, recorded July 20, 2004 as Entry No. 9125323, in Book 9016 at Page 2655;

(xv) Declaration Of Covenants, Conditions And Restrictions Re Commercial Shared Maintenance, dated as of February 28, 2001, as evidenced by that certain Memorandum Of Declaration Of Covenants, Conditions And Restrictions Re Commercial Shared Maintenance (Gateway), recorded March 1, 2001 as Entry No. 7833681, in Book 8430, at Page 1770 of the Official Records, and by that certain First Amendment To Memorandum Of Declaration Of Covenants, Conditions And Restrictions Re Commercial Shared Maintenance, recorded May 6, 2005 as Entry No. 9370286, in Book 9128, at Page 563 of the Official Records, and by that certain Consent and Acknowledgment of Inland Western Salt Lake City Gateway, L.L.C., recorded September 25, 2013 as Entry No. 11730200, in Book 10180, at Page 1552 of the Official Records;

(xvi) Declaration Of Easements, dated as of September 1, 2001, recorded April 7, 2003 as Entry No. 8600407, in Book 8772, at Page 5889 of the Official Records;

(xvii) Covenant Agreement, dated as of February 28, 2003, recorded April 7, 2003 as Entry No. 8600408, in Book 8772, at Page 5901 of the Official Records;

(xviii) unrecorded Parking License Agreement dated April 8, 2002, unrecorded First Amendment to Parking License Agreement dated as of July 9, 2002, and unrecorded Central Plant Participation Agreement dated June 1, 2002, each as disclosed by that certain Parking License, Parking Access, Central Plant Participation And Subordination Agreement, dated as of June 16, 2003, recorded June 16, 2003 as Entry No. 8691592, in Book 8818, at Page 5955 of the Official Records;

(xix) Parking License Agreement, dated October 6, 2003, recorded October 10, 2003 as Entry No. 8848851, in Book 8894, at Page 9334 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Parking License Agreement (Gateway Office 3), dated May 5, 2005, recorded May 6, 2005 as Entry No. 9370289, in Book 9128, at Page 580 of the Official Records;

(xx) Agreement For Construction And Subsequent Acquisition Of Retail Unit 4, Gateway Block A Condominium, For The Purpose Of Operating A Planetarium And Presenting Large Screen Motion Picture Features, dated February 13, 2002, recorded June 8, 2004 as Entry No. 9084123, in Book 8998, at Page 4901 of the Official Records;

(xxi) Parking License Agreement, dated June 30, 2004, recorded July 20, 2004 as Entry No. 9125321, in Book 9016, at Page 2635 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Parking License Agreement, dated May 5, 2005, recorded May 6, 2005 as Entry No. 9370288, in Book 9128, at Page 573 of the Official Records;

(xxii) Air Space Easement Agreement, dated as of May 5, 2005, recorded May 6, 2005 as Entry No. 9370290, in Book 9128, at Page 586 of the Official Records;

(xxiii) Encroachment Agreement, dated as of May 5, 2005, recorded May 6, 2005 as Entry No. 9370291, in Book 9128, at Page 595 of the Official Records;

(xxiv) Declaration Of Covenants, Restrictions And Easements (The Gateway—Retail Parcels), recorded May 6, 2005 as Entry No. 9370292, in Book 9128, at Page 605 of the Official Records, as amended by that certain Amendment To Declaration Of Covenants, Restrictions And Easements, recorded May 31, 2005 as Entry No. 9390612, in Book 9137, at Page 7862 of the Official Records, as amended by that Second Amendment to Declaration of Covenants, Restrictions and Easements dated June 27, 2019, recorded June 28, 2019, as Entry No. 13019122 in Book 10797, Page 3555;

(xxv) Declaration Of Easement (Emergency Ingress & Egress), dated as of January 6, 2006, recorded January 10, 2006 as Entry No. 9606025, in Book 9241, at Page 9418 of the Official Records;

(xxvi) Parking License Agreement, dated December 15, 2006, recorded December 26, 2006 as Entry No. 9951937, in Book 9399, at Page 9815 of the Official Records;

(xxvii) Easement, recorded December 4, 2007 as Entry No. 10291031, in Book 9544, at Page 1216 of the Official Records;

(xxviii) Declaration Of Bridge Covenants And Easements (The Gateway—Retail Parcels), dated October 3, 2007, recorded January 22, 2008 as Entry No. 10328082, in Book 9561, at Page 1129 of the Official Records;

(xxix) Easement, recorded January 22, 2008 as Entry No. 10328083, in Book 9561, at Page 1144 of the Official Records;

(xxx) Parking License Agreement, dated March 20, 2006, the existence of which is disclosed of record by that certain Memorandum Of Parking License Agreement recorded October 22, 2012 as Entry No. 11496303, in Book 10068, at Page 3312 of the Official Records;

(xxxi) Central Plant Participation Agreement, dated October 6, 2003, recorded October 10, 2003 as Entry No. 8848852, in Book 8894, at Page 9344 of the Official Records;

(xxxii) Central Plant Participation Agreement, dated June 30, 2004, recorded July 20, 2004 as Entry No. 9125322, in Book 9016, at Page 2645 of the Official Records; and

(xxxiii) all amendments, modifications, extensions and renewals and replacements thereof; all of which shall be superior to this Lease, binding upon the Project and run with the land.

EXHIBIT "D"

EXCEPTION SUITES GREY SHELL CRITERIA

LANDLORD SHALL PROVIDE THE FOLLOWING GRAY SHELL IMPROVEMENTS TO THE PREMISES HEREINAFTER REFERRED TO AS "**LANDLORD'S WORK**":

A. STRUCTURES:

1. **Frame**: The building is constructed of steel frame, reinforced concrete, or masonry bearing wall, as provided within the existing Gateway project.
2. **Exterior Walls**: The exterior wall(s) are of masonry, steel framed, or such other material or materials, as provided within the existing Gateway project.
3. **Ceiling Heights**: Tenant's responsibility as to clear height from floor slab.
4. **Roof**: The roof is of single ply material type, or equal, as provided within the existing Gateway project.
5. **Partitions**: Interior partition walls are Tenant's responsibility.
6. **Door(s) and Frame(s)**: Exterior service door(s) and frame(s) shall be hollow metal.
7. **Storefront Doors**: See Paragraph F.

B. INTERIOR FINISHES:

1. **Floors**: Landlord shall furnish a standard four inch (4") thick concrete slab or suspended structural slab throughout the interior of the Premises
2. **Suspended Structural Slab**: The elevated floor slabs of this building are of post-tension concrete construction. Any attachments for mechanical, electrical, or architectural elements shall be limited to a 1" maximum drilled or driven anchor embedment. If deeper embedment or core drilling is required, the slab shall be scanned to locate PT tendons and location adjusted to provide at least 3" clear from any PT tendon. In the event that PT tendons become damaged or cut, they must be repaired to bring the building back to the original design condition. Cost of these repairs shall be the responsibility of the Contactor.
3. **Walls**: Demising wall(s) shall be unpainted masonry or unpainted drywall finish, taped over stud, Tenant shall be responsible for final preparation and finish. Height shall be determined by Project Architect. Any cross partition(s) shall be Tenant's responsibility. Exterior and rear wall(s) shall be unpainted masonry or concrete finish or such other material(s) as selected by Project Architect.
4. **Ceilings**: None provided, Tenant's responsibility.

C. SANITARY FACILITIES:

1. **Toilet Room**: None provided, Tenant's responsibility. (Existing toilet rooms can remain if tenant so chooses.)

D. UTILITIES:

1. **Water and Sewer**: Landlord shall furnish a minimum of one (1), one inch (1") cold water supply and one (1), four inch (4") waste water line to the Premises per Landlord's plans. Tenant is responsible for stubbing access to both the supply and waste lines.

2. **Electricity**: Landlord shall furnish existing electrical cabinets and breakers, located on the rear of the building, capable of accommodating the following minimum service requirements. All down stream conduit from existing panels to be removed except for power to F.C.U.'s and misc. fire alarm devices.

   (a) Service at gutter shall be a 200A – 120/208V of service, terminated at the gutter.

   (b) Any electrical requirements (step-down transformer, distribution, wiring, convenience outlets, etc.) beyond said service above shall be Tenant's responsibility.

3. **Lighting**: None provided, Tenant's responsibility.

4. **H.V.A.C.**: Landlord shall provide chilled and heating water from the central plant to the space and provide an outside air connection for space ventilation, based on the following:

   (a) Distribution System Design: All air distribution system(s) shall be Tenant's responsibility including providing 4-pipe fan coils, heating and chilled water distribution, outside air distribution and thermostats. Chilled water coils will be designed for 48°F EWT. Heating water coils will be designed for 145°F EWT.

      (aa) Central Plant Deliverable: Hot water and chilled water delivered from the central plant is intended for artificial cooling and heating of the space and for heating domestic hot water. Hot water and chilled water temperature set points change seasonally for efficiencies but are always adequate to maintain 72°F (Cooling Mode) and 70°F (Heating Mode) air temperatures year-round and to maintain 120°F domestic hot water. Tenant is responsible for obtaining Landlord approval for use of the central plant's hot and chilled water which exceed these parameters.

   (b) Capacity: The air conditioning capacity shall not exceed one (1) ton for each three hundred (300) square feet of Floor Area for retail space.

(c) Special Equipment: In the event that Tenant's use of the Premises requires fresh air and/or exhaust air for special equipment, cooking equipment, additional personnel, stock room areas, or show windows, and the like, Tenant shall provide same at Tenant's sole expense, subject to the prior approval of Landlord. Tenant shall connect to base building systems where available.

5. **Fire Sprinkler System**: Landlord will provide a main fire line stubbed through the Premises and a layout of upright heads for shell construction as required by code.

E. TELEPHONE:

1. One (1), one inch (1") conduit, with pull string from the building telephone mounting board to Premises will be provided by the Landlord.

F. STORE FRONTS:

1. Design and Installation: A standard minimum of one (1) store front shall be designed by the Project Architect and installed by Landlord consisting of a minimum of one (1) single door with cylinder lock. Landlord may elect to provide a double-entry door, at Landlord's sole discretion, predicated on the square footage of the Premises.

Exhibit 10.13

AMENDED AND RESTATED LEASE

BY AND BETWEEN

BERRUETA FAMILY L.P., LESSOR

AND

MOUSERA, INC., LESSEE

521 Cottonwood Drive
Milpitas, California

July 27, 2015

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SCHEDULE OF EXHIBITS

AMENDED AND RESTATED LEASE

521 Cottonwood Drive,
Milpitas, California

THIS AMENDED AND RESTATED LEASE, referred to herein as this *"Lease,"* is made and entered into as of July 27, 2015, by and between BERRUETA FAMILY L.P., a California limited partnership, hereafter referred to as *"Lessor,"* and MOUSERA, INC., a Delaware corporation, hereafter referred to as *"Lessee"* or *"Mousera"*.

RECITALS:

A. Lessor is the owner of the real property located in Milpitas, California, commonly referred to as 521 Cottonwood Drive, consisting of a parcel of land, together with all easements and appurtenances thereto (the *"Land"*) and the existing building thereon (the *"Building"*) containing approximately 66,306 rentable square feet and all other improvements located thereon. The Land and Building are referred to herein collectively as the *"Property."* The floor plan of the Premises defined in Paragraph 1 is attached hereto as Exhibit "A" and incorporated by reference herein.

B. Lessor and Lessee wish to enter into this Lease of the Premises upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree as follows:

1. Lease.

(a) Lessor hereby leases to Lessee, and Lessee leases from Lessor, at the rental rate and upon the terms and conditions set forth herein, the Premises (as hereinafter defined). Beginning on the Commencement Date (as defined in Paragraph 2(a)), Lessor hereby leases to Lessee, and Lessee leases from Lessor, a portion of the Building consisting of approximately Eighteen Thousand Seven Hundred Seventy Nine (18,779) rentable square feet of the Building (the *"Premises"*), together with the right to use Lessee's share of the on-site parking spaces pursuant to Paragraph 28, and the non-exclusive right to use the common areas of the Building and the other portions of the Property intended for use in common by the tenants of the Building, including the common restrooms, hallways, lobby, break room and shipping and receiving area, shown on **Exhibit "B"** hereto, as they may be modified by Lessor (the *"Common Areas"*). In performing any such modifications to the Common Areas, Lessor shall use commercially reasonable efforts not to unreasonably interfere with Lessee's access to or use of the Premises or Lessee's parking rights. Further, Lessee shall be allowed to use and install one server rack in the Building's server/MPOE room. Lessee's Pro Rata Share shall mean 28.33% (18,779/66,306); provided, however, Lessee's Pro Rata Share as to utilities shall initially mean 38.5% of utility costs, subject to reasonable adjustment by Lessor, based on Lessee's particular use of the Premises.

(b) Prior to the Commencement Date, the parties will itemize and list on **Exhibit "E"** all existing equipment located in the Premises that is owned by Lessor (the *"FF&E"*). Lessor hereby grants to Lessee a license to use such FF&E during the entire term of this Lease at no additional charge. Lessee agrees to maintain and use the FF&E with care and in a reasonable manner. Lessee shall return such FF&E to Lessor upon Lessee's surrender of the Premises in substantially the condition existing as of the Commencement Date, normal wear and tear excepted. The FF&E is provided in its "AS IS, WHERE IS" condition, without representation or warranty whatsoever, except that Lessor represents and warrants to Lessee that Lessor owns title to the FF&E and has the right to license such FF&E to Lessee under the terms of this Lease. Lessee shall insure the FF&E under the property insurance policy required under this Lease and pay all taxes, if any, with respect to the FF&E. Lessee shall not remove any of the FF&E from the Premises without the consent of Lessor.

2. Term.

(a) The term of this Lease (the ***"term"*** or the ***"Term")*** shall commence as of August 1 2015 (the ***"Commencement Date').*** At Lessor's request, the Commencement Date shall be confirmed in writing by Lessor and Lessee by the execution and delivery of the Commencement Memorandum in the form attached hereto as **Exhibit "C".** Lessor shall deliver to Lessee possession of the portion of the Premises that Lessee is not occupying with the FF&E in place, with all base building mechanical, electrical, plumbing and other base building systems serving the Premises in good working order and repair (but only to the extent consistent with basic lab needs and not including any specialized equipment or FF&E or specialized use of any equipment) (collectively, the ***"Required Condition).*** Lessor shall promptly adjust the settings of the Building's HVAC units serving the Premises as described in **Exhibit "F".**

(b) The Term of this Lease shall expire, unless sooner terminated or extended in accordance with the provisions hereof or as permitted by law, on the last day of the eighty-fourth (84th) full calendar month after the Commencement Date.

3. Option to Extend.

(a) Provided Lessee is not in default of its obligations under this Lease beyond any applicable notice and cure period at the time of exercise or on the commencement date of the Extended Term (as hereinafter defined), Lessee shall have one (1) option to extend the Term of this Lease (the ***"Option to Extend")*** for a period of five (5) years (the ***"Extended Term")*** on the same terms and conditions as set forth in this Lease except that (i) the Monthly Base Rent for the Extended Term shall be adjusted to the Extended Term Rate, as defined in Paragraph 3(c) below, and (iii) Lessee shall accept the Premises in their then "as is" condition and Paragraph 13, subject to and without limiting, Lessor's maintenance, repair and other obligations under this Lease; it being understood that Tenant Improvements (as defined below), shall not apply to the Extended Term. This Option to Extend is granted for the personal benefit of Mousera and its Permitted Transferee(s) only, and shall be exercisable only by Mousera or a Permitted Transferee (as defined in Paragraph 17(f) below). This option to extend may not be assigned or transferred to any assignee or sublessee, other than a Permitted Transferee, without the prior written consent of Lessor.

(b) Lessee shall give Lessor written notice of its intent to exercise its Option to Extend no earlier than twelve (12) months and no later than nine (9) months prior to the expiration of the initial Term (the ***"Option Exercise Period').*** If Lessee does not exercise the Option to Extend within the Option Exercise Period, the Option to Extend shall lapse, time being of the essence.

(c) The initial Monthly Base Rent for the Premises during the Extended Term (the ***"Extended Term Rate")*** shall be determined pursuant to the provisions of this Paragraph 3(c), and shall equal to the then current fair market rental for the Premises as of the commencement of the Extended Term, which shall be based on what a willing new lessee would pay and a willing lessor would accept at arm's length for comparable premises in the Milpitas, California market of similar age, size, quality of construction and specifications for a lease similar to this Lease for the same uses specified hereunder and taking into consideration that there will be no free rent, improvement allowance, or other rent concessions, and other items that professional real estate brokers or professional real estate appraisers customarily consider, including, but not limited to, space availability, tenant size, distinctions between "gross" and "net" leases, parking charges and any other lease considerations, if any, then being charged or granted by the lessors of such similar commercial building projects.

(i) Upon the written request by Lessee to Lessor received by Lessor at any time during the Option Exercise Period and prior to the exercise by Lessee of the Option to Extend, Lessor shall, within fifteen (15) days of such request, give Lessee written notice of Lessor's good faith opinion of the Extended Term Rate. Thereafter, but prior to the end of the Option Exercise Period, Lessee may give Lessor written notice of its intent to exercise its Option to Extend, and Lessor and Lessee shall enter into good faith negotiations in an effort to reach agreement on the Extended Term Rate.

(ii) If Lessor and Lessee are unable to agree upon the Extended Term Rate within fifteen (15) days of Lessee's delivery of the exercise notice to Lessor, said amount shall be determined by appraisal. The appraisal shall be performed by one broker if the parties are able to agree upon one broker. If the parties are unable to agree upon one broker, then each party shall appoint a broker and the two brokers shall select a third broker. Each broker selected shall have at least ten (10) years of full-time commercial real estate brokerage experience in the Milpitas office/manufacturing rental market.

(iii) If only one broker is selected, that broker shall notify the parties in simple letter form of its determination of the Extended Term Rate within fifteen (15) days following its selection. Said appraisal shall be binding on the parties as the appraised current Extended Term Rate. If multiple brokers are selected, each broker shall within ten (10) days of being selected make its determination of the Extended Term Rate in simple letter form. If two (2) or more of the brokers agree on said amount, such agreement shall be binding upon the parties. If multiple brokers are selected and two (2) brokers are unable to agree on the Extended Term Rate, the Extended Term Rate shall be determined by taking the mean average of the appraisals; provided, that any high or low appraisal, differing from the middle appraisal by more than ten percent (10%) of the middle appraisal, shall be disregarded in calculating the average.

(iv) If only one broker is selected, then each party shall pay one-half of the fees and expenses of that broker. If three brokers are selected, each party shall bear the fees and expenses of the broker it selects and one-half of the fees and expenses of the third broker.

(d) Thereafter, provided that Lessee has previously given timely notice to Lessor of the exercise by Lessee of the Option to Extend, Lessor and Lessee shall execute an amendment to this Lease stating that the initial Monthly Base Rent for the Premises during the Extended Term shall be equal to the determination by appraisal.

4. Monthly Base Rent.

(a) Commencing on the Commencement Date and continuing on the first day of each calendar month thereafter until the end of the Term, Lessee shall pay to Lessor in monthly installments in advance the Monthly Base Rent for the Premises in lawful money of the United States as follows:

Months	Monthly Base Rent
1	$ 0
2 — 12	$ 13,175
13 — 24	$ 20,000
25 — 36	$ 24,750
37 — 48	$ 31,923
49 — 60	$ 32,862
61 — 72	$ 33,801
73 — 84	$ 34,740

(b) Upon the execution and delivery of this Lease by Lessor and Lessee, Lessee shall pay to Lessor (i) the cash sum of Thirteen Thousand One Hundred Seventy-Five and 00/100 Dollars ($13,175) representing the initial full monthly installment of Monthly Base Rent (the ***"Initial Monthly Base Rent Installment")*** payable by Lessee plus the estimated Operating Expenses and Taxes for the initial full month of this Lease in the amount of Twenty-Six Thousand Eight Hundred Forty Seven Dollars ($26,847), plus (ii) the cash Security Deposit (as defined in Paragraph 7 below). The Initial Monthly Base Rent Installment shall be credited against the Monthly Base Rent payable for the second full calendar month of the term. The Operating Expenses and Taxes paid upon execution and delivery of this Lease shall be credited against Lessee's share of Operating Expenses and Taxes payable for the first (1st) full month of the Term.

5. Additional Rent; Operating Expenses and Taxes.

(a) In addition to the Monthly Base Rent payable by Lessee pursuant to Paragraph 4, commencing on the Commencement Date, Lessee shall pay to Lessor, as ***"Additional Rent," (1)*** Lessee's proportionate share of the Operating Expenses (as defined in Paragraph 5(b) below) of the Property and (2) Lessee's proportionate share of the Taxes (as defined in Paragraph 5(c) below). Lessee's pro rata share (the ***"Pro Rata Share")*** of the Operating Expenses of the Property and the Taxes shall be equal to 28.33% and, subject to reasonable adjustment by Lessor based on usage by Lessee (as compared to the other tenants of the Building), 38.5% as to utilities that are not separately metered to the Premises. Monthly Base Rent and Additional Rent are referred to herein collectively as ***"rent.".***

(b) ***"Operating Expenses,"*** as used herein, shall include all commercially reasonable costs incurred by or on behalf of Lessor in connection with the operation, maintenance and repair of the Property, including the cost of all maintenance and repairs of the Property performed by Lessor pursuant to Paragraph 14 hereof, as determined by generally accepted accounting principles (unless excluded by this Lease), including, but not limited to:

Personal property taxes related to the operation and repair of the Property (except for taxes on Lessee's personal property, which shall be Lessee's sole responsibility, and taxes on the personal property of any other tenant or occupant of the Building or Property); any parking taxes or parking levies imposed on the Property in the future by any governmental agency; a reasonable management fee charged for the management and operation of the Property (Lessee's Pro Rata Share of which shall not exceed three percent (3%) of Monthly Base Rent each month); water and sewer charges; waste disposal; insurance premiums for insurance coverages maintained by Lessor; license, permit, and inspection fees; charges for electricity, heating, air conditioning, gas, and any other utilities (including, without limitation, any temporary or permanent utility surcharge or other exaction and utilities to the Premises and other leased areas of the Building) not payable directly by tenants of the Building; security; maintenance, repair and replacement of the roof membrane; painting and repairing, interior and exterior; maintenance and replacement of floor and window coverings; repair, maintenance and replacement of air-conditioning, heating, mechanical and electrical systems, elevators, plumbing and sewage systems; janitorial service to the Common Areas; landscaping, gardening, and tree trimming; glazing; repair, maintenance, cleaning, sweeping, striping, and resurfacing of the parking area; repair to exterior Building lighting and parking lot lighting; supplies, materials, equipment and tools in the maintenance of the Property; costs for accounting services incurred in the calculation of Operating Expenses and Taxes; and the cost of any other capital expenditures for any improvements or changes to the Building which are required by laws, ordinances, or other governmental regulations adopted after the Commencement Date, or for any items or capital expenditures voluntarily made by Lessor which reduce Operating Expenses; provided, however, that except for capital improvements required because of Lessee's particular use of the Property, if Lessor is required to make such capital improvements or any replacements provided for above which are considered capital expenditures, Lessor shall amortize the cost of said improvements over the useful life of said improvements

calculated in accordance with generally accepted accounting principles (together with interest on the unamortized balance at the rate equal to the effective rate of interest on Lessor's bank line of credit at the time of completion of said improvements, or if Lessor has no line of credit in place, a commercially reasonable rate, but in no event in excess of ten percent (10%) per annum) as an Operating Expense in accordance with generally accepted accounting principles, except that with respect to capital improvements made to save Operating Expenses, such amortization shall not be at a rate greater than the actual savings in Operating Expenses. Operating Expenses shall also include any other expense or charge, whether or not described herein not specifically excluded by other provisions of this Lease, which in accordance with generally accepted accounting principles would be considered a commercially reasonable expense of operating, maintaining, and repairing the Property.

(c) Real property taxes and assessments upon the Property, during each year or partial year during the term of this Lease are referred to herein as ***"Taxes."***

As used herein, ***"Taxes"*** shall mean:

(1) all real estate taxes, assessments, charges and any other real property taxes which are levied or assessed against the Property including the Land, the Building, and all improvements located thereon, including any increase in Taxes resulting from a reassessment following any transfer of ownership of the Property or any interest therein or following any improvements to the Property; and

(2) all other taxes which may be levied in lieu of real estate taxes, assessments, and other fees, charges, and levies, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature by any authority having the direct or indirect power to tax, including without limitation any governmental authority or any improvement or other district or division thereof, for public improvements, services, or benefits which are assessed, levied, confirmed, imposed, or become a lien (1) upon the Property, and/or any legal or equitable interest of Lessor in any part thereof; or (2) upon this transaction or any document to which Lessee is a party creating or transferring any interest in the Property; and (3) any tax or excise, however described, imposed in addition to, or in substitution partially or totally of, any tax previously included within the definition of "Taxes" or any tax the nature of which was previously included in the definition "Taxes."

Not included within the definition of "Taxes" are any net income, profits, gross receipts, real property transfer taxes, franchise, estate, gift, or inheritance taxes imposed by any governmental authority and other taxes to the extent applicable to Lessor's net income (as opposed to rents, receipts or income attributable to operations at the Building). "Taxes" also shall not include (i) penalties or interest charges assessed on delinquent Taxes so long as Lessee is not in default in the payment of Additional Rent, (ii) any items paid by Lessee under Paragraph 10 of this Lease and other similar taxes applicable to any other tenant of the Building, and (iii) Taxes attributable to periods of time outside the Term of this Lease.

With respect to any assessments which may be levied against or upon the Property, which under the laws then in force may be evidenced by improvement or other bonds, or may be paid in annual installments, only the amount of such annual installment (with appropriate proration of any partial year) and statutory interest shall be included within the computation of the annual Taxes levied against the Property.

(d) The following costs *("Costs")* shall be excluded from the definition of Operating Expenses:

(1) Costs occasioned by the gross negligence or willful misconduct of Lessor or Lessor's agents, employees or contractors, or by the violation of law by Lessor, any other occupant of the Property, or their respective agents, employees or contractors;

(2) Costs for which Lessor receives reimbursement from others, including reimbursement from insurance;

(3) Interest, charges and fees incurred on debt or payments on any deed of trust or ground lease on the Property, and any other costs of selling, syndicating, financing, mortgaging or hypothecating any of Lessor's interest in the Property;

(4) Costs incurred in repairing, maintaining or replacing any structural elements of the Building for which Lessor is responsible pursuant to Paragraph 14(a) hereof;

(5) Any wages, bonuses or other compensation of employees above the grade of building manager and any executive salary of any officer or employee of Lessor or for employees to the extent not stationed at the Property, including fringe benefits other than insurance plans and tax-qualified benefit plans;

(6) General office overhead and general and administrative expenses of Lessor, except as specifically provided in Paragraph 5(b), including without limitation, costs related to the operation of the business of the partnership, corporation or other entity which constitutes Lessor (including accounting and legal costs for such entity), as the same are distinguished from the costs of operation, management and repair of the Property;

(7) Costs occasioned by casualties or by the exercise of the power of eminent domain;

(8) Attorneys' fees and other costs incurred in connection with negotiations or disputes with any other occupant of the Property and Costs arising from the violation by Lessor or any other occupant of the Property of the terms and conditions of any lease or other agreement;

(9) Costs incurred in connection with the presence of any Hazardous Materials on the Property that were not caused by or introduced by Lessee or its employees, agents, contractors, invitees, sublessees, successors or assigns;

(10) Expense reserves;

(11) Legal, accounting, construction, brokerage or other expenses related to other transactions or for the sole benefit of other tenants of the Building, including without limitation, leasing commissions, finder's fees, advertising and promotional costs, attorneys' fees, rental abatements and other expenses and concessions incurred in connection with leasing space to prospective tenants or other occupants, or to retain existing tenants;

(12) Costs of improvements installed for the exclusive use of other tenants or occupants of the Property;

(13) Costs of special services provided solely to an individual tenant of the Building other than Lessee (including excess utility usage);

(14) Costs for items that are expressly excluded from Operating Expenses elsewhere in this Lease;

(15) Political, charitable or similar civic contributions or donations;

(16) Insurance deductibles to the extent Lessee's Pro Rata Share thereof would exceed one (1) month's Base Rent and co-insurance payments; and

(17) payments in respect to overhead or profits to subsidiaries or affiliates of Lessor, or to any party affiliated with Lessor, for management or other services in or to the Building, or for supplies or other materials, to the extent that the cost of such services, supplies, or materials exceeds the fair market cost that would be charged by non-affiliated third parties dealing with Lessor on an arms-length basis.

(e) Prior to the execution of this Lease, Lessor has delivered to Lessee Lessor's estimate of 2015 Operating Expenses and Taxes. Throughout the term of this Lease, as close as reasonably possible to the end of each calendar year thereafter, Lessor shall notify Lessee of the Operating Expenses and Taxes estimated by Lessor for the following calendar year. Concurrently with such notice, Lessor shall provide a description of such Operating Expenses and Taxes. Commencing on the Commencement Date, and on the first (1st) day of each calendar month thereafter, Lessee shall pay to Lessor, as Additional Rent, one-twelfth (1/12th) of the estimated Operating Expenses and Taxes. If at any time during any such calendar year, it appears to Lessor that the Operating Expenses and Taxes for such year will vary from Lessor's estimate, Lessor may, by written notice to Lessee, revise Lessor's estimate for such year and the Additional Rent payments by Lessee for such year shall thereafter be based upon such revised estimate. The increase in the monthly installments of Additional Rent resulting from Lessor's revised estimate shall not be retroactive, but the Additional Rent for each calendar year shall be subject to adjustment between Lessor and Lessee after the close of the calendar year, as provided below. If the Property is not fully occupied during all or any portion of any year, Lessor may make an appropriate adjustment, in accordance with industry standards and sound management practices, of those Operating Expenses that vary based upon the occupancy level of the Property for each such year to so that the Operating Expenses reflect a fully occupied Property.

Upon giving Lessor five (5) days advance written notice, Lessee or its accountants shall have the right to inspect and audit Lessor's books and records with respect to the Operating Expenses and/or Taxes for the prior calendar year in an office of Lessor, or Lessor's agent, during normal business hours, once each calendar year to verify actual Operating Expenses and/or Taxes. Should Lessee retain any accountant or accounting firm to audit or inspect Lessor's books and records pursuant to this Paragraph 5(e), such accountant or accounting firm shall be one of regional standing and retained on an hourly rate basis or based upon a fixed fee and shall not be paid on a contingency basis. Lessor's books and records shall be kept in accord with generally accepted accounting principles. If Lessee's audit of the Operating Expenses and/or Taxes for any year reveals a net overcharge of more than five percent (5%), Lessor shall promptly reimburse Lessee for the cost of the audit; otherwise, Lessee shall bear the cost of Lessee's audit. If Lessee reasonably objects to Lessor's estimated Operating Expenses and/or Taxes, Lessee shall nonetheless continue to pay on a monthly basis the Operating Expenses and Taxes based upon Lessor's most current estimate until such dispute is resolved.

If Lessee's Pro Rata Share of the Operating Expenses and Taxes for any year as finally determined exceed the total payments made by Lessee for such year based on Lessor's estimates, Lessee shall pay to Lessor the deficiency, within thirty (30) days after Lessor's request. If the total payments made by Lessee based on Lessor's estimate of the Operating Expenses and Taxes exceed Lessee's Pro Rata Share of Operating Expenses and/or Taxes, Lessee's extra payment, plus the cost of an audit which is the responsibility of Lessor as set forth herein, if any, shall be credited against payments of Monthly Base Rent and Additional Rent next due hereunder or returned within thirty (30) days if the term has expired or this Lease has been terminated.

Notwithstanding the expiration or termination of this Lease, within thirty (30) days after Lessee's receipt of Lessor's notice for the calendar year in which this Lease terminates, Lessee shall pay to Lessor or shall receive from Lessor, as the case may be, an amount equal to the difference between the Operating Expenses and/or Taxes for such year, as finally determined, and the amount previously paid by Lessee on account thereof (prorated to the expiration date or the termination date of this Lease); provided, however, that Lessee shall have no obligation to pay any portion of any Operating Expense or Taxes that are fairly allocable to any period of time after the expiration or earlier termination of the Term of this Lease and Lessee's surrender of possession of the Premises.

6. Payment of Rent.

(a) All rent shall be due and payable in lawful money of the United States of America at the address of Lessor set forth in Paragraph 24, "Notices," without deduction or offset and without prior demand or notice, unless otherwise specified herein. Monthly Base Rent and Additional Rent shall be payable monthly, in advance, on the first day of each month for the entire term of this Lease. Lessee's obligation to pay rent for any partial month at the commencement of the term, for any partial month immediately prior to a rental adjustment date (if the rental adjustment date is other than the first day of the calendar month), and for any partial month at the expiration or termination of the term, shall be based upon the number of days in such month.

(b) If any installment of Monthly Base Rent, Additional Rent or any other sum due from Lessee is not received by Lessor within five (5) days after the same is due, Lessee shall pay to Lessor an additional sum equal to five percent (5%) of the amount overdue as a late charge, provided however that Lessor shall provide Lessee written notice once per calendar year of any overdue amount prior to charging any late charges (so long as such payment is made within five (5) days after Lessor's notice). The parties agree that this late charge represents a fair and reasonable estimate of the costs that Lessor will incur by reason of the late payment by Lessee. Acceptance of any late charge plus the overdue amount shall constitute a waiver of Lessee's default with respect to such overdue amount. Any amount not paid within ten (10) days after Lessee's receipt of written notice that such amount is due shall bear interest from the date due until paid at the lesser rate of (1) the prime rate of interest as published in the "Wall Street Journal," plus two percent (2%) or (2) the maximum rate allowed by law (the ***"Interest Rate"),*** in addition to the late payment charge.

7. Security Deposit. Lessee shall provide a deposit with Lessor upon execution hereof the sum of Sixty-Six Thousand Six Hundred and 00/100 Dollars ($66,600) (the ***"Security Deposit"),*** as security for Lessee's faithful performance of Lessee's obligations under this Lease. Lessor is currently holding the sum of $21,480.00 as a security deposit pursuant to the terms of the Original Lease (defined below). Upon execution of this Lease, Lessee shall deposit with Lessor the balance of the Security Deposit. If Lessee fails to pay Monthly Base Rent or Additional Rent or charges due hereunder within applicable notice and cure periods, or otherwise defaults under this Lease (as defined in Paragraph 22), Lessor may use, apply or retain all or any portion of said Security Deposit to the extent reasonably necessary to cure the default, for the payment of any amount due Lessor, and to reimburse or compensate Lessor for any liability, cost, expense, loss or damage (including attorneys' fees) which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of the Security Deposit, Lessee shall within ten (10) days after written request therefor, deposit with Lessor the amount sufficient to restore the Security Deposit to the original amount required by this Lease. Lessor shall not be required to keep all or any part of the Security Deposit separate from its general accounts. In no event or circumstance shall Lessee have the right to any

use of the Security Deposit and, specifically, Lessee may not use the Security Deposit as a credit or to otherwise offset any payments required hereunder, including, but not limited to, rent or any portion thereof. Lessee waives (i) California Civil Code Section 1950.7 (with the exception of subsection (b), which subsection is not waived and may be enforced by Lessee) and any and all other governmental laws, rules and regulations applicable to security deposits in the commercial context ***("Security Deposit Laws"),*** and (ii) any and all rights, duties and obligations either party may now has, or in the future will have, relating to or arising from the Security Deposit Laws. Notwithstanding anything to the contrary herein, the Security Deposit may be retained and applied by Lessor (a) to offset rent which is unpaid either before or after termination of this Lease, and (b) against other damages suffered by Lessor before or after termination of this Lease. No part of the Security Deposit shall be considered to be held in trust, to bear interest or other increment for its use, or to be prepayment for any moneys to be paid by Lessee under this Lease. Within thirty (30) days the expiration or earlier termination of this Lease and Lessee's surrender of possession of the Premises to Lessor, Lessor shall return to Lessee so much of the Security Deposit as has not been applied by Lessor pursuant to this paragraph, or which is not otherwise required to cure Lessee's defaults.

8. Use. Lessee may use and occupy the Premises for research and development, office, and the housing, care, treatment of mice and small rodents, and for no other use or purpose without Lessor's prior written consent, which shall not be unreasonably withheld as long as such use is in compliance with the applicable zoning for the Property and compatible with the uses of the other tenants in the Building. Any use of the Premises by Lessee or by any sublessee or assignee approved by Lessor pursuant to Paragraph 17 shall comply with the provisions of this Paragraph 8. Subject to the terms set forth in this Section 1, Lessee shall have the right to install a locked cage and rack (subject to Lessor's approval of the specifications therefor, which shall not be unreasonably withheld) in the IT/server room that is currently part of the Common Areas.

9. Hazardous Materials.

(a) The term ***"Hazardous Materials"*** as used in this Lease shall include any substance defined or regulated as radioactive, flammable, toxic, a biohazard, medical waste, "hazardous material", "extremely hazardous material", "hazardous waste", "hazardous substance," "toxic substance," "industrial process waste," or "special waste" in any Environmental Laws as hereafter defined. Hazardous Materials shall include, but not be limited to, petroleum, gasoline, natural gas, natural gas liquids, liquefied natural gas, synthetic gas, and/or crude oil or any products, by-products or fractions thereof.

(b) Lessee shall not engage in any activity in or on the Premises or the Property which constitutes a Reportable Use of Hazardous Materials without the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Environmental Laws. ***"Reportable Use"*** shall mean (i) the installation or use of any above or below ground storage tank, or (ii) the generation, possession, storage, use, transportation, or disposal of Hazardous Materials that require a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, provided that Lessor hereby approves the use by Lessee of those Hazardous Materials stated on Exhibit G attached hereto and made a part hereof, and further provided that such Hazardous Materials are used, stored, transported and disposed of in compliance with all applicable Environmental Laws.

(c) ***"Environmental Laws"*** shall mean and include any Federal, State, or local statute, law, ordinance, code, rule, regulation, order, or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic, or dangerous waste, substance, element, compound, mixture or material, as now or at any time hereafter in effect including, without limitation, California Health and Safety Code §§25100 et seq., §§25300 et seq., Sections 25281(f) and 25501 of the California Health and Safety Code, Section 13050 of the Water Code, the Federal Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. §§9601 et seq., the Superfund Amendments and

Reauthorization Act, 42 U.S.C. §§9601 et seq., the Federal Toxic Substances Control Act, 15 U.S.C. §§2601 et seq., the Federal Resource Conservation and Recovery Act as amended, 42 U.S.C. §§6901 et seq., the Federal Hazardous Material Transportation Act, 49 U.S.C. §§1.801 et seq., the Federal Clean Air Act, 42 U.S.C. §7401 et seq., the Federal Water Pollution Control Act, 33 U.S.C. §1251 et seq., the River and Harbors Act of 1899, 33 U.S.C. §§40l et seq., and all rules and regulations of the EPA, the California Environmental Protection Agency, or any other state or federal department, board or any other agency or governmental board or entity having jurisdiction over the environment, as any of the foregoing have been, or are hereafter amended.

(d) If Lessee knows, or has reasonable cause to believe, that Hazardous Materials have come to be located in, on, under or about the Premises or the Property in violation of applicable Environmental Laws or this Lease, other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor and provide Lessor with a copy of any report, notice, claim or other documentation which Lessee has concerning the presence of such Hazardous Materials.

(e) Lessee and Lessee's agents, employees, and contractors shall not cause any Hazardous Materials to be discharged or released into the Building or into the plumbing or sewage system of the Building or into or onto the Land underlying or adjacent to the Building in violation of any Environmental Laws. Lessee shall promptly, at Lessee's expense, take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination in violation of Environmental Laws or the terms of this Lease caused by Lessee or caused by any of Lessee's employees, agents, or contractors, and for the maintenance, security and/or monitoring of the Premises, the Property, or neighboring properties if such contamination is caused by discharge or a release of any Hazardous Materials by Lessee or by any of Lessee's employees, agents, or contractors.

(f) Lessor, Lessor's agents, employees, contractors and designated representatives, and the holders of any mortgages, deeds of trust or ground leases on the Premises ***("Lenders")*** shall have the right to enter the Premises at any time in the case of an emergency, and otherwise at reasonable times and with reasonable advance notice, subject to Lessee's reasonable security requirements, for the purpose of inspecting the condition of the Premises and for verifying compliance by Lessee with Paragraph 9 of this Lease, and Lessor shall be entitled to employ experts and/or consultants in connection therewith to advise Lessor with respect to Lessee's activities, including but not limited to Lessee's installation, operation, use, monitoring, maintenance, or removal of any Hazardous Substance on or from the Premises.

(g) The costs and expenses of any such inspections shall be paid by the party requesting same, unless a default or breach of this Lease by Lessee or a violation of Laws (as defined below) or a contamination, caused by Lessee, is found to exist or to be imminent, or unless the inspection is requested or ordered by a governmental authority as the result of any such existing or imminent violation or contamination. In such case, Lessee shall upon request reimburse Lessor or Lessor's Lender, as the case may be, for the reasonable, out-of-pocket costs and expenses of such inspections.

(h) Lessee shall indemnify, defend, protect and hold Lessor and its agents, employees, and the Premises and the Property harmless from any and all claims, damages, fines, judgments, penalties, costs, liabilities or losses (including, without limitation, any and all sums paid for settlement of claims, attorneys' fees, consultant and expert fees) arising during or after the term of this Lease out of or involving any Hazardous Materials brought on to the Premises or the Property or used by or for Lessee or its agents, employees, contractors or invitees in violation of Environmental Laws or the terms of this Lease. Lessee's obligations under this Paragraph 9(g) shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation (including consultants' and attorneys' fees and testing), removal, remediation, restoration and/or abatement thereof, or of any contamination therein involved, as required by Environmental Laws, and shall survive

the expiration or earlier termination of this Lease. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Materials, unless specifically so agreed by Lessor in writing at the time of such agreement. Notwithstanding the foregoing or anything to the contrary contained in this Lease, under no circumstance shall Lessee be liable for, or obligated to indemnify, protect, defend or hold harmless Lessor or any of Lessor's agents or employees from or against, any claims, damages, fines, judgments, penalties, costs, liabilities or losses arising out of or in connection with any Hazardous Materials present at any time on or about the Premises or the Property, or the violation of any Environmental Laws, except to the extent that any of the foregoing actually results from the introduction of Hazardous Materials on or about the Premises by Lessee or any of Lessee's agents, employees, contractors or invitees.

10. Taxes on Lessee's Property . Lessee shall pay before delinquency any and all taxes, assessments, license fees, and public charges levied, assessed, or imposed and which become payable during the Term and any extension thereof upon the FF&E and Lessee's equipment, fixtures, furniture, and personal property installed or located on the Premises.

11. Insurance.

(a) Lessee shall, at Lessee's sole cost and expense, provide and keep in force commencing with the Commencement Date of the Term and continuing during the Term, (i) a commercial general liability insurance policy, insuring against any and all liability occasioned by any occurrence in, on, about, or related to the Premises, or arising out of Lessee's use, occupancy, alteration or maintenance of the Premises, having a combined single limit for both bodily injury and property damage in an amount not less than Two Million Dollars ($2,000,000) each occurrence and Four Million Dollars ($4,000,000) annual aggregate, (ii) "all risk" property insurance insuring the FF&E and all Lessee's personal property and improvements installed or placed in the Premises by Lessee, (iii) workers' compensation insurance with no less than the minimum limits required by law and (iv) employer's liability insurance with such limits as required by law.

(b) All such insurance carried by Lessee shall be in a form reasonably satisfactory to Lessor and shall be carried with recognized insurance companies qualified to do business in California that have a general policyholder's rating of not less than "A-" and a financial rating of not less than Class "VII" in the most current edition of Best's Insurance Reports; Lessee shall provide prior notice to Lessor of any reduction or cancellation of such policies of at least thirty (30) days prior to such reduction or cancellation; and such insurance shall be primary as to Lessor. Prior to the Commencement Date and upon renewal of such policies not less than thirty (30) days prior to the expiration of the term of such coverage, Lessee shall deliver to Lessor certificates of insurance confirming such coverage, together with evidence of the payment of the premium therefor, naming Lessor and Lessor's property manager as additional insureds. If Lessee fails to procure and maintain the insurance required hereunder and cure such failure within three (3) business days' after notice from Lessor, Lessor may, but shall not be required to, order such insurance at Lessee's expense and Lessee shall reimburse Lessor for all costs incurred by Lessor with respect thereto. Lessee's reimbursement to Lessor for such amounts shall be deemed Additional Rent, and shall include all sums disbursed, incurred or deposited by Lessor, including Lessor's costs, expenses and reasonable attorneys' fees with interest thereon at the Interest Rate.

(c) Notwithstanding anything to the contrary contained in this Lease, Lessor and Lessee, on behalf of themselves and on behalf of anyone claiming under or through them by way of subrogation or otherwise, waive all rights and causes of action against and release each other, and their respective authorized representatives, employees, officers, directors, shareholders, managers, members, trustees, beneficiaries, assignees, subtenants, invitees, successors, agents, contractors and property managers, from (i) any liability arising out of any loss or damage to property in or to the Premises and/or

the other structures and improvements on the Land, and from (ii) any claims for damage to the fixtures, personal property, leasehold improvements and alterations of either Lessor or Lessee in or on the Premises or the Property, to the extent that either (i) or (ii) are caused by or result from risks required by this Lease to be insured against (or actually insured against) under any policies of property insurance carried by the parties or that would normally be covered by "all risk" or "special form" property insurance. This waiver and release applies whether or not the loss is due to the negligent acts or omissions or willful misconduct of Lessor or Lessee or their respective authorized representatives, employees, officers, directors, shareholders, managers, members, trustees, beneficiaries, assignees, subtenants, invitees, successors, agents, contractors and property managers. Subject to the foregoing, this release and waiver shall be complete and total even if such loss or damage may have been caused by the negligence of the other party, its managers, members, employees, agents, contractors, property managers or invitees.

12. Indemnification.

(a) Lessee waives all claims against Lessor and its employees, agents and contractors for damages to property, or to goods, wares, and merchandise stored in, upon, or about the Premises, and for injuries to persons in, upon, or about the Premises or the Property from any cause arising at any time, except as may be caused by the negligence (except to the extent any such claims are covered by the insurance Lessee is required to carry under this Lease or actually carries), gross negligence or willful misconduct of Lessor or its employees, agents or contractors. Lessee shall indemnify, defend, and hold harmless Lessor from claims, suits, actions, or liabilities, including attorneys' fees, to the extent arising from (1) any activity, work, or thing done or permitted by Lessee in or about the Premises or the Property, (2) the acts or omissions of Lessee, its employees, agents or contractors, and (3) any event of default by Lessee in the performance of any obligation on Lessee's part to be performed under this Lease; provided, however, that Lessee shall have no obligation to indemnify, defend or hold harmless Lessor from any such claims, suits, actions, or liabilities to the extent they are caused by the negligence (except to the extent any such claims, suits, actions, or liabilities are covered by the insurance Lessee is required to carry under this Lease or actually carries), gross negligence or willful misconduct or violation of applicable law by Lessor or any of Lessor's agents, employees or contractors.

(b) Lessor shall not be liable to Lessee for any damage because of any act or negligence of any other occupant of the Building or any other owner or occupant of adjoining or contiguous property, nor for overflow, breakage, or leakage of water, steam, gas, or electricity from pipes, wires, or otherwise in the Premises or the Building, except to the extent caused by the gross negligence or willful misconduct of Lessor or Lessor's employees, agents, or contractors. Except as otherwise provided herein, Lessee will pay for damage to the Premises or the Property caused by the misuse or neglect of the Premises or the Property by Lessee or its employees, agents, or contractors, including, but not limited to, the breakage of glass in the Building.

13. Tenant Improvements. Lessor shall, except with respect to disbursement of the Allowance as set forth in the Work Letter attached hereto as **Exhibit "D",** and subject to and without limiting, Lessor's repair, maintenance and other obligations under this Lease, have no obligation to make any repairs, improvements, additions or alterations to the Premises or to provide any tenant improvement allowance to Lessee. Lessee shall be solely responsible for constructing at its sole cost and expense the improvements to the Premises required for Lessee's Permitted Use of the Premises in accordance with the terms of Section 13 hereof and the Work Letter attached hereto (the ***"Tenant Improvements").***

14. Maintenance and Repairs; Alterations; Surrender and Restoration.

(a) Lessor shall, at Lessor's sole expense, keep in good order, condition, and repair and replace when necessary, the structural elements of the roof (excluding the roof membrane which Lessor shall maintain, but the cost of which shall be included as an Operating Expense as permitted under Paragraph 5), and the structural elements of the foundation and exterior walls (except the interior faces thereof, except to the extent damage to interior walls or floors is caused by leaks, seepage or exterior elements due to failure or poor condition of exterior walls, roof, foundation or structural elements) of the Building, and other structural elements of the Building and the Property as "structural elements" are defined in building codes applicable to the Building, excluding any alterations, structural or otherwise, made by Lessee to the Building. Lessor shall perform and construct, in a commercially reasonable time period and manner, and Lessee shall not be responsible for performing or constructing, any repairs, maintenance, or improvements (1) required as a result of any casualty damage, which shall be subject to Paragraph 20 below, or as a result of any taking pursuant to the exercise of the power of eminent domain, or (2) for which Lessor has a right of reimbursement from third parties based on construction or other warranties, contractor guarantees, or insurance claims.

(b) Lessor shall provide or cause to be provided and shall supervise the performance of, in a commercially reasonable time period and manner, as an Operating Expense of the Property as permitted under Paragraph 5(b) hereof, maintenance of the base Building mechanical, plumbing and electrical and all other base building systems serving the Premises (but only to the extent such maintenance is consistent with basic lab needs, and shall not include Lessee's specialized equipment or specialized work required for certifications related to Lessee's use except as provided in **Exhibit "H");** the roof membrane; the outside areas of the Property; landscaping; tree trimming; resurfacing and restriping of the parking lot; repairing and maintaining the walkways; exterior building painting; exterior building lighting; and parking lot lighting. In the event Lessee provides Lessor with written notice of the need for any repairs, Lessor shall commence any such repairs request to be performed by Lessor hereunder promptly following receipt by Lessor of such notice and Lessor shall diligently prosecute such repairs to completion. Lessee, at its sole expense, shall perform at its sole cost any maintenance required for Lessee's specialized equipment or specialized maintenance within the interior of the Premises and to building systems, and Lessee shall first submit all vendors performing such work in writing to Lessor for Lessor's prior consent.

(c) Except as for Lessor's obligation to deliver the Premises in the Required Condition and subject to Lessor's express repair, maintenance and other obligations under this Lease, the Premises shall be accepted by Lessee in its "as is" condition with "all faults," as of the Commencement Date and Lessor shall have no obligation whatsoever to alter, remodel, improve, repair, decorate or paint the Premises, the remainder of the Property or any part thereof either prior to or during the Term. Lessee agrees that the Premises are suitable for Lessee's purposes. As of the Commencement Date, Lessee shall take good care of the interior of the Premises and shall make all repairs in the Premises necessary to preserve the interior of the Premises in good order and condition, except for ordinary wear and tear, which repairs shall be in quality and class equal to the condition of the Premises as of the Commencement Date. Without limiting the foregoing, Lessee shall provide all services and work relating to the operation, maintenance, repair, and replacement, as needed, of Lessee's specialized equipment, and shall be responsible for any damage to the Property caused by Lessee or any of its employees, agents, contractors or invitees, including due to any misuse or excess use of the Building equipment servicing the Premises, subject to and without limiting Paragraph 9(c) above concerning waiver of subrogation rights and to the HVAC, mechanical, electrical, and plumbing systems in or to the extent exclusively serving the Premises, except for HVAC repairs as provided in Paragraph 14(b).

(d) Lessee may, from time to time, at its own cost and expense and without the consent of Lessor make internal alterations of a nonstructural, non-utility and non-mechanical nature to the interior of the Premises the cost of which in any one instance is Ten Thousand and 00/100 Dollars ($10,000.00) or less, provided Lessee first notifies Lessor in writing of any such nonstructural alterations. Except as provided in the immediately preceding sentence, Lessee shall not make any additional alterations, improvements, or additions to the Premises without delivering to Lessor a complete set of plans and

specifications for such work (including without limitation, if appropriate, architectural, structural, mechanical and electrical drawings and specifications), prepared by Lessee's architect, engineer or contractor, obtaining and delivering copies to Lessor of any permits or other governmental approvals required for such work and obtaining Lessor's prior written consent thereto. All alterations and additions shall be installed by an appropriately licensed contractor approved by Lessor, which approval shall not be unreasonably withheld, conditioned or delayed, at Lessee's sole expense in compliance with all applicable laws, rules, regulations and ordinances. Lessee shall keep the Premises and the Property on which the Premises are situated free from any liens arising out of any work performed, materials furnished or obligations incurred by or on behalf of Lessee. Lessor may condition its consent to, among other things, Lessee agreeing in writing to remove any such alterations prior to the expiration of the Lease term and Lessee agreeing to restore the Premises to its condition prior to such alterations at Lessee's expense. Upon Lessee's written request, Lessor shall advise Lessee in writing at the time consent is granted whether Lessor reserves the right to require Lessee to remove any alterations from the Premises prior to the expiration or sooner termination of this Lease. Lessee shall pay Lessor all of Lessor's reasonable, out-of-pocket costs related to such alterations, including a construction management fee of three percent (3%) of the cost of such alterations requiring a building permit.

(e) Lessee shall, at Lessee's sole cost and expense, fully, diligently and in a timely manner, comply with all present and future ***"Laws,"*** which term is used in this Lease to mean all laws, rules, regulations, ordinances, directives, orders, covenants, permits of all governmental agencies and authorities, easements and restrictions of record, the requirements of any applicable fire insurance underwriter or rating bureau or board of fire underwriters, relating in any manner to the Premises and/or Lessee's use or occupancy of the Premises (including but not limited to matters pertaining to environmental conditions on, in, under or about the Premises, including soil and groundwater conditions, subject to the provisions of Paragraph 9 hereof, which provisions of Paragraph 9, in the event of a conflict, shall take precedence and govern with respect to any conflicting provision contained in this Paragraph 14, and the use, generation, manufacture, production, installation, maintenance, removal, transportation, storage, spill, or release of any Hazardous Materials (except to the extent provided in Paragraph 9 hereof)), now in effect or which may hereafter come into effect. Lessee shall, within ten (10) business days after receipt of Lessor's written request, provide Lessor with copies of all documents and information, including but not limited to permits, registrations, manifests, applications, reports and certificates, evidencing Lessee's compliance with any Laws reasonably specified by Lessor, and shall immediately after receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving failure by Lessee or the Premises to comply with any Laws. Notwithstanding the foregoing, any structural changes or repairs or other alterations, changes or repairs to the Property of any nature which would be considered a capital expenditure under generally accepted accounting principles may be made by Lessor at Lessee's expense if such repairs or changes are required by reason of the specific nature or specialized use of the Premises by Lessee (including vivarium use and alterations performed by Lessee). If such changes or repairs are not required by reason of the specific nature or specialized use of the Premises (including alterations performed by Lessee) and are capital expenditures, the cost of such changes or repairs shall be treated as an Operating Expense and amortized in accordance with and subject to the provisions of Paragraphs 5(b) and 5(d).

(f) During the term of this Lease, Lessee shall comply, at Lessee's expense (but subject to and without limiting the last sentence of Paragraph 14(e) above), with all of the covenants, conditions, and restrictions affecting the Premises which are presently recorded in the Official Records of Santa Clara County, California, and any covenants, conditions, and restrictions affecting the Premises that may be recorded in the future, provided that any such covenants, conditions or restrictions do not impair Lessee's access to or use of the Premises or increase Lessee's monetary obligations under this Lease.

(g) Lessee shall surrender the Premises by the last day of the Term or any earlier termination date, in accordance with Paragraph 13(d) and this Paragraph 14(g), with all of the improvements to the Premises, parts, and surfaces thereof clean and free of debris and in the same condition as on the Commencement Date, ordinary wear and tear, alterations that Lessee is not required to remove, damage caused by casualty or condemnation, and repair and maintenance that Lessor is required to perform excepted, with all closures and requirements by any governmental agencies with respect to the use of Hazardous Materials at the Premises completed; provided, however, that Lessee shall have the right to remove any specialized tenant improvements to the Premises installed and paid for by Lessee, in which event Lessee shall repair any damage to the Premises caused by such removal. If the Premises are not so surrendered, then Lessee shall be liable to Lessor for all costs incurred by Lessor in returning the Premises to the required condition. At least two (2) months prior to the surrender of the Premises, Lessee shall deliver to Lessor a description of the actions proposed (or required by any governmental authority) to be taken to surrender the Premises free from any residual impact from Lessee's or its agent's, employee's or contractor's use of Hazardous Materials (the ***"Surrender Plan").*** Such Surrender Plan shall be accompanied by a listing of (i) all Hazardous Materials licenses and permits held by or on behalf of Lessee or Lessee's agents, employees or contractors with respect to the Premises, and (ii) all Hazardous Materials (except standard office products) used, stored, handled, treated, generated, introduced, or disposed of from the Premises and any other information reasonably requested by Lessor and shall be subject to the review and approval of Lessor. On or before such surrender, Lessee shall deliver to Lessor evidence that the approved Surrender Plan has been satisfactorily completed. Lessee's failure to surrender the Premises in accordance with the terms and conditions of this Lease, including, without limitation, this Paragraph 14(g) shall be deemed to be a material default under this Lease. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice or by Lessee performing all of its obligations under this Lease. The obligations of Lessee shall include the repair of any damage occasioned by the installation, maintenance, or removal of Lessee's trade fixtures, furnishings, equipment, and alterations, and the restoration by Lessee of the Premises to its condition upon the Commencement Date (ordinary wear and tear excepted) (A) if Lessor's consent to alteration, additions or improvements was conditioned upon such removal and restoration upon expiration or sooner termination of the Lease term pursuant to Paragraph 14(d), or (B) if Lessee made any such alterations, additions, or improvements without obtaining Lessor's prior written consent as required herein and within ten (10) days after the expiration or sooner termination of the Lease term Lessor gives written notice to Lessee requiring Lessee to perform such removal and restoration.

15. Utilities and Services.

(a) Lessee shall contract for and pay for directly all telephone, telecommunications and janitorial service and shall pay Lessor Lessor's reasonable estimate of the cost of all electricity, gas, water, heat and air conditioning service, sewer charges, and all other utilities or services supplied to or consumed by Lessee, its agents, employees, contractors, and invitees on or about the Premises. Lessee acknowledges that (i) the Premises are not currently separately metered, and Lessor shall reasonably and equitably estimate the cost of the utilities provided to the Premises (provided, however, Lessor anticipates providing a disproportionate (based on square footage) amount of the utilities to Lessee, agreed at 38.5%, based on Lessee's anticipated use of the Premises), which shall be fixed throughout the Term based on Lessee's use of common utilities as compared to the use of such utilities by other tenants of the Building, (ii) Lessor shall have the right, at its sole cost (unless Lessor reasonably determines that Lessee has been using more than 38.5% of utilities, in which case such metering shall be at Lessee's cost) to separately meter the Premises and (iii) Lessor may include the cost of such utilities in Operating Expenses or may separately invoice the cost of such utilities to Lessee, in which case Lessee shall pay such amounts within thirty (30) days of Lessor's delivery of an invoice. Such payments shall constitute Additional Rent, and Lessee's failure to make such payments on a timely basis will result in a late charge as provided in Paragraph 6(b) and constitute a default as described in Paragraph 22. Lessor shall reasonably determine Lessee's actual usage

of common utilities as 38.5% of the actual cost of utilities, not less frequently than annually and shall deliver prompt written notice to Lessee of such determination, the amount of any underpayment or overpayment made by Lessee as to such utility usage and any adjustment to the amount of such utilities to be paid by Lessee thereafter to more accurately reflect Lessee's usage thereof. Lessor shall credit any overpayment to the amount of Monthly Base Rent next coming due (or, if this Lease has expired, refund such amount to Lessee within thirty (30) days thereafter (after first deducting any amounts owing by Lessee under this Lease)) or Lessee shall, within thirty (30) days of Lessor's delivery of such determination, pay the amount of such underpayment to Lessor.

(b) Lessor will use reasonable efforts to cause the main HVAC system serving the Premises to provide the airflow/pressurization and temperature regulations described in **Exhibit "F".** Lessor hall not be liable to Lessee for any interruption or failure of any utility services to the Building or the Premises which is not caused by the negligence or willful misconduct of Lessor, or Lessor's employees, agents, or contractors. Lessee shall not be relieved from the performance of any covenant or agreement in this Lease because of any such failure. Lessor shall make all repairs to the Premises required to restore such services to the Premises and the cost thereof shall be payable by Lessee pursuant to Paragraph 5 as a current Operating Expense, or as a capital improvement which is amortized over its useful life (together with interest thereon) as an Operating Expense in accordance with generally accepted accounting principles as described in Paragraph 5(b); provided, however, if such failure is caused by the gross negligence or willful misconduct of Lessor or Lessor's employees, agents, or contractors, or by Lessor's breach in the performance of Lessor's express obligations hereunder, then Lessor shall bear such costs.

16. Liens. Lessee agrees to keep the Premises free from all liens arising out of any work performed, materials furnished, or obligations incurred by Lessee. Lessee shall give Lessor at least ten (10) calendar days prior written notice before commencing any work of improvement on the Premises. Lessor shall have the right to post notices of non-responsibility with respect to any such work. If Lessee shall, in good faith, contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense, defend and protect itself, Lessor and the Property against the same, and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against Lessor or the Property. If Lessor shall require, Lessee shall furnish to Lessor a surety bond satisfactory to Lessor in an amount equal to the amount of such contested claim or demand, indemnifying Lessor against liability for the same, as required by law for the holding of the Property free from the effect of such lien or claim.

17. Assignment and Subletting.

(a) Except as otherwise provided in this Paragraph 17, Lessee shall not hypothecate or encumber its interest under this Lease or any rights of Lessee hereunder, assign this Lease, or any interest, voluntarily or involuntarily, and shall not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the agents and servants of Lessee excepted) to occupy or use the Premises, or any portion thereof, without the prior written consent of Lessor in each instance pursuant to the terms and conditions set forth below, which consent shall not be unreasonably withheld or delayed, subject to the following provisions. A transfer or series of transfers whereby fifty percent (50%) or more of the ownership interests in Lessee are transferred, or an assignment or transfer by operation of law or, subject to Paragraph 17(f) below, otherwise in connection with a merger, consolidation, reorganization, stock sale or other like transaction, shall also constitute an assignment hereunder. Notwithstanding the foregoing, the immediately preceding sentence will not apply to any change in the controlling ownership interest of the entity that constitutes Lessee which results from any of the following: (i) any transfer or sale of the stock or other ownership interest in Lessee (1) to the spouse(s) and/or children of a shareholder of Lessee, (2) to any trust, the beneficiary(ies) of which are family members of a shareholder of Lessee, (3) by reason of bequest or inheritance, or (4) in connection with the issuance of warrants or stock options to purchase Lessee's stock, and the exercise of any purchase rights under any such warrants or stock options.

(b) If Lessee desires to assign or sublease this Lease or the Premises (other than by a Permitted Transfer (as defined in Paragraph 17(f) below)), at least thirty (30) days before the date Lessee desires such sublease or assignment to be effective (the ***"Transfer Date"),*** Lessee shall provide to Lessor the name and address of the proposed assignee or sublessee, and true and complete copies of all documents relating to Lessee's prospective agreement to assign or sublease, a copy of a current financial statement for such proposed assignee or sublessee, and any other relevant information requested by Lessor and Lessee shall specify all consideration to be received by Lessee for such assignment or sublease in the form of lump sum payments, installments of rent, or otherwise (the ***"Transfer Notice").*** For purposes of this Paragraph 17, the term *"consideration"* shall include all money or other consideration to be received by Lessee for such assignment or sublease. Within twenty (20) days after the receipt of such documentation and other information, Lessor (1) shall notify Lessee in writing that Lessor elects to consent to the proposed assignment or sublease subject to the terms and conditions hereinafter set forth, (2) shall notify Lessee in writing that Lessor refuses such consent, specifying reasonable grounds for such refusal, or (3) with respect to a proposed sublease or assignment of substantially all of the Premises for substantially the remaining Term, terminate this Lease with respect to the space described in the Transfer Notice as of the Transfer Date. Lessee and the proposed assignee or sublessee shall demonstrate to Lessor's reasonable satisfaction that each of the criteria referred to in this subparagraph (b) is satisfied.

(c) Except with respect to any Permitted Transferees, Lessee shall pay to Lessor, as and when received by Lessee, fifty percent (50%) of the amount of any excess of the consideration to be received by Lessee in connection with said assignment or sublease over and above the Monthly Base Rent and Additional Rent fixed by this Lease and payable by Lessee to Lessor, after deducting only (i) a standard leasing commission payable by Lessee in consummating such assignment or sublease, (ii) the cost of reasonable tenant improvements performed specifically for the sublease and required to be made to the Premises to effectuate the sublease, provided that such improvements are performed in compliance with the provisions of this Lease, (iii) the fair market value of any goods or services provided by Lessee as additional consideration and (iv) commercially reasonable attorneys' fees to effectuate the transfer.

(d) Each assignment or sublease agreement to which Lessor has consented shall be an instrument in writing in form satisfactory to Lessor, and shall be executed by both Lessee and the assignee or sublessee, as the case may be. Each such assignment or sublease agreement shall recite that it is and shall be subject and subordinate to the provisions of this Lease, that the assignee or sublessee accepts such assignment or sublease, that Lessor's consent thereto shall not constitute a consent to any subsequent assignment or subletting by Lessee or the assignee or sublessee, and, except as otherwise set forth in a sublease approved by Lessor, agrees to perform all of the obligations of Lessee hereunder (to the extent such obligations relate to the portion of the Premises assigned or subleased), and that the termination of this Lease shall, unless Lessor elects, in its sole discretion otherwise, constitute a termination of every such assignment or sublease.

(e) In the event Lessor shall consent to an assignment or sublease, Lessee shall nonetheless remain primarily liable for all obligations and liabilities of Lessee under this Lease, including but not limited to the payment of rent.

(f) Notwithstanding the foregoing, Lessee may, without Lessor's prior written consent, but with prior notice and documentation, as required pursuant to this Paragraph 17(f), provided to Lessor, sublet a portion or the entire Premises or assign this Lease to (i) a subsidiary, affiliate, division or corporation controlled or under common control with Lessee ***("affiliate');*** (ii) to a successor corporation related to Lessee by merger, consolidation or reorganization; or (iii) to a purchaser acquiring all or

substantially all of Lessee's assets or stock (each such transaction referred to herein as a ***"Permitted Transfer"*** and each of the foregoing transferees referred to herein as a ***"Permitted Transferee),*** provided that in the case of (ii) or (iii) any such Permitted Transferee shall have a current verifiable net worth after the transfer at least equal to that of Lessee immediately prior to the transfer. Lessee's foregoing rights in this Paragraph 17(f) to assign this Lease or to sublease all or a portion of the entire Premises shall be subject to the following conditions: (1) Lessee shall not be in default hereunder past any applicable cure period; (2) in the case of an assignment or subletting to an affiliate, Lessee shall remain liable to Lessor hereunder if Lessee is a surviving entity; (3) in the case of an assignment, the transferee or successor entity shall expressly assume in writing all of Lessee's obligations hereunder; and (4) Lessee shall provide Lessor with prior notice of such proposed transfer and deliver to Lessor all documents reasonably requested by Lessor reasonably relating to such transfer, including but not limited to documentation sufficient to establish such proposed transferee's verifiable net worth. It is expressly provided that any venture capital or other third party financing transaction shall be a Permitted Transfer and not require Lessor's consent thereto provided that such financing transaction complies with the conditions to transfer set forth in this Paragraph 17(f).

(g) Subject to the provisions of this Paragraph 17, any assignment or sublease (if such consent is required hereunder) without Lessor's prior written consent shall at Lessor's election be void. The consent by Lessor to any assignment or sublease shall not constitute a waiver of the provisions of this Paragraph 17, including the requirement of Lessor's prior written consent, with respect to any subsequent assignment or sublease. If Lessee shall purport to assign this Lease, or sublease all or any portion of the Premises, or permit any person or persons other than Lessee to occupy the Premises, without Lessor's prior written consent (if such consent is required hereunder), Lessor may collect rent from the person or persons then or thereafter occupying the Premises and apply the net amount collected to the rent reserved herein, but no such collection shall be deemed a waiver of Lessor's rights and remedies under this Paragraph 17, or the acceptance of any such purported assignee, sublessee, or occupant, or a release of Lessee from the further performance by Lessee of covenants on the part of Lessee herein contained.

(h) Lessee hereby acknowledges that the foregoing terms and conditions are reasonable and, therefore, that Lessor has the remedy described in California Civil Code Section 1951.4 (Lessor may continue the Lease in effect after Lessee's breach and abandonment and recover rent as it becomes due, if Lessee has the right to sublet or assign, subject only to reasonable limitations).

(i) In the event of any sale or exchange of the Premises by Lessor and assignment of this Lease by Lessor, Lessor shall, provided that the assignee has assumed all obligations of Lessor under this Lease and Lessor has delivered any Security Deposit held by Lessor to Lessor's successor in interest, be and hereby is entirely relieved of all liability under any and all of Lessor's covenants and obligations contained in or derived from this Lease with respect to the period commencing with the consummation of the sale or exchange and assignment.

18. Non-Waiver.

(a) No waiver of any provision of this Lease shall be implied by any failure of Lessor or Lessee to enforce any remedy for the violation of that provision, even if that violation continues or is repeated. Any waiver by Lessor or Lessee of any provision of this Lease must be in writing.

(b) No receipt of Lessor of a lesser payment than the rent required under this Lease shall be considered to be other than on account of the earliest rent due, and no endorsement or statement on any check or letter accompanying a payment or check shall be considered an accord and satisfaction. Lessor may accept checks or payments without prejudice to Lessor's right to recover all amounts due and pursue all other remedies provided for in this Lease.

(c) Lessor's receipt of any rent or other payment from Lessee after giving notice to Lessee terminating this Lease shall in no way reinstate, continue, or extend the Lease term or affect the termination notice given by Lessor before the receipt of such rent or payment. After serving notice terminating this Lease, filing an action, or obtaining final judgment for possession of the Premises, Lessor may receive and collect any rent, and the payment of that rent shall not waive or affect such prior notice, action, or judgment, except with respect to the rent so accepted.

19. Holding Over. Lessee shall vacate the Premises and deliver the same to Lessor upon the expiration or sooner termination of this Lease. In the event of holding over by Lessee after the expiration or termination of this Lease, such holding over shall be on a month-to-month tenancy and all of the terms and provisions of this Lease shall be applicable during such period, except that in addition to the payment of Additional Rent, Lessee shall pay Lessor as Monthly Base Rent during such holdover an amount equal to the greater of (i) one hundred fifty percent (150%) of the Monthly Base Rent in effect at the expiration of the term, or (ii) the then market rent for comparable research and development/office space in the Milpitas market area. Lessee shall be liable to Lessor for all costs, expenses, and consequential damages incurred by Lessor as a result of such holdover, including but not limited to damages resulting from Lessor's inability to timely deliver possession of the Premises to a new tenant. The rental payable during such holdover period without Lessor's written consent shall be payable to Lessor on demand.

20. Damage or Destruction.

(a) In the event of a total destruction of the Building during the term from any cause, either party may elect to terminate this Lease by giving written notice of termination to the other party within thirty (30) days after the casualty occurs. A total destruction shall be deemed to have occurred for this purpose if the Building or the Premises that are the subject of this Lease are destroyed to the extent of seventy-five percent (75%) or more of the replacement cost thereof. If this Lease is not terminated, Lessor shall repair and restore the Premises in a diligent manner and this Lease shall continue in full force and effect, except that Monthly Base Rent and Additional Rent of the Premises which are the subject of this Lease shall be abated in accordance with Paragraph 20(c) below.

(b) In the event of a partial destruction of the Building or the Premises to an extent less than seventy-five percent (75%) of the replacement cost thereof, and if Lessor reasonably believes that the damage thereto can be repaired, reconstructed, or restored within a period of two hundred seventy (270) days from the date of such casualty, there are at least twelve (12) months remaining in the term of this Lease, and the casualty is from a cause which is normally insured under a standard policy of "all risk" property insurance or actually insured by any property insurance then carried by Lessor as to which Lessor receives proceeds adequate to restore the damage, Lessor shall forthwith repair the same, and this Lease shall continue in full force and effect, except that Monthly Base Rent and Additional Rent shall be abated in accordance with Paragraph 20(c) below. If any of the foregoing conditions are not met, Lessor shall have the option of either repairing and restoring the Building, or terminating this Lease by giving written notice of termination to Lessee within sixty (60) days after the casualty. If Lessor elects or is required to repair and restore the damage to the Premises, and such repair and restoration is not completed within 270 days from the date of the damage, then Lessee shall have the right to terminate this Lease if Lessor fails to complete such repair within forty-five (45) days (which 45-day period shall be extended by one day for each day of any delay to the completion of the restoration and repair outside of the reasonable control of Lessor, other than for financial reasons, but not to exceed a total of 90 additional days of any such delay) after written notice from Lessee.

(c) In the event of repair, reconstruction, or restoration as provided herein, the Monthly Base Rent and Additional Rent shall be abated proportionally in the ratio which Lessee's use of the Premises is impaired during the period of such repair, reconstruction, or restoration, from the date of the casualty until such repair, reconstruction or restoration is substantially completed.

(d) With respect to any destruction of the Building which Lessor is obligated to repair, or may elect to repair, under the terms of this Paragraph 20, the provisions of Section 1932, Subdivision 2, and of Section 1933, Subdivision 4, of the Civil Code of the State of California are waived by the parties. Lessor's obligation to repair and restore the Building shall not include any alterations performed by Lessee.

(e) In the event of termination of this Lease pursuant to any of the provisions of this Paragraph 20, the Monthly Base Rent and Additional Rent shall be apportioned on a per diem basis and shall be paid to the date of the casualty. In no event shall Lessor be liable to Lessee for any damages resulting to Lessee from the occurrence of such casualty, or from the repairing or restoration of the Building, or from the termination of this Lease as provided herein, nor shall Lessee be relieved thereby from any of Lessee's obligations hereunder, except to the extent and upon the conditions expressly set forth in this Paragraph 20.

21. Eminent Domain . If the whole or any material part of the Property is taken or condemned for all or any portion of the Term of this Lease by any competent public authority for any public or quasi-public use or purpose, or transferred by agreement in connection with such public or quasi-public use or purpose with or without any condemnation action or proceeding being instituted, then, and in either of such event, the term of this Lease shall, at the option of Lessor, terminate as of the date when the possession of the part so taken shall be required for such use or purpose or the vesting of title in such public authority. If more than fifteen percent (15%) of the rentable square feet of the Premises, or if access to or use of the Premises is substantially impaired by a condemnation action, Lessee shall have the option to terminate this Lease upon ninety (90) days' notice, provided such notice is given no later than one hundred eighty (180) days after the date of such taking. Any award arising from the condemnation of any portion of the Property or the settlement thereof shall belong to and be paid to Lessor. However, Lessee may file a separate claim at Lessee's sole cost and expense for (i) leasehold improvements installed at Lessee's expense or other property owned by Lessee, and (ii) reasonable costs of moving and relocation by Lessee to another location and Lessee's loss of goodwill. In all events, Lessor shall be solely entitled to any award with respect to the real property, including the bonus value of the leasehold. The then current rental, however, shall in any such case be apportioned as of the date of such termination.

22. Remedies . If Lessee fails to make any payment of rent or any other sum due under this Lease for five (5) days after delivery of written notice from Lessor; or if Lessee fails to comply with any term, provision or covenant of this Lease and does not cure such failure within fifteen (15) days after receipt by Lessee of written notice from Lessor or such shorter time period specified in this Lease (unless such default is incapable of cure within fifteen (15) days and Lessee commences cure within fifteen (15) days and thereafter diligently prosecutes the cure to completion within a reasonable time); or if Lessee's interest herein, or any part thereof, is assigned or transferred, either voluntarily or by operation of law (except as expressly permitted by other provisions of this Lease); or if Lessee makes a general assignment for the benefit of its creditors; or if this Lease is rejected (i) by a bankruptcy trustee for Lessee, (ii) by Lessee as debtor in possession, or (iii) by failure of Lessee as a bankrupt debtor to act timely in assuming or rejecting this Lease; then any of such events shall constitute an event of default and breach of this Lease by Lessee and Lessor may, at its option, elect the remedies specified in either subparagraph (a) or (b) below. Any such rejection of this Lease referred to above shall not cause an automatic termination of this Lease. Whenever in this Lease reference is made to a default by Lessee, such reference shall refer to an event of default as defined in this Paragraph 22.

(a) Lessor may repossess the Premises and remove all persons and property therefrom. If Lessor repossesses the Premises because of a breach of this Lease, this Lease shall terminate and Lessor may recover from Lessee:

(1) the worth at the time of award of the unpaid rent which had been earned at the time of termination including interest thereon at a rate equal to the Interest Rate, from the time of termination until paid;

(2) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Lessee proves could have been reasonably avoided, including interest thereon at a rate equal to the Interest Rate, from the time of termination until paid;

(3) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for the same period that Lessee proves could be reasonably avoided discounted at the discount rate established by the Federal Reserve Bank of San Francisco for member banks at the time of the award plus one percent (1%); and

(4) any other amount necessary to compensate Lessor for all the detriment proximately caused by Lessee's breach or by Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom.

(b) If Lessor does not repossess the Premises, then this Lease shall continue in effect for so long as Lessor does not terminate Lessee's right to possession and Lessor may enforce all of its rights and remedies under this Lease, including the right to recover the rent and other sums due from Lessee hereunder. For the purposes of this Paragraph 22, the following do not constitute a repossession of the Premises by Lessor or a termination of this Lease by Lessor:

(1) Acts of maintenance or preservation by Lessor or efforts by Lessor to relet the Premises; or

(2) The appointment of a receiver by Lessor to protect Lessor's interests under this Lease.

(c) Lessor's failure to perform or observe any of its obligations under this Lease or to correct a breach of any warranty or representation made in this Lease within thirty (30) days after receipt of written notice from Lessee setting forth in reasonable detail the nature and extent of the failure referencing pertinent Lease provisions or if more than thirty (30) days is required to cure the breach, Lessor's failure to begin curing within the thirty (30) day period and diligently prosecute the cure to completion, shall constitute a default. If Lessor commits a default, Lessee's sole remedy shall be to institute an action against Lessor for damages or for equitable or injunctive relief, but in no event shall Lessee have the right to punitive damages, consequential damages, the right to terminate this Lease, or, except to the extent expressly provided for herein, the right to offset rent or rent abatement. If Lessor is in default pursuant to this Paragraph 22(b), and such default poses a material and imminent risk to the health or safety of persons or animals in the Premises, then Lessee may perform such obligations subject to the following terms and conditions:

(1) Lessee shall deliver to Lessor a written notice ***("Self-Help Notice")*** of Lessee's intention to perform such repair obligations, which Self-Help Notice shall indicate Lessee's intention to exercise its self-help rights and to perform such repair obligations which are otherwise Lessor's responsibility hereunder. If Lessor fails to commence to cure its failure to perform within five (5) business days after receipt of the Self-Help Notice (it being understood that no cure period shall be required for Lessor defaults that pose a material and imminent risk to the health or safety of persons or animals in the Premises), Lessee may take whatever action is reasonably necessary to perform such obligations;

(2) All work performed by Lessee or its agents in accordance with this Paragraph 22(b) must be performed at a reasonable and competitive cost and rate using contractors previously approved by Lessor and in a manner so as to not interfere with any other tenant's use of its premises; and

(3) If Lessor consents to Lessee's performance of such work or fails to dispute promptly the need to perform the work described in Lessee's Self-Help Notice, Lessor shall reimburse Lessee for the reasonable costs of such performance incurred in accordance with the terms of this Paragraph 22(b) within thirty (30) days after Lessee's submission to Lessor of receipted invoices therefor (accompanied by reasonable supporting documentation). Otherwise, such work shall be performed at Lessee's sole cost and expense.

(d) All covenants and agreements to be performed by Lessee under this Lease shall be at its sole cost and expense and without abatement of rent or other sums due under this Lease, unless otherwise expressly specified in this Lease. If Lessee shall fail to pay any sum of money required to be paid by Lessee under this Lease or shall fail to perform any other act on Lessee's part to be performed under this Lease within the time periods described in the first paragraph of Paragraph 22(a), Lessor may, but shall not be obligated so to do and without waiving or releasing Lessee from any obligations of Lessee, make any such payment or perform any such other act on Lessee's part to be made or performed as provided in this Lease. All sums paid by Lessor, whether to fulfill Lessee's unfulfilled payment obligations, to perform Lessee's unfulfilled performance obligations, or to compel Lessee to fulfill or perform its obligations under this Lease, and all incidental costs, including attorneys' fees, plus an administrative fee of five percent (5%) of all amounts so expended by Lessor, shall be deemed additional rent hereunder and shall be payable to Lessor upon demand.

23. Lessee's Personal Property . If any personal property of Lessee remains on the Premises after (1) Lessor terminates this Lease pursuant to Paragraph 22 above following an event of default by Lessee, or (2) after the expiration of the Lease Term or after the termination of this Lease pursuant to any other provisions hereof, Lessor shall give written notice thereof to Lessee pursuant to applicable law. Lessor shall thereafter release, store, and dispose of any such personal property of Lessee in accordance with the provisions of applicable law.

24. Notices. All notices, demands, consents or approvals (collectively, ***"Notices")*** which may or are required to be given by either party to the other under this Lease shall be in writing and shall be deemed to have been fully given (a) when received or refused, if personally delivered, (b) seventy-two (72) hours after being deposited in the United States mail, postage prepaid, sent by Certified or Registered Mail, or (c) twenty-four (24) hours after being deposited with a nationally recognized overnight courier service; provided that any notice received on a Saturday, Sunday or legal holiday observed in Milpitas, CA shall not be deemed received until the next business day. Each Notice shall be addressed to Lessor and Lessee at the following address, or to such place as either party may from time to time designate in a written notice to the other party:

Lessor:	Berrueta Family L.P. PO Box 61183 Sunnyvale, CA 94088-1183
Lessee:	The Premises

25. Estoppel Certificate . Lessee and Lessor shall within ten (10) business days following request by the other party (the ***"Requesting Party"),*** execute and deliver to the Requesting Party an estoppel certificate (1) certifying that this Lease has not been modified and certifying that this Lease is in full force and effect, or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect; (2) stating the date to which the rent and other charges are paid in advance, if at all; (3) stating the amount of any Security Deposit held by Lessor; (4) acknowledging that there are not any uncured defaults on the part of the responding party or, to the responding party's knowledge, any uncured defaults on the part of the Requesting Party hereunder, or if there are uncured defaults, stating the nature of such uncured defaults; and (5) any other provisions reasonably requested by either party.

26. Signage . Lessee shall have the right to place its logo on a portion of the monument sign for the Building designated by Lessor. Lessee may also install directory signage and Building standard suite identification signage at Lessee's expense, subject to Lessor's approval thereof. All of Lessee's signage shall comply with the City of Milpitas sign ordinances and regulations and shall be subject to Lessor's approval as to the specific location, size and design thereof. The cost of design, installation, maintenance, repair and removal of Lessee's signage as permitted herein shall be paid by Lessee. Any additional signage shall be subject to Lessor's prior approval and, if approved, shall be installed at Lessee's expense.

27. Real Estate Brokers. Lessor shall pay a leasing commission to Kidder Mathews pursuant to a separate agreement between Lessor and Kidder Mathews. Each party represents and warrants to the other party that it has not had any dealings with any real estate broker, finder, or other person with respect to this Lease other than Kidder Mathews, who has acted as exclusive leasing agent for both parties, and each party shall hold harmless the other party from all damages, expenses, and liabilities resulting from any claims that may be asserted against the other party by any other broker, finder, or other person with whom the other party has or purportedly has dealt.

28. Parking. Lessee shall have the right to the nonexclusive use of its to its Pro Rata Share of vehicular parking spaces on the Land at no additional cost to Lessee in the parking area for the Building, subject to such reasonable rules and regulations for such parking facilities which may be established or altered by Lessor at any time from time to time during the Lease Term, provided that such rules and regulations shall not unreasonably interfere with Lessee's parking rights. Vehicles of Lessee or its employees shall not park in driveways or occupy parking spaces or other areas reserved for deliveries, or loading or unloading.

29. Subordination; Attornment.

(a) This Lease, without any further instrument, shall at all times be subject and subordinate to the lien of any and all mortgages and deeds of trust which may hereafter be placed on, against or affect Lessor's estate in the real property of which the Premises form a part, and to all advances made or hereafter to be made upon the security thereof, and to all renewals, modifications, consolidations, replacements and extensions thereof. Lessor shall use reasonable efforts to cause the beneficiary of any deed of trust executed by Lessor as trustor after the date hereof, to execute a recognition and non-disturbance agreement, in a form reasonably satisfactory to Lessor and Lessee, Lessee and such beneficiary which provides that so long as Lessee is not in default (beyond applicable notice and cure periods) hereunder (1) this Lease shall not be terminated, and (2) that upon acquiring title to the Property by foreclosure or otherwise such holder shall recognize all of Lessee's rights hereunder which accrue thereafter.

(b) In confirmation of such subordination, Lessee covenants and agrees to execute and deliver within ten (10) days of Lessor's request any certificate or other instrument which Lessor may reasonably deem proper to evidence such subordination in commercially reasonable form (which document recognizes Lessee's rights under this Lease); provided, however, that if any person or persons purchasing or otherwise acquiring the real property of which the Premises form a part by any sale, sales and/or other proceedings under such mortgages and/or deeds of trust, shall elect to continue this Lease in full force and effect in the same manner and with like effect as if such person or persons had been named as Lessor herein, then this Lease shall continue in full force and effect as aforesaid, and Lessee hereby attorns and agrees to attorn to such person or persons in writing upon request. Notwithstanding the foregoing or anything to the contrary contained in this Lease with respect to any deed of trust or mortgage entered into by Lessor following the date of this Lease, Lessee's subordination of this Lease shall be subject to receiving a subordination, non-disturbance and attornment agreement in a commercially reasonable form from the beneficiary of such deed of trust or mortgage. Lessor represents there is not currently a mortgage encumbering the Property.

30. No Termination Right . Lessee shall not have the right to terminate this Lease as a result of any default by Lessor, and Lessee's remedies in the event of a default by Lessor shall be limited to the remedy set forth in Paragraph 22(c).

31. Lessor's Entry . Except in the case of an emergency and except for permitted entry during Lessee's normal working hours, both of which may occur without prior notice to Lessee, Lessor and Lessor's agents shall provide Lessee with at least twenty-four (24) hours' notice prior to entry of the Premises. Lessor may enter the Premises for any reasonable purpose related to Lessor's ownership of the Property. Such entry by Lessor and Lessor's agents shall not impair Lessee's operations more than reasonably necessary and shall comply with Lessee's reasonable security measures, if any.

32. Attorneys' Fees. If any action at law or in equity shall be brought to recover any rent under this Lease, or for or on account of any breach of or to enforce or interpret any of the provisions of this Lease or for recovery of the possession of the Premises, the prevailing party shall be entitled to recover from the other party costs of suit and reasonable attorneys' fees, the amount of which shall be fixed by the court and shall be made a part of any judgment rendered.

33. Quiet Enjoyment . Upon payment by Lessee of the rent for the Premises and the observance and performance of all of the covenants, conditions, and provisions on Lessee's part to be observed and performed under this Lease within applicable notice and cure periods, Lessee shall have quiet enjoyment and possession of the Premises for the entire term hereof subject to all of the provisions of this Lease.

34. Financial Information. Lessee represents and warrants to Lessor that all financial and other information that it has provided to Lessor prior to the date of this Lease is true, correct and complete.

35. SDN List . Lessee and Lessor each represents and warrants to the other party that to the warranting party's knowledge the warranting party is not, and the entities or individuals that constitute the warranting party, that may own or control the warranting party, or that may be owned or controlled by the warranting party (in all cases, other than through the ownership of publicly traded, direct or indirect ownership interests) (each a ***"Subject Party')*** are not, (i) in violation of any laws relating to terrorism or money laundering, or (ii) among the individuals or entities identified on any list compiled pursuant to Executive Order 13224 or published by the Office of Foreign Assets Control, U.S. Department of the Treasury ***("OFAC")*** for the purpose of identifying suspected terrorists or on the most current list published

by the OFAC at its official website, http://www.treas.gov/ofac/tllsdn.pdf or any replacement website or other replacement official publication of such list which identifies an "Specially Designated National" or "blocked person" (either of which are referred to herein as a ***"SDN").*** If at any time during the Lease Term the other party discovers that the warranting party has breached the foregoing representations and warranties, or the other party reasonably believes that the warranting party or any Subject Party is in violation of any laws relating to terrorism or money laundering or that the warranting party or any Subject Party is identified as an SDN, the warranting party Lessee shall be deemed in default under this Lease following three (3) business days written notice from other party to the warranting party unless, within such three day period, the warranting party delivers written evidence, reasonably acceptable to other party, that the warranting party is not in violation of such laws or that the warranting party (or the Subject Party, as applicable) is not a person or entity identified as an SDN. Except as otherwise expressly provided in the foregoing sentence, and without further notice, any default by Lessee under this Paragraph 35 shall be deemed an incurable default by Lessee and, in addition to any other rights and remedies that Lessor may have upon such default, Lessor shall also have the right to immediately terminate this Lease upon written notice to Lessee and recover possession of the Premises.

36. Intentionally Deleted.

37. Intentionally Deleted.

38. General Provisions.

(a) Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of joint venture of any association between Lessor and Lessee, and neither the method of computation of rent nor any other provisions contained in this Lease nor any acts of the parties hereto shall be deemed to create any relationship between Lessor and Lessee other than the relationship of landlord and tenant.

(b) Each and all of the provisions of this Lease shall be binding upon and inure to the benefit of the parties hereto, and except as otherwise specifically provided elsewhere in this Lease, their respective heirs, executors, administrators, successors, and assigns, subject at all times, nevertheless, to all agreements and restrictions contained elsewhere in this Lease with respect to the assignment, transfer, encumbering, or subletting of all or any part of Lessee's interest in this Lease.

(c) The captions of the paragraphs of this Lease are for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction.

(d) This Lease is and shall be considered to be the only agreement between the parties hereto and their representatives and agents. All negotiations and oral agreements acceptable to both parties have been merged into and are included herein. There are no other representations or warranties between the parties and all reliance with respect to representations is solely upon the representations and agreements contained in this instrument.

(e) The laws of the State of California shall govern the validity, performance, and enforcement of this Lease. Notwithstanding which of the parties may be deemed to have prepared this Lease, this Lease shall not be interpreted either for or against Lessor or Lessee, but this Lease shall be interpreted in accordance with the general tenor of the language in an effort to reach an equitable result.

(f) Time is of the essence with respect to the performance of each of the covenants and agreements contained in this Lease.

(g) Recourse by Lessee for breach of this Lease by Lessor shall be expressly limited to the amount of Lessor's interest in the Property and the rents, issues, insurance, condemnation, and sales proceeds actually received by Lessor, and profits therefrom, and in the event of any such breach or default by Lessor, Lessee hereby waives the right to proceed against any other assets of Lessor or against any other assets of any partner, manager or member of Lessor.

(h) Any provision or provisions of this Lease which shall be found to be invalid, void or illegal by a court of competent jurisdiction, shall in no way affect, impair, or invalidate any other provisions hereof, and the remaining provisions hereof shall nevertheless remain in full force and effect.

(i) This Lease may be modified in writing only, signed by the parties in interest at the time of such modification.

(j) Each party represents to the other that the person signing this Lease on its behalf is properly authorized to do so, and in the event this Lease is signed by an agent or other third party on behalf of either Lessor or Lessee, written authority to sign on behalf of such party in favor of the agent or third party shall be provided to the other party hereto either prior to or simultaneously with the return to such other party of a fully executed copy of this Lease.

(k) (k) No binding agreement between the parties with respect to the Premises shall arise or become effective until this Lease has been duly executed by both Lessee and Lessor and a fully executed copy of this Lease has been delivered to both Lessee and Lessor.

(l) (1) Lessor and Lessee acknowledge that the terms and conditions of this Lease constitute confidential information of Lessor and Lessee. Each party shall use its reasonable good faith efforts to prevent the dissemination orally or in written form, of this Lease, lease proposals, lease drafts, or other documentation containing the terms, identity of the parties, details or conditions contained herein to any third party without obtaining the prior written consent of the other party, except to the attorneys, accountants, lenders, investors, potential investors, potential business or merger partners, potential subtenants and assignees, or other authorized business representatives or agents of the parties, or except to the extent required to comply with applicable laws, including any filings by Lessee pursuant to state or federal securities laws. Neither Lessor nor Lessee shall make any public announcement of the consummation of this Lease transaction without the prior approval of the other party. A violation of this subparagraph (1) shall not permit either party to terminate this Lease. Nothing in this Paragraph shall prevent Lessor from submitting a copy of this Lease to the Court in connection with any action to enforce the provisions hereof.

(m) Except as provided in Paragraph 22(c), the rights and remedies that either party may have under this Lease or at law or in equity, upon any breach, are distinct, separate and cumulative and shall not be deemed inconsistent with each other, and no one of them shall be deemed to be exclusive of any other.

(n) Lessee waives any claim for consequential damages which Lessee may have against Lessor for breach of or failure to perform or observe the requirements and obligations created by this Lease.

(o) Lessor and Lessee each agree to and they hereby do, to the maximum extent permitted by law, waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Lessor and Lessee, Lessee's use or occupancy of the Premises and/or any claim of injury or damage, and any statutory remedy.

(p) This Lease shall not be recorded. All measurements of area contained in this Lease are conclusively agreed to be correct and binding upon the parties, even if a subsequent measurement of any one of these areas determines that it is more or less than the amount of area reflected in this Lease. Lessor has not had an inspection of the Premises performed by a Certified Access Specialist as described in California Civil Code § 1938.

(q) This Lease amends and restates that Lease dated May 23, 2014 by and between Lessor and Lessee (the ***"Original Lease")*** in its entirety as of the Commencement Date. Upon execution of this Lease, Rent shall be due as of August 1, 2015 as provided in this Lease and any amounts paid by Lessee under the Original Lease for such period shall be credited against such amount.

IN WITNESS WHEREOF, Lessor and Lessee have duly executed this Lease as of the date first set forth herein.

"Lessor"

BERRUETA FAMILY L.P., a California limited partnership

By:_____
Name:_____
Its:_____

"Lessee"

MOUSERA, INC.
A Delaware corporation

By: */s/ Timothy L. Robertson*
Name: Tim Robertson
Its: CEO

EXHIBIT “A”

Floor Plan of Premises

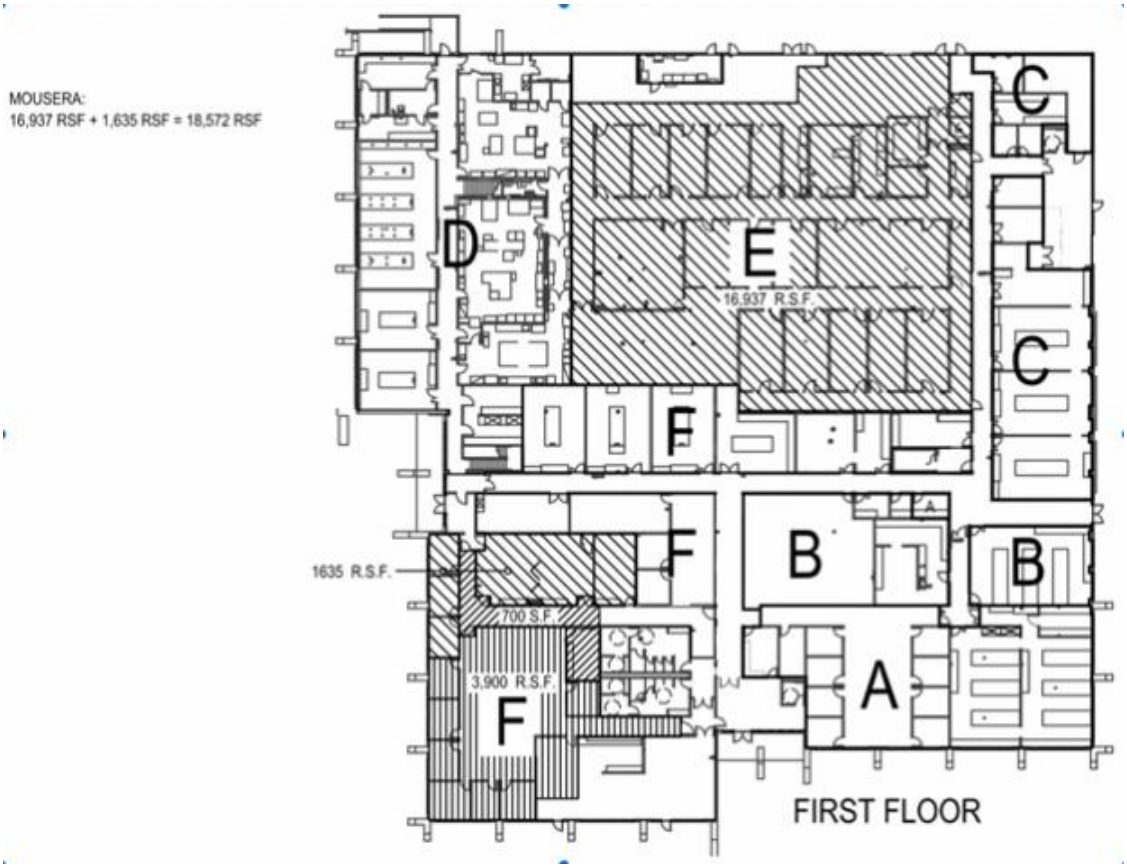


EXHIBIT “B”

Description of the Common Areas

EXHIBIT “C”

Commencement Memorandum

To: MOUSERA, INC. Date:_____ , 20___

Re: Lease dated July 27, 2015 between BERRUETA FAMILY L.P., a California limited partnership, Lessor, and MOUSERA, INC., a Delaware corporation, Lessee, concerning the Premises consisting of approximately Eighteen Thousand (18,000) rentable square feet in the building commonly known as 521 Cottonwood Drive, Milpitas, California.

Dear _____:

In accordance with the subject Lease, we hereby confirm the following:

1. That the Premises have been accepted by Lessee.

2. That Lessee has possession of the Premises and acknowledges that pursuant to the Lease, the initial term of the Lease commenced on , 2015 (the “Commencement Date”), and shall expire on , 2022.

3. That in accordance with the provisions of the Lease, Monthly Base Rent and Additional Rent commenced to accrue on July 1, 2015.

MOUSERA, INC.,
a Delaware corporation

By:_____
Name:_____
Its:_____

BERRUETA FAMILY L.P.,
a California limited partnership

By:_____

EXHIBIT "D"

Work Letter

A. Lessee, shall have the right to perform alterations and improvements in the Premises (the ***"Tenant Improvements"),*** subject to Lessor's prior written consent. Notwithstanding the foregoing, Lessee and its contractors shall not have the right to perform Tenant Improvements in the Premises unless and until Lessee has complied with all of the terms and conditions of Section 14(d) of the Lease, including, without limitation, approval by Lessor of the final plans for the Tenant Improvements and approval of the architect and contractor to be retained by Lessee to perform the Tenant Improvements. Lessee shall be responsible for all elements of the design of Lessee's plans (including, without limitation, compliance with Law, functionality of design, the structural integrity of the design, the configuration of the Premises, and the placement of Lessee's furniture, appliances and equipment), and Lessor's approval of Lessee's plans shall in no event relieve Lessee of the responsibility for such design. Lessor's approval of the architects and contractors to perform the Tenant Improvements shall not be unreasonably withheld. The parties agree that Lessor's approval of the general contractor to perform the Tenant Improvements shall not be considered to be unreasonably withheld if any such general contractor (i) does not have trade references reasonably acceptable to Lessor, (ii) does not maintain insurance as required pursuant to the terms of this Lease, or (iii) is not licensed as a contractor in the state/municipality in which the Premises is located, to the extent such licensing is required under California law. Lessee acknowledges the foregoing is not intended to be an exclusive list of the reasons why Lessor may reasonably withhold its consent to a general contractor.

B. Provided Lessee is not in default beyond applicable notice and cure periods, Lessor agrees to contribute the sum of Ninety Three Thousand Eight Hundred Ninety Three and 00/100 Dollars ($93,893) (the ***"Allowance")*** toward the cost of performing the Tenant Improvements within the Premises. The Allowance may only be used for the cost of preparing design and construction documents and mechanical, structural and electrical plans for the Tenant Improvements, plan check, license and permit fees, testing and inspection costs, and hard construction costs in connection with the Tenant Improvements and any construction management costs paid by Lessee for the Tenant Improvements. The Allowance shall be paid to Lessee within thirty (30) days following receipt by Lessor of (1) receipted bills covering all labor and materials expended and used in the Tenant Improvements; (2) a sworn contractor's affidavit from the general contractor and a request to disburse from Lessee containing an approval by Lessee of the work done; (3) full and final waivers of lien from all contractors and subcontractors performing work in the Premises; (4) as-built plans of the Tenant Improvements; and (5) the certification of Lessee and its architect that to their knowledge the Tenant Improvements have been installed in a good and workmanlike manner in accordance with the approved plans, and in accordance with applicable Laws. The Allowance shall be disbursed in the amount reflected on the receipted bills meeting the requirements above. Lessor acknowledges that Lessee has performed certain work to the HVAC systems serving the Premises. The Allowance may also be applied to the costs of such work performed in the six (6) month period prior to the Commencement Date of this Lease of the type described in the second sentence of this Section (B) pursuant to the procedures described in the third sentence of this Section (B). Notwithstanding anything herein to the contrary, Lessor shall not be obligated to disburse any portion of the Allowance during the continuance of an uncured default under the Lease, and Lessor's obligation to disburse shall only resume when and if such default is cured. Lessor shall be entitled to deduct from the Allowance a construction management fee for Lessor's oversight of the Tenant Improvements requiring a permit as set forth in Section 14(d) of the Lease.

C. In no event shall the Allowance be used for the purchase of trade equipment, furniture or other items of personal property of Lessee. In the event Lessee does not use the entire Allowance by June 1, 2016, any unused amount shall accrue to the sole benefit of Lessor, it being understood that Lessee shall not be entitled to any credit, abatement or other concession in connection therewith. Lessee shall be responsible for all applicable state sales or use taxes, if any, payable in connection with the Tenant Improvements and/or Allowance.

D. Lessee agrees to accept the Premises in its “as-is” condition and configuration, subject to and without limiting Lessor’s repair, maintenance and other obligations under this Lease, it being agreed that Lessor shall not be required to perform any work or, except as provided above with respect to the Allowance, incur any costs in connection with the construction or demolition of any improvements in the Premises.

E. This Exhibit D shall not be deemed applicable to any premises other than the Premises at any time or from time to time, whether by any options under the Lease or otherwise, or to any portion of the Premises or any additions thereto in the event of a renewal or extension of the original Term of the Lease, whether by any options under the Lease or otherwise, unless expressly so provided in the Lease or any amendment or supplement thereto.

EXHIBIT “E”

List of FF&E

- Incubators located in the Premises
- Cage wash

EXHIBIT “F”

HVAC Adjustments

70°-76° F setpoint, controllable to +/- 2°F

Humidity 50% +/- 20%

10-15 air changes per hour in animal rooms, no recycling of air

90-95% efficient supply air filters

HEPAs checked annually

Rooms negative to corridor with 50-100 cfm differential supply to exhaust per door to the room

For the two door rooms, a minimum of 100 cfm more supply

Emergency generator back up power to HVAC fans and the chiller

EXHIBIT “G”

Hazardous Materials

Chlorine dioxide (disinfectant); 1kg (1.5g/tablet) Sodium hypochlorite (bleach, disinfectant); 50L Ethyl alcohol (disinfectant); 10L Carbon dioxide (compressed gas); 3 x Size E cylinder Oxygen (compressed gas); 3 x Size E cylinder Buffered formalin (formaldehyde solution, fixative); 2L Tamoxifen (potential teratogen, carcinogen); 1kg Other common veterinary drugs in therapeutic quantities

EXHIBIT “H”

HVAC Maintenance

Primary Air Filter Change - 6 month
Secondary Air Filter Change - 1 month
Preventative Maintenance HVAC - 6 month
Siemens Control System Maintenance - 6 month
Backup Generator Maintenance - 12 month
Transfer Switch Maintenance - 12 month

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this "Amendment") is dated as of June , 2017 (the "Effective Date"), by and between Berrueta Family L.P., a California limited partnership ("Lessor") and Vium, Inc. (fka Mousera, Inc.), a Delaware corporation ("Lessee"), with reference to the following facts and objectives:

RECITALS

A. Lessor and Lessee entered into that certain Amended and Restated Lease, dated as of July 27, 2015 (the "Lease"), pertaining to certain premises located at 521 Cottonwood Drive, Milpitas, California. Pursuant to the Lease, Lessor has leased to Lessee space currently containing approximately 18,779 rentable square feet (the "Existing Premises").

B. Lessor and Lessee desire to amend the Lease to, among other things, expand the Premises as defined in the Lease to include additional space, consisting of approximately 6,195 rentable square feet, as shown on Exhibit A attached hereto (the "Expansion Space").

AGREEMENT

NOW, THEREFORE, in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

39. Effective Date. The terms of this Amendment shall be effective on the Effective Date.

40. Expansion. Effective as of the later of July 1, 2017 and Landlord's delivery of the Expansion Space to Tenant (the "Expansion Space Commencement Date"), the Premises shall include the Expansion Space, the square footage of the Premises shall be increased from 18,779 rentable square feet to 24,974 rentable square feet, and the Existing Premises and the Expansion Space shall collectively be deemed the Premises. On the Expansion Space Commencement Date, the Expansion Space shall be delivered to Lessee vacant, broom clean, free of personal property of any prior tenant or occupant (other than furniture, fixtures or equipment that Lessee acquires from a prior tenant), and otherwise in its current as-is condition, with the work described in Section 5(a) below substantially completed. Except as set forth in Section 4 below, Lessee shall not be entitled to receive, with respect to the Expansion Space, any allowance, free rent or other financial concession granted with respect to the Existing Premises.

41. Lessee's Share. Effective on the Expansion Space Commencement Date, Lessee's Pro Rata Share of the Building shall be increased from 28.33% to 37.66% (24,974/66,306); provided, however, Lessee's Pro Rata Share as to utilities shall initially mean 47.84% of utility costs, subject to reasonable adjustment by Lessor, based on Lessee's actual use of utilities in the Premises as compared to the usage of such utilities by other tenants of the Building.

42. Monthly Base Rent. Effective as of the Expansion Space Commencement Date, the Monthly Base Rent schedule in Section 4(a) of the Lease shall be revised as follows:

Months	Monthly Base Rent
Expansion Space Commencement Date —	
July 31, 2017	$ 33,629.00
August 1, 2017 — July 31, 2018	$ 38,379.00
August 1, 2018 — July 31, 2019	$ 45,960.87
August 1, 2019 — July 31, 2020	$ 47,321.01
August 1, 2020 — July 31, 2021	$ 48,693.78
August 1, 2021 — July 31, 2022	$ 50,079.56
August 1, 2022 — July 31, 2023	$ 51,581.95
August 1, 2023 — July 31, 2024	$ 53,129.41
August 1, 2024 — July 31, 2025	$ 54,723.29

* For the first six (6) full months following the Expansion Space Commencement Date, $6,814.50 of the Monthly Base Rent shall be abated each month.

43. Additional Work.

(a) Prior to the Expansion Space Commencement Date, Lessor shall, at its cost, replace any broken or stained ceiling tiles, apply touch up paint as needed, and repair or replace any broken casework doors within the Expansion Space.

(b) Within thirty (30) days of Lessee's completion of its planned tenant improvements in the Expansion Space (which shall be subject to Lessor's reasonable approval and include new flooring and baseboards) and delivery of a paid invoice therefor and unconditional lien releases from all contractors, subcontractors and suppliers with respect thereto within the six (6) month period following the Expansion Space Commencement Date, Lessor shall reimburse Lessee for the cost of such work in an amount not to exceed Thirty Thousand Nine Hundred Seventy-Five Dollars ($30,975).

(c) Within thirty (30) days of Lessee's completion of the automatic transfer switch upgrade pursuant to plans approved by Lessor and delivery of a paid invoice therefor and unconditional lien releases from all contractors, subcontractors and suppliers with respect thereto within the six (6) month period following the Expansion Space Commencement Date, Lessor shall reimburse Lessee for the cost of such work in an amount not to exceed Forty Thousand Dollars ($40,000). Lessor shall amortize such amount over the useful life of the automatic transfer switch and such amortized amount shall be included in Operating Expenses under the Lease.

44. Inducement Recapture. Any agreement for free or abated rent or other charges, or for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Amendment, all of which concessions are hereinafter referred to as "Inducement Provisions", shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of this Amendment. Upon a default by Lessee beyond applicable notice and cure periods that results in a termination of the Lease, the unamortized portion (assuming the Inducement Provision is amortized on a straight-line basis from and after the Expansion Space Commencement Date and ending on the Expiration Date) of any such Inducement Provision shall automatically be deemed deleted from this Amendment and no further force or effect, and the unamortized portion of any rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Lessor under such an Inducement Provision shall be immediately due and payable by Lessee to Lessor, notwithstanding any subsequent cure of said default by Lessee.

45. Miscellaneous. Sections 2-6 of this Amendment are conditioned upon the termination as to the Expansion Space of the current lease of the Expansion Space. If Lessor fails to terminate the current lease and deliver possession of the Expansion Space to Lessee on or before November 1, 2017, then at any time thereafter until possession of such space is delivered to Lessee, Lessee may terminate this Amendment by written notice to Lessor, whereupon this Amendment shall be deemed void and of no further force or effect, and the Lease shall remain unchanged by this Amendment. This Amendment, together with the Lease, constitutes the entire agreement between Lessor and Lessee regarding the Lease and the subject matter contained herein and supersedes any and all prior and/or contemporaneous oral or written negotiations, agreements or understandings. This Amendment shall be binding upon and inure to the benefit of Lessor and Lessee and their respective heirs, legal representatives, successors and assigns. No subsequent change or addition to this Amendment shall be binding unless in writing and duly executed by both Lessor and Lessee. Except as specifically amended hereby, all of the terms and conditions of the Lease are and shall remain in full force and effect and are hereby ratified and confirmed. Capitalized terms used but not defined in this Amendment shall have the meanings ascribed to such terms in the Lease. This Amendment may be executed in one or more counterparts, each of which shall be an original, but all of which, taken together, shall constitute one and the same Amendment. This Amendment may be delivered to the other party hereto by facsimile or email transmission of a copy of this Amendment bearing the signature of the party so delivering this Amendment.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day first above written.

LESSOR:

BERRUETA FAMILY L.P.,
a California limited partnership

By: */s/ Maria Berruetta*
Name: Maria Berruetta
Its: General Partner

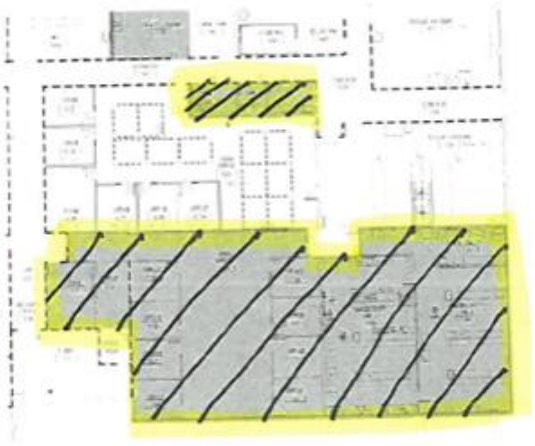
LESSEE:

VIUM, INC. (fka Mousera, Inc.),
a Delaware corporation

By: */s/ Timothy L. Robertson*
Name: Tim Robertson
Its: CEO

EXHIBIT A

Expansion Space



ASSIGNMENT AND SECOND AMENDMENT TO AMENDED AND RESTATED LEASE

THIS ASSIGNMENT AND SECOND AMENDMENT TO AMENDED AND RESTATED LEASE (this "Amendment") is dated and effective as of August 16, 2019 (the "Effective Date"), by and between Berrueta Family L.P., a California limited partnership ("Landlord"), Vium, Inc. (f/k/a Mousera, Inc.), a Delaware corporation ("Vium") and Recursion Pharmaceuticals, Inc., a Delaware corporation ("Recursion"), with reference to the following facts and objectives:

RECITALS

A. Landlord and Vium entered into that certain Amended and Restated Lease, dated July 27, 2015, as amended by that certain First Amendment to Lease, dated June 2017 (the "Lease"), pertaining to certain premises located at 521 Cottonwood Drive, Milpitas, California. Pursuant to the Lease, Landlord has leased to Vium space currently containing approximately 24,974 rentable square feet ("Premises").

B. Vium desires to assign the Lease to Recursion.

C. Landlord and Recursion desire to extend the Term (as defined in the Lease), and further amend the Lease on the following terms and conditions.

AGREEMENT

NOW, THEREFORE, in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Assignment. Effective upon the Effective Date, Vium hereby grants, conveys, sells, transfers, and assigns to Recursion all of its right, title, interest, obligations, and covenants in and to the Lease and all duties, obligations, and liabilities associated therewith (including the security deposit under the Lease). Recursion hereby accepts the assignment of the Lease and assumes the liability and agrees to perform all of the terms and conditions of the Lease to be performed by the tenant thereunder.

2. Landlord's Consent. Landlord consents to the assignment of the Lease to Recursion as described in this Amendment. All requirements of the Lease to effectuate Vium's assignment to Recursion of the Lease by this Amendment, including, without limitation, all requirements for Lessor's notification and consent, are hereby deemed fully satisfied. On the Effective Date, except for the obligations set forth in this Amendment or accruing prior to the Effective Date, Vium is released by Landlord from all liability under the Lease accruing after the Effective Date.

3. Term. The Term is hereby extended through May 31, 2028.

4. Base Rent. Effective as of August 1, 2019, the Monthly Base Rent schedule in Section 4(a) of the Lease shall be revised as follows:

August 1, 2019 – July 31, 2020:	$51,945.92
August 1, 2020 – July 31, 2021:	$53,504.30
August 1, 2021 – July 31, 2022:	$55,109.43
August 1, 2022 – July 31, 2023:	$56,762.71
August 1, 2023 – July 31, 2024:	$58,465.59
August 1, 2024 – July 31, 2025:	$60,219.56
August 1, 2025 – July 31, 2026:	$62,026.15
August 1, 2026 – July 31, 2027:	$63,886.93
August 1, 2027 – May 31, 2028:	$65,803.54

5. HVAC Adjustments. The first sentence of Section 15(b) of the Lease is hereby deleted and replaced with the following: "Lessor will use reasonable efforts to cause (a) the main HVAC serving the Premises to provide the airflow/pressurization and temperature regulations described in **Exhibit "F**" and (b) the conditions in the current vivarium rooms to be maintained as provided in **Exhibit "I"**. **Exhibit "I"** to this Amendment is hereby attached to the Lease.

6. Equity Investment. Landlord and Recursion shall engage in discussions prior to Recursion's subsequent equity financing round regarding the possibility of an investment by Landlord.

7. Creditors' Rights. Vium has (i) not entered into this Amendment with the actual intent to hinder, delay or defraud any of its present or future creditors, and (ii) received reasonably equivalent value in exchange for its assignment of the Lease to Recursion in the form of, among other consideration, cash, in exchange for Vium's interest in the Lease.

8. Miscellaneous. This Amendment, together with the Lease, constitutes the entire agreement between Landlord, Vium and Recursion regarding the Lease and the subject matter contained herein and supersedes any and all prior and/or contemporaneous oral or written negotiations, agreements or understandings. This Amendment shall be binding upon and inure to the benefit of Landlord, Vium and Recursion and their respective heirs, legal representatives, successors and assigns. No subsequent change or addition to this Amendment shall be binding unless in writing and duly executed by each of Landlord, Vium and Recursion. Except as specifically amended hereby, all of the terms and conditions of the Lease are and shall remain in full force and effect and are hereby ratified and confirmed. Capitalized terms used but not defined in this Amendment shall have the meanings ascribed to such terms in the Lease. This Amendment may be executed in one or more counterparts, each of which shall be an original, but all of which, taken together, shall constitute one and the same Amendment. This Amendment may be delivered to the other parties hereto by facsimile or email transmission of a copy of this Amendment bearing the signature of the party so delivering this Amendment. This Amendment shall not constitute consent to any subsequent assignment of the Lease or subletting of the Premises. Neither Recursion nor Vium shall voluntarily or by operation of law, directly or indirectly (whether by merger or otherwise), assign, pledge, hypothecate, or otherwise transfer this Amendment or any of such party's rights, interests or obligations under this Amendment, in whole or in part, except as expressly provided in the Lease (as to Recursion), and any other such purported assignment, pledge, hypothecation, or transfer shall be null and void. Each of Recursion and Vium each represents and warrants that it has dealt with no broker, agent or other person in connection with this transaction and that no broker, agent or other person brought about this transaction, and Recursion and Vium each agree to reimburse, indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold harmless Landlord for, from and against any claims by any broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with it with regard to this Amendment. The provisions of this Section shall survive the expiration or earlier termination of this Amendment or the Lease.

[*SIGNATURE PAGE TO FOLLOW*]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day first above written.

LANDLORD:

BERRUETA FAMILY L.P.,
a California limited partnership

By: */s/ Jennifer Vergara*
Name: Jennifer Vergara
Its: Partner

VIUM:

VIUM, INC.,
a Delaware corporation

By: */s/ Thomas C. Hoster*
Name: Thomas C. Hoster
Its: CFO

RECURSION:

RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation

By: */s/ Tina Larson*
Name: Tina Larson
Its: Chief Operating Officer

EXHIBIT "I"

1) Humidity to 35% in vivarium rooms

2) Airflow through automatic double door entrance controlled such that doors will not be opened or kept from being opened throughout the year

3) Temperature in vivarium rooms kept within 68-79° Fahrenheit

Exhibit 10.14

CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THIS DOCUMENT BECAUSE IT IS NOT MATERIAL AND (I) WOULD BE COMPETITIVELY HARMFUL TO THE REGISTRANT IF PUBLICLY DISCLOSED OR (II) IS INFORMATION THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. SUCH INFORMATION HAS BEEN MARKED WITH "[***]" TO INDICATE WHERE OMISSIONS HAVE BEEN MADE.

Research Collaboration and Option Agreement

by and between

BAYER AG

and

RECURSION PHARMACEUTICALS, INC.

TABLE OF CONTENTS

Appendix 1: Collaboration Plan

Appendix 2: License Agreement (Lead Series)

Appendix 3: License Agreement (Development Candidate)

Appendix 4: Template Project Plan

Appendix 5: IT Security Measures

Research Collaboration and Option Agreement

This Research Collaboration and Option Agreement (this "Agreement"), dated as of August 28th, 2020 (the "Effective Date"), is made by and between Recursion Pharmaceuticals, Inc., a Delaware corporation with offices at 41 S Rio Grande Street, Salt Lake City, UT 84101 ("Recursion") and Bayer AG, a German corporation, with offices at 42096 Wuppertal, Germany ("Bayer"). Each of Recursion and Bayer may be referred to herein as a "Party" or together as the "Parties".

WHEREAS, Recursion is a company engaged in the discovery, research, development and commercialization of pharmaceutical products, including through the use of its proprietary drug discovery platform; and

WHEREAS, Bayer is an international pharmaceutical company engaged in the research, development, manufacture and commercialization of pharmaceutical products and possesses among other areas of expertise, special expertise and products in the fibrosis disease field; and

WHEREAS, Recursion and Bayer desire to bring together and complement their expertise in a collaboration and conduct research projects with the aim to discover and improve drug products in the fibrosis disease field, all in accordance with the terms and conditions set forth below.

NOW, THEREFORE, the Parties hereby agree as follows:

Chapter A – Introduction

1. DEFINITIONS

The following terms (and their correlatives), in addition to terms defined on first use in this Agreement, have the meanings set forth below:

1.1. "Achievement of Lead Candidate Criteria" means a decision of the Bayer Criteria Committee in accordance with Section 4.8 that a Project Compound from a Project fulfills Lead Candidate Criteria or that a Project Compound endorsed by the JSC to be a Lead Candidate pursuant to Section 4.4.1.9 should otherwise be selected as a Lead Candidate and that, in each case, lead optimization shall be started.

1.2. "Achievement Lead Candidate Criteria Fee" has the meaning given in Section 5.3.

1.3. "Active" means, with regard to a compound, that it has a potency below [***] (or another threshold determined by the JSC) in the respective [***] (or another screening assay determined by the JSC) or with regard to the respective [***], as applicable.

1.4. "Acquiring Entity" means a Third Party (i) to which Recursion transfers all or substantially all of its assets to which this Agreement pertains in a Change of Control transaction or (ii) that directly or indirectly controls Recursion following a Change of Control transaction.

1.5. "Affiliate" shall mean any business entity controlled by, controlling, or under common control with a Party hereto. For the purpose of this definition, a business entity shall be deemed to "control" another business entity, if it (i) owns directly or indirectly, more than fifty percent (50%) of the outstanding voting securities, capital stock, or other comparable equity or ownership interest of such business entity having the power to vote on or direct the affairs of such business entity, as applicable (or such lesser percentage which is the maximum allowed to be owned by a foreign corporation in a particular jurisdiction), or (ii) possesses, directly or indirectly, the power to direct or cause the direction of the policies and management of such business entity, as applicable, whether by the ownership of stock, by contract or otherwise.

1.6. "Agreement" has the meaning given in the preamble.

1.7. "Alliance Manager" has the meaning given in Section 4.3.

1.8. "Applicable Law" means all applicable laws, rules and regulations (including any rules, regulations or other requirements of the regulatory authorities) that may be in effect from time to time.

1.9. "Assigned Party" has the meaning given in Section 9.2.

1.10. "Assigning Party" has the meaning given in Section 9.2.

1.11. "Background IP Rights" means, with respect to a Party and a Project, all Intellectual Property Rights that (i) are in the Control of such Party and (ii) were not or are not Created in the course of a Project or activities under the Collaboration Plan.

1.12. "Background Know-How" means, with respect to a Party and a Project, all Know-How that is or becomes in the Control of such Party and were not or are not Created in the course of a Project or activities under the Collaboration Plan.

1.13. "Backup Compound" means, with respect to any Lead Candidate or Development Candidate, any Project Compound derived in the course of the Project in which such Lead Candidate or Development Candidate was derived and selected, which is Active against the same Deconvoluted Target, if applicable, as such Lead Candidate or Development Candidate.

1.14. "Bayer" has the meaning given in the preamble.

1.15. "Bayer Development Candidate Option" has the meaning given in Section 8.2.

1.16. "Bayer Development Candidate Option Period" has the meaning given in Section 8.2.

1.17. "Bayer Indemnitees" has the meaning given in Section 14.7.

1.18. "Bayer JSC Members" has the meaning given in Section 4.1.

1.19. "Bayer Lead Series Option" has the meaning given in Section 8.1.

1.20. "Bayer Lead Series Option Period" has the meaning given in Section 8.1.

1.21. "Bayer Library Compound(s)" has the meaning given in Section 3.1.3.

1.22. "Business Day" shall mean any day other than a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in Salt Lake City, Utah, USA, or Wuppertal or Berlin, Germany.

1.23. "Calendar Quarter" means a period of three (3) consecutive months corresponding to the calendar quarters commencing on the first day of January, April, July or October, or any partial period thereof immediately following the Effective Date or immediately prior to the termination or expiration of this Agreement.

1.24. "Calendar Year" means a period of twelve (12) consecutive months corresponding to the calendar year commencing on the first day of January, or any partial period thereof immediately following the Effective Date or immediately prior to the termination or expiration of this Agreement.

1.25. "Change of Control" means, with respect to a Party (a) the acquisition of beneficial ownership, directly or indirectly, by any Person (other than such Party or an Affiliate of such Party, and other than by virtue of obtaining irrevocable proxies) of securities or other voting interest of such Party representing a majority or more of the combined voting power of such Party's then outstanding securities or other voting interests, (b) any merger, reorganization, consolidation or business combination involving such Party with a Third Party that results in the holders of beneficial ownership (other than by virtue of obtaining irrevocable proxies) of the voting securities or other voting interests of such Party (or, if applicable, the ultimate parent of such Party) immediately prior to such merger, reorganization, consolidation or business combination ceasing to hold beneficial ownership of at least fifty percent (50%) of the combined voting power of the surviving entity immediately after such merger, reorganization, consolidation or business combination, (c) any sale, lease, exchange, contribution or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of such Party to which this Agreement relates, other than a sale or disposition of such assets to an Affiliate of such Party.

1.26. "Collaboration" shall mean, collectively, the Projects and the activities under the Collaboration Plan.

1.27. "Collaboration Plan" means the general outline of the Collaboration and its goals attached as **Appendix 1**.

1.28. "Collaboration Term" has the meaning given in Section 15.1.

1.29. "Commercially Reasonable Efforts" means, [***].

1.30. "Committee" means the JSC or JPT, as context requires.

1.31. "Competing Project" means [***].

1.32. "Complete Invention Disclosure" means a description of the invention which shall include, in reasonable detail, a description of (i) database searches on state of the art undertaken; (ii) relevant prior art references found including an assessment of their relevance to the invention, (iii) the technical problem underlying the invention, (iv) the solution to this problem, (v) the names and private addresses of the inventors, (vi) the individual contribution of each inventor to the invention, (vii) examples, all materials and methods used in connection with performing the invention, (viii) any and all sources of funding for the work done on the invention, (ix) and any encumbrance related to the invention.

1.33. "Compound(s)" means a small molecule or peptide.

1.34. "Confidential Information" has the meaning given in Section 12.1.

1.35. "Contract Year" means each successive twelve (12) months period commencing on the Effective Date and on each anniversary thereof.

1.36. "Control" means, as to any Know-How, Intellectual Property Right, or Material, the possession (whether by ownership or license, other than by a license granted pursuant to this Agreement) by a Party or its Affiliates of the ability to grant to the other Party access, ownership, a license or a sublicense as required herein to such Know-How, Intellectual Property Right, or Material without (i) violating the terms of any agreement or other arrangement with any Third Party in existence as of the time such Party or its Affiliates would first be required hereunder to grant the other Party such access, ownership, license or sublicense, and (ii) violating any Applicable Law relating to such grant of ownership, license or a sublicense. "Controlled", "Controls" and "Controlling" have their correlative meanings. Notwithstanding anything to the contrary in this Agreement, the following shall be deemed to not be Controlled by Recursion or any of its Affiliates: (i) any Know-How, Intellectual Property Right or Material owned or licensed by an Acquiring Entity immediately prior to the effective date of the Change of Control making such Third Party an Acquiring Entity, and (ii) any Know-How, Intellectual Property Right or Material that an Acquiring Entity subsequently develops without using or practicing the Project Results or Recursion Technology.

1.37. "Created" means (a) with respect to non-patent related matters conceived, made or otherwise created; (b) with respect to patent related matters invented, made or reduced to practice; and (c) with respect to Patents and other IP Rights, Patents or IP Rights that claim the subject matter described in (a) or (b). "Create" and "Creating" have their correlative meanings.

1.38. "Deconvoluted Target" has the meaning given in Section 3.2.2.

1.39. "Derivative" means a Compound which is (i) derived from a Project Compound within [***] years after execution of a License Agreement with respect to such Project Compound, and that is generated in the course of further lead optimization of a Lead Series or Development Candidate and (ii) which is Active [***].

1.40. "Development Candidate" shall mean on an Project-by-Project basis, (a) a Project Compound that has met Development Candidate Criteria as determined by the JSC, or (b) a Project Compound that is otherwise selected by the JSC as a Development Candidate.

1.41. "Development Candidate Criteria" means the decision criteria for a Project Compound to be considered as a Development Candidate as set forth on a Project-by-Project basis in the respective Project Plan.

1.42. "Disclosing Party" has the meaning given in Section 12.1.

1.43. "Dispute" has the meaning given in Section 16.1.

1.44. "Divestiture" means, with respect to a Restricted Project, (a) the divestiture of such Restricted Project through (i) an outright sale or assignment of all material rights in such Restricted Project to a Third Party or (ii) an exclusive out-license of all research and development rights with respect to such Restricted Project, with no further rights or role or ability to influence or control the authority of the licensee, directly or indirectly, with respect to such Restricted Project such that neither Recursion nor its Affiliates are consulted with respect to, and do not otherwise participate in, any decisions (other than those described in clauses (i) and (ii) above), or (b) the complete cessation of all research and development activities with respect to such Restricted project. For clarity, the right of Recursion to receive royalties, milestones or other payments in connection with an acquirer, assignee or licensee's research, development or commercialization of a Restricted Project pursuant to sub-section (a) above, shall be permitted for any such Divestiture. When used as a verb, "Divest" and "Divested" means to cause a Divestiture.

1.45. "Double Tax Treaty" has the meaning given in Section 7.6.

1.46. "Effective Date" has the meaning given in the preamble.

1.47. "Enabled Compound" shall mean a Compound, that is (i) Active [***], and (ii) [***].

1.48. "Excluded IP" shall mean

(i) with regard to Recursion (a) [***]; and

(ii) with regard to Bayer, [***].

1.49. "Exclusivity Field" has the meaning given in Section 2.5.

1.50. "Fibrosis" means any disease or indication for which Fibrosis is the primary pathophysiology.

1.51. "Field" means any and all therapeutic indications and uses for humans and animals and diagnostic uses, including – without limitation – the use as in vitro diagnostics and biomarkers.

1.52. "Final Project Report" has the meaning given in Section 3.9.3.

1.53. "IND" means an investigational new drug application or similar application filed with a regulatory authority in any country or group of countries prior to beginning clinical trials in that country or in that group of countries.

1.54. "Indemnifying Party" means Bayer in case Bayer is obligated to indemnify Recursion and Recursion in case Recursion is obligated to indemnify Bayer.

1.55. "Indemnitees" means Recursion Indemnities or Bayer Indemnities as the context requires.

1.56. "Intellectual Property Rights" or "IP Rights" means copyrights, Patents and other registered intellectual property rights including registered trademarks, trade names and domain names.

1.57. "JSC" has the meaning given in Section 4.1.

1.58. "Know-How" means all confidential commercial, technical, scientific and other information, unpatented inventions (whether patentable or not and excluding Materials), knowledge, technology, methods, processes, practices, formulae, instructions, skills, techniques, procedures, experiences, ideas, technical assistance, designs, drawings, assembly procedures, computer programs, specifications, non-transient data and results (including biological, chemical, pharmacological, toxicological, pharmaceutical, physical and analytical, pre-clinical, clinical, safety, manufacturing and quality control data and know-how, including study designs and protocols), in all cases whether in written, electronic or any other tangible or non-tangible form, including information related to Materials, samples, assays, Compounds, compositions or formulations.

1.59. "Lead Candidate" shall mean on an Project-by-Project basis, (a) a Project Compound that has met the Lead Candidate Criteria, as determined by the JSC, or (b) a Project Compound that is otherwise selected by the JSC as Lead Candidate.

1.60. "Lead Candidate Criteria" shall mean the decision criteria for a Project Compound to be considered a Lead Candidate as set forth on a Project-by-Project basis in the respective Project Plan.

1.61. "Lead Series" shall mean on an Project-by-Project basis, a series of Project Compounds that includes Lead Candidate(s) wherein all such Lead Candidates and Project Compounds are Created within the same Project and are structurally similar Compounds which are derived from a common chemotype, as determined by the JPT and confirmed by the JSC.

1.62. "Library Compounds has the meaning given in Section 3.1.3.

1.63. "License Agreement" has the meaning given in Section 2.4.

1.64. "Losses" means claims, demands, liability, damage, loss, or expense (including reasonable attorneys' fees and expenses or judgments).

1.65. "Materials" shall mean any tangible materials provided by one Party to the other Party under this Agreement for the purpose of the Project, including any Library Compounds.

1.66. "Members" means the Bayer JSC Members or the Recursion JSC Members, as context requires.

1.67. "Model" has the meaning given in Section 3.1.2.

1.68. "Option(s)" shall mean the Bayer Lead Series Option, the Bayer Development Candidate Option or the Recursion Option, as context requires.

1.69. "Option Exercise Notice" has the meaning given in Section 8.3.

1.70. "Option Periods" means the Bayer Lead Series Option Period, the Bayer Development Candidate Option Period or the Recursion Option Period, as context requires.

1.71. "Party" and "Parties" have the meanings given in the preamble.

1.72. "Patents" means (a) all national, regional and international patents and patent applications filed in any country of the world including provisional patent applications, (b) all patents and patent applications filed either from such patents, patent applications or provisional applications, including any continuations, continuations-in part which are limited to the subject matter directly related to the subject matter of the original patent application, divisions, provisionals, converted provisionals and continued prosecution applications, or any substitute applications, (c) any patent issued with respect to or in the future issued from any such patent applications, (d) any and all extensions or restorations by existing or future extension or restoration mechanisms, including reissues, re-examinations and extensions (including any supplementary protection certificates and the like) of the foregoing patents and (e) any utility models, design patents or similar rights, and all foreign counterparts of any of the foregoing.

1.73. "Patent Matters" has the meaning given in Section 16.5.

1.74. "Person" means an individual, or any form of legally recognized entity, including, without limitation, a corporation, limited liability company, association, joint stock company, trust, or governmental entity.

1.75. "Primary Hit" or "Primary Hit Series" shall have the meaning given in Section 3.1.4.

1.76. "Primary Screening Assay" means, with respect to a Project, an assay [***].

1.77. "Products" means, with respect to a Project, any product for use in the Field containing a Project Compound from such Project or any Derivative thereof, in any and all dosage forms, formulations, presentations, administrations, line extensions and package configurations.

1.78. "Project" means one of up to [***] projects, each described in a Project Plan, which has been approved by the JSC, together with activities conducted pursuant to the Collaboration Plan in preparation for such project.

1.79. "Project Compound" means, with respect to a Project, a Compound that is derived from a Qualified Hit and newly synthesized in the course of such Project.

1.80. "Project IP Rights" means Intellectual Property Rights that are Created in the course of a Project, excluding any IP Rights in the Excluded IP and Recursion Technology.

1.81. "Project Know-How" means Know-How that is Created in the course of a Project, excluding Excluded IP and Recursion Technology.

1.82. "Project Leader(s)" has the meaning given in Section 3.4.

1.83. "Project Patents" means Project IP Rights that are Patents.

1.84. "Project Plan" means a project plan that has been approved by the JSC, including its amendments made from time to time in accordance with this Agreement.

1.85. "Project Results" means, with respect to each Project, any and all of (i) Project IP Rights (including for the avoidance of any doubt Project Patents), and (ii) Project Know-How, including Project Compounds or any results and scientific and technical data (including images) that are Created in the course of such Project and specifically related to such Project Compounds (or the Qualified Hits from which they are derived).

1.86. "Project Term" means, as to a Project, the period commencing upon the approval of a Project Plan for such Project or any other date if so expressly agreed in the Project Plan and, unless such Project is earlier discontinued or terminated or this Agreement is terminated in accordance with the provisions hereunder, continuing until the earliest of (i) the date on which a License Agreement is executed following the exercise of an Option for the last remaining Lead Series or Development Candidate for such Project; (ii) expiration of all Option Periods for such Project, and (iii) the fifth (5^{th}) anniversary of the Effective Date (unless extended by mutual agreement of the Parties).

1.87. "Providing Party" has the meaning given in Section 3.7.1.

1.88. "Qualified Hits" or "Qualified Hit Series" has the meaning given in Section 3.1.6.

1.89. "Receiving Party" has the meaning given in Section 12.1.

1.90. "Recursion" has the meaning given in the preamble.

1.91. "Recursion Library Compound" has the meaning given in Section 3.1.3.

1.92. "Recursion Indemnities" has the meaning given in Section 14.6.

1.93. "Recursion JSC Members" has the meaning given in Section 4.1.

1.94. "Recursion Option" has the meaning given in Section 8.5.

1.95. "Recursion Option Period" has the meaning given in Section 8.5.

1.96. "Recursion Technology" shall mean Recursion's proprietary methods for compound management, high-throughput screening lab, data analysis algorithms, high-dimensional phenotypic and other assays, engineering infrastructure, and databases, but, for the avoidance of doubt, shall exclude any data. For purposes of this Agreement, Recursion Technology shall be treated as Background Know-How of Recursion, regardless of whether Created prior to, in the course of any Project or activities under the Collaboration Plan or outside the Collaboration.

1.97. "Research Documentation" has the meaning given in Section 3.10.

1.98. "Research License" has the meaning given in Section 10.1.

1.99. "Restricted Project" has the meaning given in Section 2.5.

1.100. "Retention Period" has the meaning given in Section 3.10.

1.101. "Screening Hypothesis" has the meaning given in Section 3.1.1.

1.102. "Segregate" means, with respect to a Restricted Project, to segregate the Project Results and Confidential Information of Bayer from the research and development activities relating to such Restricted Project; provided, that, senior management personnel may review and evaluate plans and information regarding the research and development of such Restricted Projects, solely in connection with portfolio decision-making among product opportunities.

1.103. "SOFR" has the meaning given in Section 7.4.

1.104. "Subcontractor" has the meaning given in Section 3.6.1.

1.105. "Territory" means worldwide.

1.106. "Third Party" means any Person other than Bayer, Recursion, or any Bayer Affiliate or Recursion Affiliate.

1.107. "Tool Compound" means a Compound that is not Created within the Project and that is used in the course of a Project for reference or characterization purposes and which shall be identified as such within the respective Project Plan for a Project.

1.108. "Upfront Payment" has the meaning given in Section 5.1.

1.109. "Using Party" has the meaning given in Section 3.7.1.

1.110. "VAT" has the meaning given in Section 7.5.

1.111. "Withholding Tax" has the meaning given in Section 7.6.

2. SCOPE AND STRUCTURE OF THIS AGREEMENT

2.1. Scope of Agreement. This Agreement serves as an umbrella agreement under which the Parties undertake to collaborate in the area of Fibrosis-related indications in up to [***] individual Projects.

2.2. Objective of the Agreement. The Parties shall strive to develop at least one (1) Lead Candidate and one (1) Development Candidate per Project.

2.3. Roles of the Parties. Both Parties will contribute Compound libraries suitable for screening purposes to the Projects as further detailed in the Collaboration Plan. The research works will be conducted mainly by Recursion using the Recursion Technology and by Bayer, in each case to the extent expressly laid out in Sections 3.1 or 3.2 of the Agreement, the Collaboration Plan or the applicable Project Plan.

2.4. Options. Bayer will at its discretion have the right to exercise the Bayer Lead Series Option or the Bayer Development Candidate Option with regard to each Lead Series or Development Candidate in accordance with Section 8 on terms agreed in the applicable license agreement attached to this Agreement as **Appendix 2 (Lead Series)** and **Appendix 3 (Development Candidate)** (each a "License Agreement"). In case Bayer does not exercise any of its Options with respect to a Lead Series or Development Candidate during the relevant Option Period, Recursion will have the option to negotiate on a Lead Series-by-Lead Series or Development Candidate-by-Development Candidate basis a license in accordance with Section 8.

2.5. Exclusivity. This Collaboration is set up as a one-way exclusive discovery collaboration as it pertains to the use of the Recursion Technology in the field of Fibrosis ("Exclusivity Field"). During the Collaboration Term, Recursion will not conduct any research and development activities outside of this Collaboration either by itself or together with Third Parties in the Exclusivity Field to the extent that the focus of such activities is the discovery and validation of compounds directed primarily at [***] (each a "Restricted Project"). Notwithstanding the foregoing, Recursion shall be entitled to continue any research and development activities which Recursion can prove to be already initiated by Recursion prior to the Effective Date of this Agreement even if such research and development activities are within the Exclusivity Field. In the event of a Change of Control of Recursion, the foregoing limitations shall not apply to any program that an Acquiring Entity had ongoing as of immediately prior to the date of such Change of Control or any program conducted by an Acquiring Entity after the date of such Change of Control; provided that such Acquiring Entity does not use the Recursion Technology, Project Results or any Confidential Information of Bayer for such program or for activities related to such program. Further, if Recursion or any of its Affiliates acquires rights to a Restricted Project through the acquisition of a Third Party (whether by merger or acquisition of all or substantially all of the stock or assets of a Third Party or of any operating or business division of a Third Party or similar transaction), such acquisition, and research and development for such Restricted Project thereafter, shall not constitute a breach of this Section 2.5 if Recursion or such Affiliate, as applicable, Divests such Restricted Project within twelve (12) months from the closing of the acquisition and at all times prior to such Divestiture, Segregates such Restricted Project.

2.6. Chapters of the Agreement. This Agreement is structured into the following chapters:

- "Chapter A – Introduction" comprises the definition section and introduction to the scope and structure of this Agreement.
- "Chapter B – Collaboration" comprises provisions concerning the selection and execution of Projects and the governance rules under this Agreement.

- "Chapter C – Financials" comprises provisions regarding the funding of the Projects, payments pertaining to the Option exercise and general payment terms.
- "Chapter D – Options" comprises provisions on the scope, timelines and exercise of the Options.
- "Chapter E – Intellectual Property" comprises provisions on the ownership and licenses to the Project Results and Background IP Rights and Background Know-How.
- "Chapter F – General Provisions" comprises provisions of general nature including without limitation on Confidentiality, Publications, Liability, Term and Termination, Applicable Law and Dispute Resolution.

Chapter B – Collaboration

3. PROJECTS

3.1. Project Phases.

Phase 1 – Discovery Research

3.1.1. Screening Hypothesis. [***] design screening hypotheses of relevance for Fibrosis diseases ("Screening Hypothesis") and will provide [***] such Screening Hypothesis [***] following the Effective Date respectively (in total [***] Screening Hypotheses).

3.1.2. Recursion Models and screening assays. [***] will generate from these Screening Hypotheses [***] cellular models, each such model consisting of [***],

- [***]
- [***]
- [***].

3.1.3. Library Screening. Within each Project, [***] will evaluate, using the [***] Assay for such Project, a Bayer chemical library of approximately 500,000 compounds (each a "Bayer Library Compound" and collectively the "Bayer Library Compounds"). In addition, [***] will evaluate a Recursion chemical library of approximately 190,000 compounds (each a "Recursion Library Compound" and collectively the "Recursion Library Compounds"). The Bayer Library Compounds and the Recursion Library Compounds may be referred to, collectively, as the "Library Compounds". Within each [***] Assay, [***] will evaluate Compounds from the Library Compounds, and will further evaluate such Library Compounds that show initial activity in multiple replicates and multiple concentrations as set forth in the Project Plan.

3.1.4. Recursion Phenotype Assay. [***] will use its high-dimensional phenotypic assay and machine learning algorithms to evaluate Compound activity based on degree of on-target (disease-associated features) and off-target (inducement of non-disease-associated features) activity. Each such Compound that meets the agreed hit criteria for a [***] Assay pursuant to a Project shall be referred to herein as a "Primary Hit" or "Primary Hit Series". [***].

3.1.5. Hit Profiling and Hit Prioritization. For each Primary Hit, [***] will conduct further hit profiling and generate mechanistic insights to further prioritize such Primary Hits and Primary Hit Series by profiling hits [***] assays and comparing resulting phenotypes to [***].

3.1.6. Hit Selection. [***]. For each Project the Parties shall agree through the JSC on up to [***] Primary Hits and Primary Hit Series for entering into Phase II (such selected Primary Hits or Primary Hit Series a "Qualified Hit" and structurally related "Qualified Hit Series", respectively). [***]. If there are no Primary Hits for a Project, as reported to the JSC, the Project shall be discontinued, unless otherwise mutually agreed by the Parties through the JSC.

Phase 2 – Initial Qualified Hit Optimization and in-vivo validation of Lead Candidates

3.1.7. In-vitro validation. For each Qualified Hit, [***] will conduct further in-vitro validation efforts to confirm activity of the Qualified Hit in disease-relevant assays. Such assays may include, but are not limited to, the following [***]:

- [***]
- [***]

3.1.8. SAR exploration and Hit optimization: for each Qualified Hit Series, [***] will conduct further efforts to identify at least one (1) Lead Candidate and related Lead Series to meet the Lead Candidate Criteria and to allow for Lead Candidate acceptance by the JSC. Such efforts may include, but are not limited to, the following ([***]:

- [***];
- [***];
- [***].

At the conclusion of Phase 2, if there are no Lead Series for a Project, as reported to the JSC, the Project shall be discontinued, unless otherwise mutually agreed by Parties through the JSC.

Phase 3 – Lead Optimization

Phase 3 a) Bayer exercises Bayer Lead Series Option

3.1.9. Bayer Lead Optimization. In case Bayer exercises the Bayer Lead Series Option with regard to a Lead Series in accordance with Section 8 below, the Parties agree that the joint Project works for such Lead Series are discontinued and that the Project activities for such Lead Series will be transferred to Bayer who will then continue the Project at its sole responsibility.

In the event that Bayer requires Recursion's support in course of Bayer's further utilization of the Project Results from such a Project with respect to which Bayer exercises the Bayer Lead Series Option (e.g. in course of the preparation of the IND application or the preparation of the clinical studies) Recursion will provide appropriate support [***].

Phase 3 b) Bayer does not exercise the Bayer Lead Series Option

3.1.10. Recursion Lead Optimization. In case Bayer does not exercise the Bayer Lead Series Option with regard to a Lead Series, Recursion shall continue with the lead optimization efforts for such Project as described in the applicable Project Plan for such Project in order to optimize and characterize at least one (1) Development Candidate to meet the Development Candidate Criteria for such Project.

3.2. Target Deconvolution.

3.2.1. The Parties shall commence Commercially Reasonable Efforts to determine the target(s) to which a given Project Compound modulates to elicit the response in the corresponding Model for the particular Project, [***].

3.2.2. [***]. If the JSC determines a target to be successfully deconvoluted ("Deconvoluted Target"), the Parties shall properly document the identity of the Deconvoluted Target which shall then be the basis for the determination of any Enabled Compound(s).

3.2.3. Following JSC approval of a Deconvoluted Target each Party shall determine whether it is subject to any obligations [***] with regard to said target that would limit such Party from performing activities [***] ("Target Conflict").

3.2.4. [***], Bayer shall have the right to exclude from the Project the Project Compounds that are the subject of the Target Conflict, provided that if there are no Project Compounds remaining in the Project, the Project shall be discontinued, [***]. Any such exclusion of Project Compounds by Bayer or discontinuation of a Project in accordance with this paragraph shall trigger the Recursion Option for such Project Compounds or Project as set forth in Section 8.5.

3.3. Project Plan. The Parties' activities under each Project shall be conducted in accordance with and governed by the Collaboration Plan and the Project Plan applicable for such Project as amended from time to time pursuant to Section 4.4 and 4.5. For the avoidance of doubt, the terms of this Agreement shall apply to the Collaboration Plan and each Project and the corresponding Project Plan. A template for a Project Plan outlining the general tasks and obligations of each Party is attached to this Agreement as **Appendix 4**.

In the event of any conflict between the Collaboration Plan or a Project Plan, on one hand, and this Agreement, on the other hand, the terms of the Collaboration Plan or Project Plan shall prevail with respect to matters covered in Sections 3.1 and 3.2 of this Agreement and for all other matters, this Agreement shall prevail.

3.4. Joint Project Teams. The Parties shall establish a research team comprised of at least one (1) senior scientist from each Party and one individual to be the first contact for operational and scientific matters ("Project Leader") for each Project (each, a "Joint Project Team" or "JPT"). Each Party shall appoint its respective representatives to the JPT from time to time, and may change its representatives, in its sole discretion, effective upon notice to the other Party designating such change. The JPT shall meet no less frequently than once every [***] months in accordance with a schedule established by the JPT. The JPT shall operate by consensus and make recommendations to the JSC with respect to matters within its authority, but shall have no decision-making authority.

The JPT shall:

3.4.1. be responsible for the day-to-day dealings within the respective Project and the Project Leader shall be the first contact person for the other Party for operational and scientific matters with regard to such Project;

3.4.2. propose, as necessary, the initial Project Plan and amendments to the Project Plan;

3.4.3. ensure that the research activities are performed in accordance with the Project Plan;

3.4.4. through the Project Leader, keep regular contact between each other and ensure that the Project Leader of the other Party is well informed about the progress of the Project and about relevant changes or obstacles that may occur during the Project Term;

3.4.5. through the Project Leader, internally coordinate their respective project teams;

3.4.6. ensure the timely submission and accurate preparation of the reports as set forth in Section 3.9 and the Project Plan and record the Project Know-How, Project Compounds and Project IP Rights along with any Background IP Rights and Background Know-How that would be subject to a License Agreement under such Project; and

3.4.7. determine the specific Project Compounds to be included in a Lead Series.

3.5. Performance. Each Party shall use Commercially Reasonable Efforts to perform (itself or through its Affiliates or by permitted Subcontractors) its respective obligations under the Collaboration Plan and each Project Plan and Sections 3.1 and 3.2 of this Agreement, and to reasonably cooperate with the other Party in such other Party's performance of its responsibilities under the Collaboration Plan and each Project Plan; provided that, notwithstanding anything herein to the contrary, neither Party shall be obligated to take any action under this Agreement or a Project that it in good faith determines would cause it to infringe the intellectual property rights of or contractual obligations towards a Third Party.

The Parties acknowledge and agree that with respect to any research work to be performed under the Collaboration Plan or a Project Plan no success is or can be assured and that failure to achieve desired results shall not in and of itself constitute a breach or default of any obligation in this Agreement.

3.6. Subcontracting.

3.6.1. Each Party may subcontract any of its activities to be performed under the Collaboration Plan or a Project Plan to its Affiliate or to a Third Party (collectively referred to as "Subcontractor") without the consent of the other Party, provided, however, that the Subcontractor is obligated by the subcontracting Party in such manner that the subcontracting Party can comply with its obligations under this Agreement. Particularly, but without limitation, the subcontracting Party must ensure that the provisions protecting and limiting use, disclosure and publication of Confidential Information, Materials, Project Compounds, Intellectual Property Rights and Know-How flow down through to the Subcontractor and that it is granted by the Subcontractor all rights to the subcontracted works as necessary to fulfill its obligations under this Agreement.

3.6.2. Each Party shall remain responsible and liable for the performance by its Subcontractors of its obligations hereunder, and shall require its Subcontractors to comply with the provisions of this Agreement. This shall without limitation apply, in particular to the representations and warranties set forth in Article 14.

3.7. Exchange of Materials / Tool Compounds / Project Compounds.

3.7.1. To the extent Materials and/or Tool Compounds are provided by one Party (the "Providing Party") to the other Party (the "Using Party") under this Agreement, each Party shall use such Materials and/or Tool Compounds only for the purposes of the respective Project and in accordance with the Collaboration Plan and/or the applicable Project Plan, the terms and conditions of this Agreement and in compliance with Applicable Law. The Using Party will not make the Materials and/or Tool Compounds available to any Third Party (other than Subcontractors) without the prior written consent of the Providing Party, will limit the access to such of its employees that are involved in the Collaboration Plan activities or the Project and may make the Materials and/or Tool Compounds available to Affiliates and Subcontractors in accordance with Section 3.6 without the other Party's consent only on a need-to-know basis for the performance of the subcontracted activities under the relevant Project. Legal title to such Materials and/or Tool Compounds shall remain with the Providing Party.

3.7.2. The Providing Party shall provide reasonable written instructions, including material safety sheets (as applicable), for all Materials, Tool Compounds and Project Compounds provided under this Agreement. The Providing Party shall provide such Materials, Tool Compounds and Project Compounds in accordance with Applicable Law, and shall transfer responsibility to the Using Party upon delivery in accordance with all applicable export/import control laws. Each Party acknowledges that all Materials, Tool Compounds and all Project Compounds exchanged hereunder are experimental and their properties are not completely known. The Using Party shall use, store and handle such Materials, Tool Compounds or Project Compounds in accordance with any reasonable written instructions provided by the Providing Party and all Applicable Law relating thereto.. EACH PARTY AGREES THAT THE MATERIALS, TOOL COMPOUNDS OR PROJECT COMPOUNDS EXCHANGED UNDER THIS AGREEMENT ARE PROVIDED "AS IS".

3.7.3. Unless that the Providing Party agreed otherwise, any unused portion of the Materials or Tool Compounds shall be, at the Providing Party's option, either returned to the Providing Party at their cost or destroyed.

3.8. Debarment. The Parties shall not use in any capacity the services of anyone debarred or disqualified by any medical or government regulatory authority in any jurisdiction anywhere in the world in the performance of the Projects. Furthermore, each Party represents and warrants that neither itself nor its employees, agents or representatives involved in the performance of the Collaboration Plan or Projects have been debarred or disqualified, by any regulatory authority. During the term of this Agreement, each Party shall promptly notify the other Party should it or any of its employees, agents or representatives involved in the performance of the Collaboration Plan or Projects become debarred or disqualified.

3.9. Information Exchange and Reporting.

3.9.1. Regular Information Exchange. The Project Leaders and Alliance Managers of the Parties shall keep each other informed on a regular basis about the status and progress of the Projects and about any difficulties that may impact the Project Plans or otherwise have an important impact on the Collaboration.

The JSC and JPT meeting participants shall agree on a meeting agenda prior to the beginning of every scientific meeting (including audio or video teleconferences).

3.9.2. Progress Reports. During the Project Term, the Project Leaders shall furnish to the JSC as to each Project a written report (e.g., PowerPoint presentation, Word doc.) upon request of the JSC, that (i) describes the activities and progress of the Project during the relevant Calendar Quarter and (ii) includes a summary of the Project Results, particularly highlighting any Project IP Rights generated during the relevant Calendar Quarter, (iii) as well as any other topics requested to be included by the JSC. The Project Leaders shall furnish to the JSC as to each Project quarterly reports in writing with the names of the people working in each Project on a month by month basis.

3.9.3. Final Project Report. Within [***] months after completion or termination of the works of a Project the Project Leaders shall provide the JSC with a Final Project Report (e.g., PowerPoint, Word doc.) which shall, in addition to any other information required under the Project Plan, comprise the following information on the respective Project ("Final Project Report"):

3.9.3.1. a short executive summary containing the Project title, the names of Project Leaders, the Project duration, a short project history describing the main scope and activities of the Project, main changes from the original Project Plan and a summary of the main results;

3.9.3.2. a detailed report consisting of:

(a) introduction to the scientific background of the Project;

(b) description of the methods used including references;

(c) names of the persons involved in performing the Project (scientists and non-scientists) including a brief description of their responsibilities;

(d) description of all changes to the Project Plan, including minor changes;

(e) description of all Project Results;

(f) discussion of the Project Results; and

(g) list of references.

3.9.4. Review by the JSC. The JSC shall review the Final Project Report within [***] weeks of its receipt as to its completeness and sufficiency in detail, correctness and comprehensibility and, if applicable, request the Project Leaders to rectify any deficiencies in the report within a reasonable period of time.

3.10. Recordkeeping. Each Party shall prepare and maintain complete, current, accurate, organized and legible records of all documentation relating to its activities under this Agreement ("Research Documentation") in a manner as necessary for patent and regulatory purposes and in full compliance with the Applicable Law. Each Party shall retain all Research Documentation during the Collaboration Term and thereafter until (a) the [***] anniversary of the date that each Project Term expires or terminates; or (b) until such later date as may be required by Applicable Law (the "Retention Period"). Each Party shall deliver copies of such Research Documentation to the other Party at the other Party's reasonable request and cost.

3.11. Audits.

3.11.1. Bayer or its authorized representatives shall have the right, up to one (1) time per year, upon [***] prior notice and during regular business hours at days and times mutually agreed upon by both Parties, to: (a) monitor the conduct of the research activities being carried out by Recursion and its Subcontractors pursuant to this Agreement and to inspect Recursion's and its Subcontractors premises where such activities are or are to be carried out, (b) review and audit during the Retention Period all Research Documentation and any other books, records, and data relating to such activities, and (c) interview relevant personnel; provided such personnel consents to be interviewed and provided that such rights may not be exercised in a manner that interferes with the normal operations and activities of Recursion's and its Subcontractors' personnel. Recursion shall, and shall require its and its Subcontractors' personnel to, reasonably cooperate with any such activities. All monitoring must be conducted in accordance with Recursion's and Subcontractors' respective policies regarding personnel, and access to its respective facilities and information systems. Bayer will bear the costs associated with monitoring. Recursion shall promptly inform Bayer of any inspections and the like by authorities that relate to the research activities being carried under a Project pursuant to this Agreement and shall provide Bayer with a copy of any reports from such inspections to the extent permissible by Applicable Law.

3.12. Animal Welfare. The Parties agree that animal welfare is considered an important issue for ethical reasons as well as for the sake of quality of studies. In case the Projects comprise *in vivo* testing, the Parties agree to apply customary standards of animal care. Bayer represents and warrants to follow all relevant local as well as European animal welfare regulations. Recursion represents and warrants that it holds a valid accreditation of the Association for Assessment and Accreditation of Laboratory Animal Care International (AAALAC) and that it will comply with all applicable standards AAALAC imposes on its accredited organizations and will promptly notify Bayer in the event of any debarment, conviction, or indictment related to its compliance to the AAALAC standards.

3.13. Pharmacovigilance. With respect to a Tool Compound or a Project Compound that is in clinical development or therapeutic use Recursion shall forward without undue delay, at the latest within [***] days in written form (either via e-mail or via fax, letter etc.) to the Bayer Project Leader specified in the Project Proposal and the drug safety department of Bayer (Bayer AG, Global Pharmacovigilance, Muellerstr.178, 13353 Berlin, Germany, Fax: + 49 [***], E-Mail: [***]@bayer.com) any unexpected information/finding, which indicates or permits to deduce a (potential) serious health hazard associated with the Tool Compound or Project Compound and which (as a consequence) may have an impact on the benefit/risk profile of the Tool Compound or Project Compound or the related product. If the Tool Compound is provided by Bayer, Bayer shall inform Recursion that the Tool Compound is in clinical or therapeutic use.

3.14. Information Security.

3.14.1. Each Party shall structure its internal organization so that it meets particular information security requirements for Confidential Information of the other Party. Technical and organizational measures must be adopted to guarantee reasonable protection of such Confidential Information. The safety measures to be taken by the Parties are specified in detail in **Appendix 5**.

3.14.2. Each Party will have the right to check the effectiveness of the other Party's technical and organizational measures to meet information security requirements on a regular basis up to one (1) time per year, at the checking Party's cost. For this purpose, each Party shall have the right, upon [***] days' prior notice and during regular business hours, to:

- Request information from the other Party (self-reporting);
- Conduct a personal on-site inspection of the other Party, or have such an inspection conducted by a qualified third party (on-site audit). For such on-site audit, each Party shall grant the other access to, in particular, the data processing systems, files and documents in question;
- Interview relevant personnel, provided that such rights may not be exercised in a manner that interferes with the normal operations and activities of the other Party's personnel.
- Each Party shall and shall cause its personnel to cooperate with any such activities. In particular, each Party shall immediately make available to the other all information and certifications that are necessary for the performance of the information security control.

4. GOVERNANCE

4.1. Joint Steering Committee. The Parties shall establish a Joint Steering Committee ("JSC"), comprised of two (2) representatives, including at least one (1) senior executive, of Recursion (the "Recursion JSC Members") and two (2) representatives, including at least one (1) senior executive, of Bayer (the "Bayer JSC Members"). The Parties shall nominate their respective initial JSC Members upon the Effective Date and inform each other respectively. In addition, the Alliance Manager of each Party shall be an associate member of the JSC. Each Party may replace its members of the JSC at any time upon written notice to the other Party. The Parties may mutually agree to invite non-voting employees and consultants to attend meetings of the JSC, subject to their agreement to be bound to obligations necessary to ensure their compliance with the provisions hereunder concerning confidentiality, publication, use restrictions, the grant of licenses and rights and any other provisions of this Agreement that may be relevant in that context.

4.2. Meetings. Unless otherwise agreed to by the Parties, the JSC shall meet during the first Calendar Year of this Agreement twice and thereafter two times each Calendar Year. Additional meetings may be requested by any JSC member of either Party on [***] days' prior written notice to the Alliance Manager. JSC meetings can be held by audio or video conference and preferably at least once each Calendar Year in person. Meetings of a JSC shall be effective only if at least one JSC Member of each Party is present at the meeting or participating by teleconference. Each Party shall be responsible for all of its own expenses of participating in JSC meetings. The Parties shall endeavor to schedule meetings of the JSC timely in advance. The Alliance Managers shall prepare the meeting agenda and shall circulate for review and approval by each Party written minutes of such meeting within [***] days after such meeting. The Parties shall agree on the minutes of each meeting promptly, but in no event later than the next meeting of the JSC.

4.3. Alliance Manager. Each Party shall nominate an alliance manager who shall be the primary point of contact for the Parties for overall matters regarding the Collaboration and shall facilitate the communication regarding all activities hereunder (each an "Alliance Manager"). Each Party may replace its Alliance Manager at any time upon written notice to the other Party. For the avoidance of doubt, the Alliance Manager shall be an employee of the respective Party or the respective Party's Affiliate.

4.4. Responsibilities.

4.4.1. Responsibilities of the JSC. The JSC, subject to Sections 4.5 and 4.6, shall oversee and supervise the overall Collaboration and the relationship between the Parties hereunder, and within such scope shall:

4.4.1.1. define the Collaboration goals and strategic direction;

4.4.1.2. prioritize Projects and respective activities;

4.4.1.3. closely interact with Joint Project Teams and steer Projects towards achievements of Lead Candidate Criteria or Development Candidate Criteria respectively;

4.4.1.4. review the efforts of the Parties under the Collaboration Plan and the Project Plans, as reported by the JPT;

4.4.1.5. approve Project Plans, and approve, with any necessary modifications, changes to the Collaboration Plan and/or Project Plans; provided that such modifications to the Project Plans are made in alignment with the respective Project Leaders;

4.4.1.6. approve the Model and the Primary Screening Assay for each Project;

4.4.1.7. approve the deconvolution of the target for each Project;

4.4.1.8. if applicable, determine lead candidate criteria and development candidate criteria for a Project, provided that, as a general rule, such lead candidate criteria and development candidate criteria shall correspond to the Lead Candidate Criteria and Development Candidate Criteria, unless the Bayer representatives in the JSC agree that a deviation from such Lead Candidate Criteria or Development Candidate Criteria would be acceptable;

4.4.1.9. endorse Lead Candidate Criteria and Development Candidate Criteria achievement and other Lead Candidate and Development Candidate selections, always provided that the achievement of the respective Lead Candidate Criteria and Development Candidate Criteria or Lead Candidate and Development Candidate selection is confirmed by the Bayer Criteria Committee in accordance with Section 4.8;

4.4.1.10. approve the Project Leaders recommendation for Qualified Hits/ Qualified Hit Series and for Lead Series and confirm the JPT's determination of the specific Project Compounds to be included in a Lead Series;

4.4.1.11. decide whether to discontinue a Project or any activities under a Project Plan, or to reduce activities under a Project Plan, whereby the JSC shall consider a reasonable wind-down period which shall not exceed [***] months in case the Project is discontinued;

4.4.1.12. form such other committees or working groups as the JSC may deem appropriate, provided that such committees may make recommendations to the JSC but may not be delegated JSC decision-making authority;

4.4.1.13. support the filing and prosecution of the Project IP Rights;

4.4.1.14. address such other matters relating to the activities of the Parties under this Agreement as either Party may bring before the JSC, including any matters that are expressly for the JSC to decide as provided in this Agreement;

4.4.1.15. assist the Parties in their efforts to resolve any disputes on an informal basis, including any unresolved disputes from the Joint Project Teams;

4.4.1.16. confirm that a target or combination of targets for Program/Lead Series has been properly deconvoluted; and

4.4.1.17. confirm the Project Know-How, Project Compounds and Project IP Rights along with any Background IP Rights and Background Know-How that would be subject to a License Agreement under such Project.

4.4.2. Responsibilities of the Alliance Managers. The Alliance Managers shall:

4.4.2.1. prepare and manage the JSC meetings in particular:

(a) notify each Party at least [***] days in advance of each such JSC meeting (or [***] days with respect to additional meetings requested by a Party's members);

(b) collect and organize agenda items for each such JSC meeting; and

(c) prepare the written minutes of each such JSC meeting and circulate such minutes within [***] days after such meeting for review and approval by the Parties, and identify action items to be carried out by the Parties;

4.4.2.2. ensure proper communication between the JSC and the JPTs;

4.4.2.3. have an overview on the ongoing Projects;

4.4.2.4. oversee the budget and resources in the Projects;

4.4.2.5. attempt to resolve any conflicts on an informal basis; and

4.4.2.6. be the first point of contact for external communication (press releases, presentations at partnering conferences etc.) regarding this Agreement and the Projects and be responsible for ensuring alignment with their internal communication functions. All such external communications must be made in accordance with Sections 13 and 17.2.

4.5. Decision-Making and Amicable Dispute Resolution.

4.5.1. Decisions of the JSC shall be unanimous (with Bayer JSC Members collectively having one vote and Recursion JSC Members collectively having one vote).

On matters which the JSC cannot reach a unanimous decision and subject to the limitations set forth in Section 4.5.2 and 4.6, the Bayer JSC Members shall have the casting vote.

4.5.2. The following matters shall only be adopted or decided by unanimous decision of the Recursion and Bayer JSC Members and Bayer shall have no casting vote with respect to such matters:

4.5.2.1. change of the Collaboration goals and strategic direction;

4.5.2.2. changes to, the Collaboration Plan;

4.5.2.3. approval of, or changes to, the Project Plans.

4.5.3. If the JSC cannot reach a unanimous decision on the matters set forth in Section 4.5.2 the following shall apply:

The Recursion and Bayer JSC Members shall first try to resolve such matter in a second JSC meeting to be held within twenty (20) Business Days from the JSC meeting in which such matter remained unsolved. If the JSC is again unable to resolve such matter the Recursion and/or the Bayer JSC Members can refer the matter to senior representatives of each Party for resolution. Such individuals shall convene for a meeting (by audio or video conference or in presence) and shall endeavor in good faith to resolve such matter within thirty (30) Business Days following such referral.

If the Parties cannot resolve the matter within such period, the matter shall be deemed as finally rejected, without recourse to any further escalation or dispute resolution procedure. Notwithstanding the foregoing, the Parties termination rights with regard to a particular Project or the complete Agreement remain unimpaired.

4.6. Limitations on JSC Authority. Each Party shall retain the rights, powers and discretion granted to it under this Agreement and no such rights, powers, or discretion shall be delegated to or vested in the JSC unless such delegation or vesting of rights is expressly provided for in this Agreement or the Parties expressly so agree in writing. It is understood and agreed that issues to be formally decided by the JSC are limited to those specific issues that are expressly provided in Section 4.4 of this Agreement and the disputes which relate to the subjects other than those set forth in Section 4.4 will be handled according to Section 16. None of the JSC, Bayer via exercise of its final decision-making authority as specified in Section 4.5.1, or the JPT shall have the power to determine any issue in a manner that would (a) conflict with the terms and conditions of this Agreement (except as specified in Section 3.3), (b) modify or amend this Agreement, or (c) determine whether either Party has breached this Agreement or resolve any dispute regarding the existence or amount of any payment owed under this Agreement.

4.7. Discontinuation of Projects. In the event that a Project is discontinued in accordance with Sections 3.1.6, 3.1.8 3.1.9, 3.2.4, 4.4.1.11, or as otherwise provided for in this Agreement, the Parties shall cooperate with each other in winding down their activities under the respective Project.

4.8. Bayer Criteria Committee. Bayer shall establish or designate a committee, internal to Bayer and in accordance with Bayer's internal guidelines, as the "**Bayer Criteria Committee**". [***]. The Bayer Criteria Committee shall have authority only to approve or reject Project Compounds endorsed by the JSC pursuant to Section 4.4.1.9 as Lead Compounds or Development Compounds, as applicable, in accordance with the foregoing, and to determine whether lead optimization shall be started with respect to any Project Compound endorsed by the JSC as a Lead Candidate and shall have no other decision-making authority under this Agreement.

Chapter C – Financials

5. Upfront Payment, Achievement Lead Candidate Criteria Fee

5.1. Upfront Payment. In consideration for the rights granted under this Agreement, Bayer will pay a one-time lump-sum fee in the amount of US $ 30,000,000 (in words thirty million US Dollars) upon execution of this Agreement ("Upfront Payment"). Recursion shall be entitled to invoice the Upfront Payment upon the Effective Date of this Agreement. The Upfront Payment shall be non-refundable and non-creditable.

5.2. Other costs. [***].

5.3. Achievement Lead Candidate Criteria Fee. In case Bayer does not exercise the Bayer Lead Series Option following Achievement of Lead Candidate Criteria, Bayer shall pay to Recursion a one-time lump-sum fee in the amount of [***] (the "Achievement Lead Candidate Criteria Fee") for each such Lead Series. Recursion shall invoice the Achievement Lead Candidate Criteria Fee upon expiration of the Bayer Lead Series Option Period for each Lead Series for which Achievement of Lead Candidate Criteria has occurred, but Bayer does not exercise the Bayer Lead Series Option.

6. ADDITIONAL PAYMENTS AFTER OPTION EXERCISE

6.1. Subject to Bayer's exercise of the Bayer Lead Series Option or the Bayer Development Candidate Option with regard to a Project and the execution of a respective License Agreement, Bayer shall pay Recursion, as consideration for the licenses granted by Recursion to Bayer, the option exercise fee, milestone payments and royalties set forth in the License Agreement.

7. GENERAL PAYMENT PROVISIONS

7.1. Payment Rule. Unless otherwise agreed herein, all payments under this Agreement shall be made within [***] days after receipt of a correct invoice that is compliant with this Agreement.

7.2. Payment Address. All invoices of Recursion shall be sent to the following address:

Bayer AG
[***]
51368 Leverkusen
Germany

Alternatively, each invoice for payments mentioning the aforementioned address and reference may be sent electronically in portable document format (pdf) via email without electronic signature ("pdf-invoicing"), to

[***]@bayer.com

thus replacing a corresponding paper form.

7.3. Bank Account. All payments to Recursion under this Agreement shall be made by wire transfer to the following bank account of Recursion, or such other bank account as notified by Recursion to Bayer at least fifteen (15) Business Days prior to the payment date:

For ACH delivery:
[***]

For Wire Transfers:
[***]

7.4. Late Payments. All payments not made by [***] days after the respective Payment Date set out in this Agreement shall be subject to Late Payment interest at the United States Secured Overnight Financing Rate ("SOFR"), currently published on Bloomberg screen SOFRRATE Index, fixed two Business Days prior to the respective Payment Date and reset to the prevailing SOFR at monthly intervals thereafter, plus a premium of one (1) percentage points (or the maximum applicable legal rate of interest if lower). Interest shall be calculated based on the actual number of days in the interest period divided by 360 and shall be calculated from the respective Payment Date (inclusive) until the date of payment (exclusive).

7.5. Value Added Tax. All agreed consideration is exclusive of "VAT" (European Value Added Tax, goods and service tax and similar taxes). If VAT is applicable, VAT shall be invoiced additionally according to applicable VAT law. Such VAT shall be paid to Recursion only if Recursion is obliged to transfer such VAT to respective tax authorities and after receipt of a corresponding invoice. Recursion shall issue correct invoices in accordance with the applicable VAT law.

7.6. Withholding Taxes. Any party required to make a payment pursuant to this Agreement shall be entitled to deduct and withhold from the amount payable the tax for which paying party on behalf of payee is liable under any provisions of Applicable Law (such tax, "Withholding Tax");

If the Withholding Tax rate is reduced according to the regulations in the Double Tax Treaty no deduction shall be made or a reduced amount shall be deducted only if paying party is timely furnished with necessary documents (Freistellungsbescheid) by payee issued from the German Tax Authority (Bundeszentralamt für Steuern), certifying that the payment is exempt from Withholding Tax or subject to a reduced Withholding Tax rate.

Any withheld Withholding Tax shall be treated as having been paid by paying party to payee for all purposes of this Agreement. Paying party shall timely forward to the payee the tax receipts certifying the payments of Withholding Tax on behalf of payee. In case paying party must pay, but cannot deduct the Withholding Tax due to fulfilment and completion of its payment obligation by settlement or set-off, payee will pay the Withholding Tax to paying party separately. If paying party reasonably failed to deduct Withholding Tax, but is still required by Applicable Law to pay such Withholding Tax on account of payee to the tax authorities, payee shall reasonably assist paying party with regard to all procedures required in order to obtain reimbursement by tax authorities or, in case tax authorities will not reimburse withholding tax to paying party, payee will immediately refund the tax amount.

7.7. Notwithstanding anything in this Agreement to the contrary, if any assignment by a party of its rights or obligations under this Agreement without the consent of the other party results in the imposition of Withholding Tax on a payment to be made by such party that would not have been imposed in the absence of such assignment (or in an increase in Withholding Tax from the amount that would have been imposed in the absence of such assignment) and the parties cannot reasonably cooperate as described above to eliminate such additional Withholding Tax, then the amount payable by the assigning party shall be increased to the extent necessary to ensure that the other party receives a net amount equal to the amount that it would have received had no such assignment occurred (taking into account any Withholding Tax on such additional amounts), unless the payee has approved or requested this assignment.

To the extent relevant for U.S. federal income tax purposes, the Parties intend to treat the payments contemplated by this Agreement as "foreign-derived deduction eligible income" within the meaning of Section 250 of the U.S. Internal Revenue Code of 1986, as amended, and the U.S. Treasury regulations thereunder, and the Parties shall reasonably cooperate to provide a certification or documentation to demonstrate eligibility for the deduction for "foreign-derived intangible income" pursuant to Section 250.

Chapter D–Options

8. Bayer Options; Recursion Option

8.1. Bayer Lead Series Option. During the [***] day period following Achievement of Lead Candidate Criteria with respect to a Lead Series (the "Bayer Lead Series Option Period"), Recursion hereby grants to Bayer an exclusive option to obtain

(i) an exclusive (even as to Recursion) license under Recursion's rights, title and interest in the Project Compounds in such Lead Series and the Backup Compounds for such Lead Series (including the Project IP Rights claiming such Project Compounds and Backup Compound) and certain Project Know-How (including the Primary Screening Assay(s), the applicable Deconvoluted Target, and all data relating to such Project Compounds) generated with respect to such Lead Series and Backup Compounds; and

(ii) a non-exclusive license to Recursion's Background IP Rights and Background Know-How which are necessary for Bayer to use the Project Results described in (i) above,

in each case (i) and (ii), to do or have done research on, develop or have developed, make, have made, use, have used, sell, have sold, offer for sale, have offered for sale, import and have imported Products incorporating such Lead Series, Backup Compounds or Derivatives thereof in the Field in the Territory and to use such Project Compounds as tools in independent research and development projects of Bayer (as to each Project, the "Bayer Lead Series Option"), all on the license terms and financial considerations set forth in the License Agreement.

[***].

8.2. Bayer Development Candidate Option. If Bayer does not exercise the Bayer Lead Series Option for a Lead Series, then during the [***] day period following achievement of Development Candidate Criteria by a Project Compound within such Lead Series or selection of a Development Candidate for such Lead Series in accordance with Section 4.4.1.9 (the "Bayer Development Candidate Option Period"), Recursion hereby grants to Bayer an exclusive option to obtain

(i) an exclusive license under Recursion's right, title and interest in the Development Candidate and the Project Compounds in such Lead Series and the Backup Compounds for such Lead Series (including the Project IP Rights claiming such Project Compounds) and certain Project Know-How (including the Primary Screening Assay(s), the applicable Deconvoluted Target, and all data relating to such Project Compounds) generated with respect to such Project Compounds and

(ii) a non-exclusive license to Recursion's Background IP Rights and Background Know-How which are necessary for Bayer to use the Project Results described in (i) above,

in each case (i) and (ii) to do or have done research on, develop or have developed, make, have made, use, have used, sell, have sold, offer for sale, have offered for sale, import and have imported Products incorporating such Development Candidate, Lead Series, Backup Compounds or Derivatives thereof in the Field in the Territory and to use such Project Compounds as tools in independent research and development projects of Bayer (as to each Project, the "Bayer Development Candidate Option"), all on the license terms and financial considerations set forth in the License Agreement.

The Bayer Lead Series Option and the Bayer Development Candidate Option together the "Bayer Options".

8.3. Option Exercise. Bayer may exercise the Bayer Options at any time during the applicable Bayer Lead Series Option Period or the Bayer Development Candidate Option Period respectively by notifying Recursion in writing (each such notice being an "Option Exercise Notice").

8.4. Execution of License Agreement. As for each Option exercised by Bayer, the Parties shall execute a License Agreement no later than [***] days after Recursion's receipt of the Option Notice, unless otherwise mutually agreed to be the Parties.

8.5. Recursion Option. Bayer hereby grants Recursion an option, exercisable during the applicable Recursion Option Period, to negotiate for a period of no less than [***] days after such exercise (the "Negotiation Period") in good faith to obtain (x) a worldwide exclusive license under Bayer's interest in the Development Candidate, if applicable, and the Project Compounds in the applicable Lead Series and Backup Compounds for such Lead Series (including the Project IP Rights claiming such Project Compounds) and the Project Know-How (including the Primary Screening Assay(s),

the applicable Deconvoluted Target, and all data relating to the such Project Compounds) generated with respect to such Project Compounds and (y) a non-exclusive license to Bayer's Background IP Rights and Background Know-How which are necessary for Recursion to use the licensed Project Results, in each case ((x) and (y)) to make, have made, use, sell and import Products incorporating such Development Candidate (as applicable), Lead Series, Backup Compounds or Derivatives thereof in the Field in the Territory and to use such Project Compounds as tools in independent research and development projects of Recursion (the "Recursion Option"). The "Recursion Option Period" means the [***] period immediately following (a) expiration of the Bayer Development Candidate Option Period, if Bayer does not exercise either of the Bayer Options with respect to a particular Lead Series, (b) the date of exclusion of Project Compound from a Project pursuant to Section 3.2.4; [***], (c) expiration or termination of the Project Term, with respect to a Project discontinued for any reason other than termination of the Project or this Agreement for Recursion's breach of this Agreement, (d) expiration of the period set forth in Section 8.4, with respect to any Lead Series or Development Candidate for which Bayer exercises either of its Options pursuant to Sections 8.1 or 8.2 but does not execute a License Agreement, or (e) a determination by the Bayer Criteria Committee that a Lead Candidate or Development Candidate does not achieve the Lead Candidate Criteria or Development Candidate Criteria, respectively, and is not otherwise selected by the Bayer Criteria Committee as a Lead Candidate or Development Candidate or that lead optimization shall not be started with respect to any Lead Candidate. Recursion may exercise the Recursion Option for a Project at any time during the applicable Recursion Option Period by notifying Bayer in writing thereof, and upon Bayer's receipt of such notice the Parties shall negotiate in good faith the terms of the applicable license agreement during the Negotiation Period.

Chapter E – Intellectual Property

9. OWNERSHIP OF BACKGROUND RIGHTS AND PROJECT RESULTS

9.1. Ownership of Background Rights. Each Party will retain ownership of its Background IP Rights, Background Know-How and Excluded IP. Each Party shall assign, and hereby assigns, to the other Party all rights, title and interest it may have in and to any Excluded IP or the Recursion Technology that is to be owned by the other Party pursuant to this Section 9.1 or Section 9.3.

9.2. Ownership of Project Results. Subject to Section 9.3, all Project Results shall be jointly owned in equal and undivided shares by Bayer and Recursion independently of which Party Created such Project Results. Each Party (the "Assigning Party"), shall, and hereby does, assign to the other Party (the "Assigned Party") an undivided joint interest in the rights, title and interests the Assigning Party has in and to any such Project Results and the Assigned Party hereby accepts such assignment.

9.3. Recursion Technology. Notwithstanding Section 9.2, the Parties agree that any improvement or modification made by Recursion in the course of a Project or activities under the Collaboration Plan directly relating to the Recursion Technology and which are not specific for a Project or any Bayer Library Compounds are the exclusive property of Recursion and such improvement or modification shall be considered Recursion Technology.

9.4. Cooperation Duties. Each Party shall reasonably cooperate with and assist the other Party and execute, and cause its employees, agents and subcontractors to execute such documents as necessary to grant the other Party the ownership rights described under this Article 9.

9.5. Employee's Invention Compensation. Each Party is solely responsible and shall compensate its own employees in accordance with the law applicable to the employer for any inventions generated by such employees in course of a Project or activities under the Collaboration Plan.

10. LICENSE GRANTS AND USAGE RIGHTS

Research License

10.1. Research License. Each Party shall and hereby does grant to the other Party, during the Collaboration Term, a worldwide, non-exclusive, royalty-free license, without the right to sublicense, under its right, title and interest to the Project Results, and its Background IP Rights , Background Know-How, and Excluded IP to the extent necessary to enable the other Party to perform its tasks and obligations under the Project Plan for such Project (or have performed such activities and obligations by a Subcontractor subject to the provisions for subcontracting in Section 3.6) (the "Research License").

The disclosure and use of any Background IP Rights under the Research License shall not constitute any right of prior use for the recipient.

Use and Exploitation Rights

10.2. Use and Exploitation of Project Results.

With respect to Project Results from a Project, the Parties shall have the following usage and exploitation rights:

10.2.1. Prior to expiry of Option Period / prior to Option exercise. Beginning upon commencement of activities under the Collaboration Plan in preparation for a Project and during the Project Term for such Project, to the extent the Option Periods for the respective Project have not expired and the Parties have not exercised their respective Options, the Parties shall only use the Project Results for such Project within the limits of the Research License and for purposes of determining whether to exercise its Options for such Project. In addition to the foregoing, with regard to any Project Know-How that has been disclosed to the respective Party, each Party shall have the right during such period to use, practice, develop and exploit their share in such Project Know-How of the respective Project solely for internal research and development purposes, including the right to sublicense its interest in the Project Results to Affiliates and Third Parties working for, with, or on behalf of the sublicensing Party for such purpose, without the consent of the other Party and without a duty of accounting to the other Party, provided, however, that neither Party may use any Project Know-How or allow its Affiliates or sublicensees to use of any Project Know-How for a Competing Project. Where such consent is required by Applicable Law, it is deemed hereby granted and where a duty of accounting to the other Party exists by Applicable Law, such duty is hereby waived. Where the Applicable Law in any country prevents that such consent or waiver is given in advance the Parties shall be obligated to give their consent or waiver at the given point in time. Notwithstanding the foregoing due to the joint ownership of the Project Know-How, neither Party shall have the right to assign the entire Project Know-How or entire rights to the Project Know-How without the other Party's prior written consent (except in connection with a permitted assignment of this Agreement in accordance with Section 17.4).

The Parties shall protect and maintain the confidentiality of the Project Know-How and shall ensure that any sublicensee pursuant to this Section is bound by confidentiality and non-use obligations consistent with the confidentiality provisions of this Agreement as they apply to the Parties.

10.2.2. If no Option exercise. In case that the Project Term for such Project terminates or expires and (i) neither Party has exercised any of its Options for such Project or (ii) an Option for such Project was exercised but no license agreement was executed as a result (either a License Agreement if a Bayer Option was exercised or an agreement on the Recursion Option if the Recursion Option was exercised), or (iii) to the extent Project Results are not exclusively licensed to a Party under the respective license agreement, and further subject to Section 10.2.3, each Party shall, after the expiry of the Project Term for such Project have the right to use, practice, develop and exploit their share in the Project Results of the respective Project solely for internal research and development purposes, including the right to sublicense its interest in the Project Results to Affiliates and Third Parties working for, with, or on behalf of the sublicensing Party for such purpose, without the consent of the other Party and without a duty of accounting to the other Party, provided, however, that neither Party may use any Project Know-How or allow its sublicensees to use of any Project Know-How for a Competing Project. Where such consent is required by Applicable Law, it is deemed hereby granted and where a duty of accounting to the other Party exists by Applicable Law, such duty is hereby waived. Where the Applicable Law in any country prevents that such consent or waiver is given in advance the Parties shall be obligated to give their consent or waiver at the given point in time. Notwithstanding the foregoing due to the joint ownership of the Project Results, neither Party shall have the right to assign the entire Project Results or entire rights to the Project Results without the other Party's prior written consent (except in connection with a permitted assignment of this Agreement in accordance with Section 17.4).

The Parties shall protect and maintain the confidentiality of the Project Results and shall ensure that any sublicensee pursuant to this Section is bound by confidentiality and non-use obligations consistent with the confidentiality provisions of this Agreement as they apply to the Parties.

10.2.3. Without limiting the restrictions on use of the Project Results set forth in this Section 10.2, in the event that a Party wishes to pursue the clinical development or commercialization of a Project Compound or Derivative thereof, outside of the Option and license structure provided in Article 8, or in the event that a Party wishes to pursue clinical development or commercialization of an Enabled Compound outside of the scope of any such development or commercialization permitted pursuant to a license resulting from Article 8, such Party shall give the other Party written notice thereof, and the Parties shall, prior to any filing of an IND or conducting other clinical development or commercialization activities with respect to such Compound, discuss in good faith the financial and other terms that would be applicable to such development and commercialization, and if agreed, the Parties will enter into a separate agreement with respect to such activities. Restrictions on a Party's activities in this Section 10.2 will apply to activities conducted by such Party itself or with or through any Affiliate of such Party or Third Party.

10.2.4. If Option is exercised. In the event that Bayer exercises an Option and the Parties execute a License Agreement with respect to a Lead Series or Development Candidate, Bayer shall have exclusive rights to Recursion's share in the Project Results of the respective Project to the extent set forth in such License Agreement. In the event that Bayer does not exercise its Option with respect to a Lead Series or Development Candidate, but the Parties reach an agreement on the Recursion Option with respect thereto, Recursion shall have exclusive or non-exclusive rights to Bayer's share in the Project Results to the extent set forth in the license agreement negotiated between the Parties regarding such Recursion Option. To the extent Project Results are not exclusively licensed to a Party under the respective license agreement, and further subject to Section 10.2.3, with regard to any Project Know-How that has been disclosed to the respective Party, each Party shall have the right to use, practice, develop and exploit their share in such Project Know-How of the respective Project solely for internal research and development purposes, including the right to sublicense its interest in the Project Results to Affiliates and Third Parties working for, with, or on behalf of the sublicensing Party for such purpose, without the consent of the other Party and without a duty of accounting to the other Party, provided, however, that neither Party may use any Project Know-How or allow its sublicensee the use of any Project Know-How for a Competing Project except to the extent expressly permitted in the applicable license agreement between the Parties. Where such consent is required by Applicable Law, it is deemed hereby granted and where a duty of accounting to the other Party exists by Applicable Law, such duty is hereby waived. Where the Applicable Law in any country prevents that such consent or waiver is given in advance the Parties shall be obligated to give their consent or waiver at the given point in time. Notwithstanding the foregoing due to the joint ownership of the Project Know-How, neither Party shall have the right to assign the entire Project Know-How or entire rights to the Project Know-How without the other Party's prior written consent (except in connection with a permitted assignment of this Agreement in accordance with Section 17.4).

The Parties shall protect and maintain the confidentiality of the Project Know-How and shall ensure that any sublicensee pursuant to this Section is bound by confidentiality and non-use obligations consistent with the confidentiality provisions of this Agreement as they apply to the Parties.

10.3. No other licenses. Nothing in this Agreement shall be construed to confer any license or other rights upon a Party by implication, estoppel, or otherwise as to any Intellectual Property Rights or Know-How of the other Party other than as expressly granted in this Agreement.

10.4. Permitted Use of Know-How. To the extent that any information included in a Party's Know-How ceases to be Confidential Information of such Party because it falls into one of the exclusions in Section 12.3, nothing in this Agreement restricts the other Party from using such information in conducting research, development and/or commercialization of products or services to the same extent that a Third Party who lawfully obtained such information without obligations of confidentiality and non-use to the first Party would be able to do. For purposes of clarity, this Section 10.4 does not override any other license terms or confidentiality provisions between the Parties that would otherwise govern such information.

11. PATENT PROSECUTION

11.1. Patent Prosecution before Option Exercise/Expiry of Option Periods. As to each Project and until expiry of the Project Term for such Project, the Parties agree with respect to the filing of Project Patents for such Project to the following:

Project Patents, shall be filed in Bayer's and Recursion's name and assigned to both Bayer and Recursion jointly.

Bayer shall be responsible for, either itself or through an outside patent counsel of its choice, filing, prosecuting and maintaining any Project Patents and shall [***] cover the running costs here for. Bayer or outside counsel shall care of the filing, prosecution and maintenance of the Project Patents in close alignment with Recursion, including discussion of patent scope, subsequent applications and other matters of patent strategy. Bayer, either itself or through their outside patent counsel, will keep Recursion fully informed with respect to the status of the filing, prosecution (EP and US) and maintenance of the Project Patents and will provide material submissions to any patent office related to the filing, prosecution and maintenance of the Project Patents to Recursion for review and comment at least [***] days prior to submission thereof. Bayer will consider any comments from Recursion in good faith. Bayer will also notify Recursion in writing about and provide copies to Recursion of, any relevant substantial correspondence including all newly filed patent applications of Project Patents, proposal of countries in which the patent application shall be filed, notifications on allowance, issue or grant and office actions. Bayer shall have the right to apply for a Project Patent in any country or region of the world. Bayer shall not give up substantial scope of the claims (unless a claim is determined to be invalid by the PTBA (Patent Trial and Appeal Board) at the US PTO, by a Board of Appeal at the EPO or by a national court) or abandon any Project Patents without Recursion's prior written consent. If Bayer decides to abandon, surrender, revoke, or invalidate or not to apply for or maintain any Project Patent in any country or abandon any previously restricted or amended claims, Bayer will provide written notice to Recursion, [***] days prior to the date an action is due, of Bayer's intent to abandon, surrender, revoke, or invalidate or not respond to any official correspondence that will result in the loss of rights (or with respect to Patents not yet filed, within [***] days after Recursion's request to apply for such Patent). Recursion may then, at Recursion's sole discretion and sole cost and expense, elect to prosecute and maintain the respective Project Patent. Recursion may accept such offer in writing within [***] days after having received the offer. Upon receipt of Recursion's notice of acceptance, Recursion shall forthwith be responsible for the rights and obligations and costs resulting from such Project Patent and such (formerly) Project Patent will cease to be a Project Patent under this Agreement. The Parties shall take all measures necessary for the transfer of Bayer's co-ownership share in such (formerly) Project Patent to Recursion, and for the transfer of patent prosecution responsibility from Bayer to Recursion; transfer costs imposed by respective patent attorneys and registration costs imposed by the respective public registers shall be borne by Recursion and all rights granted to Bayer under this Agreement to such Project Patents shall cease. In case Recursion refuses the offer or does not provide its acceptance in writing within the [***] days period, Bayer has the right to abandon or to not apply for the offered Project Patent. Bayer shall not be liable to Recursion for ultimate discontinuation of such Project Patents, except in the case that Bayer intentionally ignores said Recursion's acceptance notice, provided, however, that Bayer has timely received such acceptance notice and discontinuation of the respective Project Patents is irreversible.

11.1.1. Patent Prosecution if no Option Exercise. Unless Recursion exercises its Option with respect to a Project, after the Project Term expires, Bayer shall remain responsible for, either itself or through an outside patent counsel of its choice, for filing, prosecuting and maintaining any Project Patent as described in Section 11.1 The costs here for will be carried by Bayer. Unless stated otherwise in this Section 11.1.1, the provisions in Section 11.1 shall apply. If Recursion is interested in taking over the responsibility for the respective Project Patent, the Parties will discuss a transfer of the responsibility which Bayer shall not unreasonably withhold, provided that such Project Patents do not cover subject matter of other then-ongoing Projects.

11.1.2. Patent Enforcement before Option Exercise/Expiry of Option Periods or if No Option Exercise.

11.1.2.1. Notice. During the Project Term and thereafter if no Option was exercised during the Project Term, if any Project Patent for such Project is infringed or might be infringed by a Third Party (each an "Infringement"), the Party first having knowledge thereof shall promptly notify the other Parties in writing. Such notice shall set forth the facts of the Infringement in reasonable detail, if known.

11.1.2.2. Enforcement.

(a) Bayer shall have the first right (but not the obligation), by counsel of its own choice and at its sole expense, to institute, prosecute and control the enforcement or defense of any Project Patents to abate any Infringement thereof. Prior to undertaking any action to enforce such Project Patents, Bayer shall notify Recursion in writing. To the extent possible Recursion shall be given reasonable time to provide its comments to Bayer. Recursion shall further have the right, at its own expense, to be represented in any action by counsel of its own choice. However, should Recursion partake in any such action Bayer shall retain control of the proceeding and shall have final say on all decisions related thereto.

(b) In the event that Bayer fails to institute an action or proceeding or otherwise take appropriate action to abate such Infringement within a period of sixty (60) days after taking notice of such Infringement, Recursion shall have the right (but not the obligation) to request permission to institute and/or prosecute and control such an action or proceeding in its name with respect to such Infringement at its sole expense and by counsel of its choice (such permission not to be unreasonably withheld or delayed), and Bayer shall have the right to be represented in any such action by counsel of its own choice and at its own expense. However, should Bayer partake in any such action, Recursion shall retain control of the proceeding and shall have final say on all decisions related thereto.

(c) The Parties shall reasonably cooperate with each other in the planning and execution of any such action to enforce the respective Project Patents (including the obligation to be named or joined as a party in a lawsuit, as applicable). Each Party initiating an action or proceeding agrees to provide reasonable information to the other Party, at this Party's request, about such action or proceeding.

(d) All monies recovered upon the final judgment or settlement of any such suit or action to enforce the respective Project Patents in the Territory shall be applied in the following order of priority: (i) first, to reimburse the costs and Losses of the Party bringing suit, then to the costs and Losses, if any, of the other Party; (ii) any amounts remaining shall be allocated [***] Party.

(e) The Party that controls the prosecution of a given suit or action shall also have the right to control settlement of such suit or action. If one Party controls and intend to settle the prosecution of a given suit or action, it shall provide the other Party reasonably in advance written information about such intention and about the terms pertaining to the settlement. Only if the settlement would materially and adversely impact the interest of the other Party, the Party in control of the suit or action shall obtain the other Party's consent prior to entering into the settlement. Any amounts received in settlement of any action shall be apportioned between the Parties in the same manner as set forth in Section 11.1.2.2(d) above.

11.1.3. Patent Prosecution and Enforcement after Option Exercise. In the event that the Option is exercised with respect to a Project, the License Agreement for such Project shall control as to the preparation, filing, prosecution, and maintenance and enforcement of the Project Patents for such Project and any other rights granted under such agreement.

11.2. General Cooperation Duties. Bayer and Recursion agree to cooperate in all matters relating to the filing, prosecution, maintenance and enforcement of Project Patents.

11.2.1. Such cooperation shall in particular comprise the following assistance:

11.2.1.1. Execute all necessary documents respectively provide the necessary declarations to enable the other Party to file for patent protection (including SPC protection) in accordance with this Agreement;

11.2.1.2. Timely provide any Complete Invention Disclosures;

11.2.1.3. Provide copies of any Project Patents filed;

11.2.1.4. Promptly inform the other Party of any significant matter coming to such Party's attention that may significantly affect the preparation, filing, prosecution or maintenance of any Project Patents, including patent office actions raising significant patentability objections, in particular office actions of the patent offices of the following countries: USA, Europe, China, Japan;

11.2.1.5. Provide any and all information which is reasonably required to support the drafting, the prosecution and/or the defense of Project Patents;

11.2.1.6. Cooperate on the obtaining of patent term extensions in all possible territories; and

11.2.1.7. Promptly inform the other Party of any Third Party rights which may affect the use of the subject-matter claimed in the Project Patents.

12. CONFIDENTIALITY

12.1. Confidential Information. Each Party ("Disclosing Party") may disclose to the other Party ("Receiving Party"), and Receiving Party may acquire during the course and conduct of activities under the Agreement Confidential Information of Disclosing Party in connection with this Agreement. The term "Confidential Information" means all confidential information or material in tangible and non-tangible form disclosed hereunder; including all technical and non-technical information conveyed from one Party to the other in any form, electronic data, proprietary information, samples, Compounds, methods, formulas, processes, protocols, technologies and equipment employed, information relating to quality assurance, procedures for and record keeping, techniques, inventions, know-how, apparatus, and formulae.

12.2. Allocation of Confidential Information. The terms and conditions of this Agreement, the Project Plan and the Project Results shall be considered to be Confidential Information of Recursion and Bayer and be treated confidential by both Parties, and each Party shall be deemed the Disclosing Party with respect thereto, provided, however, that any Project Results that have been exclusively licensed to either Party shall be considered to be Confidential Information of this Party.

12.3. Exceptions. Notwithstanding any other provisions herein, Confidential Information does not include information which:

12.3.1. is available to the public at the time of receipt by the Receiving Party or any of its Affiliates from the Disclosing Party, or

12.3.2. was known to Receiving Party or any of its Affiliates prior to the time of disclosure;

12.3.3. is at the time of disclosure hereunder or later becomes public knowledge through no fault or omission of Receiving Party or any of its Affiliates; provided, however, that disclosures by Receiving Party permitted under Section 12.5 shall not be considered a wrongful disclosure hereunder;

12.3.4. is obtained by Receiving Party or any of its Affiliates from a Third Party under no obligation of confidentiality to Disclosing Party;

12.3.5. has been independently developed by employees, subcontractors, consultants or agents of Receiving Party or any of its Affiliates without the aid, application or use of Disclosing Party's Confidential Information;

12.4. Use of Confidential Information. During the Collaboration Term and for [***] years thereafter, Receiving Party shall take reasonable steps to keep all Disclosing Party's Confidential Information in confidence, subject to the limitations on use and disclosure set forth in this Article 12. Receiving Party shall not use Disclosing Party's Confidential Information except for in connection with the performance of its obligations and exercise of its rights under this Agreement. Receiving Party has the right to disclose Disclosing Party's Confidential Information without Disclosing Party's prior written consent to its Affiliates and to its own and its Affiliates' employees, subcontractors, consultants, permitted licensees or agents who are bound by an equivalent obligation of confidentiality and who have a need to know such Confidential Information in order for the Receiving Party to perform its obligations and exercise its rights under this Agreement. Receiving Party shall (and shall ensure that any Party to which it discloses the Confidential Information) only use the Confidential Information for the purposes of performing its obligations and exercising its rights under this Agreement. To the extent the foregoing obligations conflict with any Party's right to use Project Results pursuant to a license agreement executed by the Parties after exercise of an Option, such license agreement shall control.

12.5. Permitted Disclosures. Receiving Party may disclose Disclosing Party's Confidential Information in the following instances:

12.5.1. in order to comply with Applicable Law (including any securities law or regulation or the rules of a securities exchange) or with a binding order within a legal or administrative proceeding, provided that, where reasonably possible, Receiving Party shall notify Disclosing Party of Receiving Party's intent to make any such disclosure sufficiently prior to making such disclosure so as to allow Disclosing Party adequate time to take whatever action it may deem appropriate to protect the confidentiality of the information to be disclosed; or

12.5.2. in connection with prosecuting or defending litigation, obtaining regulatory approval and making other regulatory filings and communications, and filing, prosecuting and enforcing IP Rights in connection with Receiving Party's rights and obligations pursuant to this Agreement; or

12.5.3. with respect to this Agreement and the Project Results only, to such Party's or its Affiliate's attorneys, independent accountants or financial advisors for the sole purpose of enabling such advisors to provide advice to the receiving Party or such Affiliates, , or to potential or actual investors or potential or actual acquirers or potential or actual sublicensees in connection with due diligence or similar investigations by such Third Parties on the condition that such advisors or potential or actual investors or potential or actual acquirers or potential or actual sublicensees are bound by confidentiality and non-use obligations consistent with the confidentiality provisions of this Agreement as they apply to the recipient Party.

13. PUBLICATIONS; FILINGS

13.1. Scientific Publications. The Parties acknowledge that scientific publications must be strictly monitored to prevent any adverse effect from premature publication of the Project Results. Except as otherwise set forth in any license agreement executed following exercise of an Option, neither Party shall publish, publicly present or otherwise publicly disclose any data, material, results or other information generated under the Collaboration, except in accordance with this Section 13.1, without the prior written consent of the other Party, not to be unreasonably withheld, delayed, or conditioned. Each Party shall have the right to review any paper proposed for publication by the other Party, including any oral presentation, abstract, poster, manuscript, or other presentation, that contains any data, material, results or other information generated under the Collaboration or that includes Confidential Information of the other Party. Before any such paper is submitted for publication or an oral presentation is made, the publishing or presenting Party (the "Publishing Party") shall deliver to the other Party (the "Reviewing Party") a copy of any such proposed written publication or an outline of an oral disclosure at least [***] days prior to submission for publication or presentation for review. The Reviewing Party shall have the right (a) to require the removal of its Confidential Information or any Project Results from any such publication or presentation by the Publishing Party, or (b) to request a reasonable delay in publication or presentation in order to protect patentable information. If the Reviewing Party requests such a delay, the Publishing Party shall delay submission or presentation for a period of [***] days after its provision of the copy of the proposed publication or disclosure, pursuant to this Section 13.1 to enable patent applications protecting the Reviewing Party's rights.

13.2. Filings. A Party may disclose this Agreement and its terms, in securities filings with the US Securities Exchange Commission (the "SEC") or equivalent foreign agency to the extent required by Applicable Laws after complying, to the extent permitted by Applicable Law, with the procedure set forth in this Section 13.2. In such event, the Party seeking such disclosure shall prepare a draft confidential treatment request and proposed redacted version of this Agreement to request confidential treatment for the redacted portions of this Agreement, and the other Party agrees to promptly (and in any event, within [***] Business Days after receipt of such confidential treatment request and proposed redactions) give its input in a reasonable manner in order to allow the Party seeking disclosure to file its request within the time lines proscribed by Applicable Laws. The Party seeking such disclosure shall reasonably consider any comments thereto provided by the other Party within such [***] Business Day period, and shall use reasonable efforts to obtain confidential treatment of this Agreement from the SEC (or equivalent foreign agency) as represented by the redacted version revised by the other Party.

13.3. Press Releases. Upon execution of this Agreement the Parties will jointly issue a press release announcing the existence of this Collaboration. The Parties will share such press release with each other at least [***] business days before its intended publication and only publish it after receiving the written approval of the other Party. The Parties may issue further press releases without the consent of the other Party as long such press releases only repeat the same information as contained in the initial press release. The Parties will however inform each other prior to publication of such further press releases. Except as required by Applicable Law any other press release or public statement relating to this Agreement or the Projects not only repeating the information comprised by the initial press release shall require prior consultation and the express written consent of the other Party.

14. REPRESENTATIONS, WARRANTIES AND COVENANTS; LIMITATION OF LIABILITY; INDEMNITY

14.1. Mutual Representations and Warranties. Each Party represents and warrants to the other Party as of the Effective Date that:

14.1.1. such Party is duly organized, validly existing and in good standing under the Law of the jurisdiction of its incorporation and has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof;

14.1.2. this Agreement has been duly executed and delivered on behalf of such Party, and constitutes a legal, valid, binding obligation, enforceable against it in accordance with the terms hereof;

14.1.3. the performance of this Agreement by it does not create a breach or default under any other agreement to which it is a party;

14.1.4. the execution, delivery and performance of this Agreement by such Party does not conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which it is bound, nor violate any Applicable Law or regulation of any court, governmental body or administrative or other agency having jurisdiction over such Party;

14.1.5. such Party is authorized to grant the rights and licenses contemplated under this Agreement; and

14.1.6. no government authorization, consent, approval, license, exemption of or filing or registration with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, under any Applicable Law currently in effect, is or will be necessary for, or in connection with, the transaction contemplated by this Agreement or any other agreement or instrument executed in connection herewith, or for the performance by it of its obligations under this Agreement and such other agreements except as may be required to obtain Hart-Scott-Rodino clearance or other clearances as required by other government authorities.

14.2. Mutual Covenants. Each Party hereby covenants to the other Party that:

14.2.1. all employees, of such Party providing services in connection with this Agreement and/or the Projects have in the course of their employment or shall execute agreements requiring assignment to such Party or its designee of all right, title and interest in and to their inventions and discoveries invented or otherwise discovered or generated during the course of and as a result of their association with such Party, whether or not patentable, if any, to such Party as the sole owner thereof,

14.2.2. all of its employees, of such Party providing services in connection with this Agreement and/or the Projects have in the course of their employment or shall execute agreements obligating each such employee to maintain as confidential the Confidential Information of such Party,

14.2.3. such Party shall perform its activities pursuant to this Agreement in compliance with the Applicable Law and institutional policy;

14.2.4. such Party shall not [***] infringe the intellectual property rights of any Third Party in connection with its activities pursuant to this Agreement; and such Party shall not grant any rights to a Third Party which would conflict with its obligations under this Agreement, such as conflict with the rights granted to the other Party hereunder.

14.3. Recursion Representations and Warranties. Recursion hereby represents and warrants to Bayer that as of the Effective Date:

14.3.1. It has right, title and interest to the Recursion Technology, or otherwise has the right to use the Recursion Technology for purposes of the Collaboration, and these rights are not subject to any encumbrance, lien, restriction or claim of any ownership by another party that would conflict with the rights granted to Bayer hereunder, which have not been waived (or will not have been waived) as of the Effective Date of this Agreement or the effective date of the applicable License Agreement, as applicable based on which agreement would conflict with such encumbrance, lien, restriction or claim (such waiver to be evidenced by Recursion by providing respective documentation to Bayer); and

14.3.2. It has investigated its freedom to operate with regard to the Recursion Technology [***], the use of the Recursion Technology within the Collaboration does not infringe any Third Party intellectual property rights.

14.4. DISCLAIMERS. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, NEITHER PARTY MAKES ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND CONCERNING ITS ACTIVITIES UNDER OR RESULTS OF THE PROJECT PLAN AND THE PARTIES HEREBY DISCLAIM ALL FURTHER REPRESENTATIONS AND WARRANTIES,

EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS OF ITSELF OR THIRD PARTIES, VALIDITY, ENFORCEABILITY AND SCOPE OF PATENT RIGHTS, VALIDITY OF PATENT RIGHTS CLAIMS, WHETHER ISSUED OR PENDING, AND THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE.

14.5. LIMITATION OF LIABILITY. EXCEPT FOR THE INDEMNIFICATION OBLIGATION HEREUNDER AND WITH RESPECT TO ANY BREACH OF ARTICLE 12, NEITHER PARTY, THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, AND AFFILIATED INVESTIGATORS SHALL BE LIABLE TO THE OTHER WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT FOR ANY INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING INCIDENTAL, ECONOMIC DAMAGES OR INJURY TO PROPERTY AND LOST PROFITS, EVEN IF SUCH PARTY HAS BEEN INFORMED, SHOULD HAVE KNOWN OR IN FACT KNEW OF THE POSSIBILITY OF SUCH DAMAGES; PROVIDED THAT THIS SECTION 14.4 SHALL NOT APPLY TO THE PARTIES' INDEMNIFICATION RIGHTS AND OBLIGATIONS UNDER SECTION 14.6 and 14.7.

14.6. Bayer Indemnity. Bayer shall indemnify, defend, and hold harmless Recursion and its Affiliates, and their respective directors, officers, employees, trustees, and their respective successors, heirs and assigns (the "Recursion Indemnitees"), against any Losses incurred by or imposed upon any of the Recursion Indemnitees in connection with any claims, suits, investigations, actions, demands from or by a Third Party or respective judgments to the extent arising out of or related to (i) Bayer's use of Project Results, or the negligent exercise of any rights under this Agreement, (ii) any breach of this Agreement, including but not limited to any representation, warranty or covenant set forth herein, by Bayer or (iii) Bayer's negligence or willful misconduct under this Agreement, except, in each case, to the extent that the respective Losses are caused by the negligence or willful misconduct of Recursion or any Recursion Indemnitees.

14.7. Recursion Indemnity. Recursion shall indemnify, defend, and hold harmless Bayer and its Affiliates, and their respective directors, officers, employees, (the "Bayer Indemnitees"), against any Losses incurred by or imposed upon any of the Bayer Indemnitees in connection with any claims, suits, investigations, actions, demands from or by a Third Party or respective judgments to the extent arising out of or related to (i) Recursion's use of Project Results, or the negligent exercise of any rights under this Agreement, (ii) any breach of this Agreement, including but not limited to any representation, warranty or covenant set forth herein, by Recursion or (iii) Recursion's negligence or willful misconduct under this Agreement, except, in each case, to the extent that the respective Losses are caused by the negligence or willful misconduct of any Bayer Indemnitees.

14.8. Procedures. The Indemnitee agrees to provide the Indemnifying Party with prompt written notice of any claim, suit, action, demand, or judgment for which indemnification is sought under this Agreement; provided that, an Indemnitee's failure to do so shall not affect the rights of such Indemnitee unless, and then only to the extent that, such delay or failure is prejudicial to or otherwise adversely affects the Indemnifying Party. The Indemnifying Party agrees, at its own expense, to provide attorneys reasonably acceptable to the Indemnitee to defend against any such claim. The Indemnitee shall cooperate with the Indemnifying Party in such defense and shall permit the Indemnifying Party to conduct and control such defense and the disposition of such claim, suit, or action (including all decisions relative to litigation, appeal, and settlement). The Indemnitee shall have the right to retain its own counsel, at its own expense. The Indemnifying Party agrees to keep the Indemnitee informed of the progress in the defense and disposition of such claim and to consult with the Indemnitee with regard to any proposed settlement.

14.9. Settlement. Notwithstanding anything to the contrary in this Agreement, the Indemnifying Party shall not enter into any settlement, consent judgment, or other voluntary final disposition of any claim that has an adverse effect on the rights of any Indemnitee(s) hereunder or on the Project IP Rights, or admits any wrongdoing or fault by any Indemnitee(s), or imposes on any Indemnitee(s) any payment or other liability, without the prior written consent of the Indemnitee, provided however, that such consent shall not be unreasonably withheld.

14.10. Insurance. The Parties hereby agree to maintain a program of insurance and/or self-insurance which is prudent and adequate to address any claim or liability which may arise out of the performance of their obligations pursuant to this Agreement.

15. TERM AND TERMINATION

15.1. Collaboration Term. This Agreement shall commence as of the Effective Date and, unless sooner terminated in accordance with the terms hereof or by mutual written consent, shall continue until the expiration of all Project Terms ("Collaboration Term").

15.2. Termination by Bayer for Convenience. Bayer may, without cause and for any reason, terminate a Project by providing [***] days advance notice. Upon receipt of the termination notice, both Parties shall promptly discuss wind-down activities for the respective Project.

15.3. Termination for Breach. In the event of any material breach by a Party of this Agreement, the other Party shall have the right to terminate the respective Project or, if the material breach is of a general nature that impacts the Collaboration as a whole, to terminate this Agreement upon delivery of a written termination notice to the breaching Party, provided that the terminating Party gave in advance written notice of such breach to the breaching Party specifying the nature of the alleged breach and that the breaching Party did not cure the breach within [***] days after its receipt of the notice of breach. Notwithstanding the foregoing, the Party receiving a notice of breach pursuant to this Section 15.3 may dispute the existence or materiality of such breach in good faith, in which case the cure period set forth above shall be tolled pending the resolution of such dispute pursuant to Article 16 below.

15.4. Consequence of Termination of this Agreement. In the event that this Agreement is terminated,

(i) By Bayer in accordance with Section 15.2, [***].

(ii) By Bayer in accordance with Section 15.3, [***].

(iii) By Recursion in accordance with Section 15.3, [***].

(iv) For clarity, nothing in this Section 15.4 shall grant either Party rights to use the Project Results within the scope of an Option that it declined to exercise prior to such termination, or amend the terms of any License Agreement (or license agreement executed as a result of Recursion's exercise of the Recursion Option) entered into prior to such termination.

15.5. Bankruptcy. Either Party may, but is not required to, terminate this Agreement if, at any time, the other Party shall file in any court or agency pursuant to any statute or regulation of any state, country or jurisdiction, a petition in bankruptcy or insolvency or for reorganization or for an arrangement or for the appointment of a receiver or trustee of that Party or of its assets, or if the other Party proposes a written agreement of composition, or if the other Party shall be served with an involuntary petition against it, filed in any insolvency proceeding, and such petition shall not be dismissed within sixty (60) days after the filing thereof, or if the other Party shall propose or be a party to any dissolution or liquidation of such Party, or if the other Party shall make an assignment of substantially all of its assets for the benefit of its creditors other than in the ordinary course of business. All rights and licenses granted under or pursuant to this Agreement by one Party to the other are, for all purposes of Section 365(n) of Title 11 of the United States Code ("Title 11"), licenses of rights to "intellectual property" as defined in Title 11, and, in the event that a case under Title 11 is commenced by or against either Party, the other Party shall have all of the rights set forth in Section 365(n) of Title 11 to the maximum extent permitted thereby.

15.6. Accrued Rights. Expiration or termination of this Agreement (or any provision hereof) for any reason shall be without prejudice to any right that shall have accrued to the benefit of a Party prior to such expiration or termination, including damages arising from any breach under this Agreement. Expiration or termination of this Agreement shall not relieve a Party from any obligation that is expressly indicated to survive such expiration or termination.

15.7. Survival. The termination or expiration of this Agreement shall not affect any executed License Agreement, license agreement executed in support of a Recursion Option, or the obligations under Sections 1, 3.7, 3.10 (for the period of time set forth therein), 3.11 (for the period of time set forth therein), 7, 9, 10.2-10.4, 12 (for the period of time set forth therein), 14.4-14.10, 15, 16, and 17 of this Agreement and all other obligations under this Agreement, which by their very nature are intended to survive such termination or expiration.

16. DISPUTE RESOLUTION

16.1. Mandatory Procedures. The Parties agree that any dispute arising out of or relating to this Agreement, including its termination, (a "Dispute") shall be resolved solely by means of the procedures set forth in this Section 16, and that such procedures constitute legally binding obligations that are an essential provision of this Agreement.

16.2. Preliminary Injunctions. Notwithstanding anything in this Agreement, including Section 16.3, to the contrary, a Party may, at any time, seek a temporary restraining order or a preliminary injunction from any court of competent jurisdiction in order to prevent immediate and irreparable injury, loss, or damage on a provisional basis, pending the decision of the arbitrator(s) or experts on the ultimate merits of any dispute.

16.3. Dispute Resolution Procedure. In the event of a Dispute, the Parties shall first attempt in good faith to resolve such Dispute as follows: either Party can refer the matter to senior representatives of each Party for resolution. Such individuals shall convene for a meeting (by audio or video conference or in presence) and shall endeavor in good faith to resolve such matter within thirty (30) Business Days following such referral. If the Dispute remains unresolved after good faith efforts, either Party may initiate proceedings in accordance with the following paragraphs of this Article 16. For clarity, Disputes shall not include matters within the JSC's authority, which shall be resolved in accordance with Sections 4.5 and 4.6.

16.4. Arbitration.

16.4.1. Subject to Sections 16.5 and 16.6 any Disputes shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by a panel of three arbitrators appointed in accordance with the said Rules, save that the third arbitrator, who will act as president of the arbitral tribunal, shall not be appointed by the International Court of Arbitration, but by the two arbitrators which have been appointed by either of the Parties in accordance with Article 12 para 4 of said Rules.

16.4.2. The place of arbitration shall be New York, New York, U.S., and the language to be used in any such proceeding (and for all testimony, evidence and written documentation) shall be English. The IBA Rules on the Taking of Evidence in International Arbitration shall apply on any evidence to be taken up in the arbitration.

16.4.3. Without limiting any other remedies that may be available under law, the arbitrator(s) shall have no authority to award punitive damages.

16.5. Patent Disputes. Notwithstanding anything in this Agreement to the contrary, any and all issues regarding the validity and enforceability of any Patent ("Patent Matters") shall be determined in a court or other tribunal, as the case may be, of competent jurisdiction under the applicable patent laws of such country with a jury trial being however excluded. If such Dispute involves both Patent Matters and other matters, the arbitrators or experts as applicable will have the right to stay the arbitration until determination of Patent Matters material to the resolution of the Dispute as to other matters is resolved.

16.6. Expert Determination for Specific Matters. Subject to Section 16.5 and notwithstanding Section 16.4, the Parties may, but are not required to, mutually agree to submit any Dispute which subject matter relates to a scientific or technical assessment or the determination of the amount of royalty payments or a license fee to administered expert proceedings in accordance with the Rules for the Administration of Expert Proceedings of the International Chamber of Commerce. The Parties agree that in such case the findings of the expert shall be contractually binding upon them in the absence of manifest error or fraud and that they will agree with the expert on the terms of his appointment.

16.7. Performance to Continue. Unless this Agreement is terminated in accordance with Section 15, each Party shall continue to perform its undisputed obligations under this Agreement pending final resolution of any dispute arising out of or relating to this Agreement; provided, however, that a Party may suspend performance of its undisputed obligations during any period in which the other Party fails or refuses to perform its undisputed obligations or during any period in which the issue in dispute is payments due under this Agreement.

17. MISCELLANEOUS

17.1. Notice. Any notices to be given hereunder shall be in writing and shall be either delivered by hand or sent postage prepaid by certified mail or via an internationally recognized courier service and addressed to the other Party's address provided below or at such other address for which such Party gives notice hereunder.

If to RECURSION:	Recursion Pharmaceuticals, Inc. 41 S Rio Grande Street Salt Lake City, UT 84101 Attention: [***] E-mail: [***]@recursionpharma.com Tel: [***] With a copy to: Wilson Sonsini Goodrich & Rosati 28 State Street Boston, MA 02109 E-mail: [***]@wsgr.com Fax: [***] Tel: [***]
If to Bayer AG:	Bayer AG Head of Preclinical Research Attention: [***] [***] Germany And with a copy to Head of Law BP Pharmaceuticals Research & Development Attention: [***] [***] Germany

All notices under this Agreement shall be deemed effective upon receipt. A Party may change its contact information immediately upon written notice to the other Party in the manner provided in this Section.

17.2. Non-Use of Name. Except as set forth in Sections 13, neither Party shall use the name, insignia, symbol, trademark, trade name or logotype or any variation, adaptation, or abbreviation thereof, of the other Party or its Affiliates, its directors, officers, staff, employees, agents, or affiliated investigators in any manner, without limitation, in promotional material or other public announcement or disclosure, or through any other form of media, written or oral, without the prior written consent of the other Party, which consent the other Party may withhold in its sole discretion, with the exception(s) for disclosures pursuant to Applicable Law. Notwithstanding the foregoing, each Party shall be permitted to identify the other Party as a collaborator and display the other Party's logo on its website subject to compliance with any trademark guidelines provided by the other Party and a separate written declaration of consent pursuant to such guidelines.

17.3. Governing Law. This Agreement and all disputes arising out of or related to this Agreement, or the performance, enforcement, breach or termination hereof, and any remedies relating thereto, shall be construed, governed, interpreted and applied in accordance with the laws of the State of New York, without regard to its conflict of laws principles, except that questions affecting the construction and effect of any patent shall be determined by the law of the country in which the patent shall have been granted.

17.4. Assignment.

17.4.1. Except as expressly permitted in this Agreement, neither Party shall assign, delegate, or subcontract any of its rights or obligations under this Agreement without the prior written consent of the other Party. Any attempted assignment in contravention of this Section 17.4.1 shall be null and void.

17.4.2. Notwithstanding the foregoing, each Party may, without the consent of the other Party, assign or transfer all of its rights and obligations hereunder to an Affiliate or to a successor in interest by reason of merger or consolidation or sale of all or substantially all of the assets of such Party relating to the subject matter of this Agreement, provided however, that (i) such successor in interest or Affiliate shall have agreed as of such assignment or transfer to be bound by the terms of this Agreement in a writing provided to the non-assigning Party, and (ii) where this Agreement is assigned or transferred to an Affiliate, the assigning Party remains responsible for the performance of this Agreement.

17.5. Amendment and Waiver. No amendment, modification, or waiver of the terms of this Agreement shall be binding on either Party unless reduced to writing and signed by an authorized representative of both Parties. The failure of either Party at any time or times to require performance of any provision hereof shall in no manner affect its rights at a later time to enforce the same. No waiver by either Party of any condition or term shall be deemed as a further or continuing waiver of such condition or term or of any other condition or term.

17.6. Independent Contractors. It is understood and agreed that the relationship between the Parties is that of independent contractors and that nothing in this Agreement shall be construed as authorization for either Party to act as agent for the other. Nothing herein contained shall be deemed to create an employment, agency, joint venture or partnership relationship between the Parties or any of their agents or employees for any purpose, including tax purposes, or to create any other legal arrangement that would impose liability upon one Party for the act or failure to act of the other Party. Neither Party shall have any express or implied power to enter into any contracts or commitments or to incur any liabilities in the name of, or on behalf of, the other Party, or to bind the other Party in any respect whatsoever.

17.7. Severability. In the event that any provision of this Agreement shall be held invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect any other provision of this Agreement, and the Parties shall negotiate in good faith to modify this Agreement to preserve (to the extent possible) their original intent.

17.8. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

17.9. Interpretation. All headings are for convenience only and shall not affect the meaning of any provision of this Agreement. The Parties acknowledge that each Party has read and negotiated the language used in this Agreement. Because both Parties participated in negotiating and drafting this Agreement, no rule of construction shall apply to this Agreement which construes ambiguous language in favor of or against any Party by reason of that Party's role in drafting this Agreement. Except where the context expressly requires otherwise, (a) the use of any gender herein will be deemed to encompass references to any gender, and the use of the singular will be deemed to

include the plural (and vice versa), (b) the words “include”, “includes” and “including” will be deemed to be followed by the phrase “without limitation”, (c) the word “will” will be construed to have the same meaning and effect as the word “shall”, (d) any definition of or reference to any agreement, instrument or other document herein will be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (e) any reference herein to any Person will be construed to include the Person’s successors and permitted assigns, (f) the words “herein”, “hereof” and “hereunder”, and words of similar import, will be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (g) all references herein to section, attachments, appendices, exhibits or the like will be construed to refer to sections, attachments, appendices, exhibits or the like of this Agreement, and references to this Agreement include all attachments, appendices, exhibits or the like attached hereto, (h) references to any Applicable Law, rule or regulation, or article, section or other division thereof, will be deemed to include the then-current amendments thereto or any replacement or successor Applicable Law, rule or regulation thereof and (i) the term “or” will be interpreted in the inclusive sense commonly associated with the term “and/or”.

17.10. No Referrals. The Parties expressly acknowledge that the compensation payable hereunder is fair market value for the services rendered, and that nothing contained herein shall require referrals for orders or services between the Parties. Neither Party will knowingly or intentionally conduct itself in such a manner as to violate any federal or state law, rule or regulation applicable to the services rendered hereunder, including but not limited to any fraud and abuse provisions relating to the Medicare and Medicaid Programs. The Parties also agree that the benefits to either Party hereunder do not require, are not payment for, and are not in any way contingent upon the admission, referral, or other arrangement for the provision of any item or service reimbursed under Medicare or Medicaid/TennCare.

17.11. Entire Agreement. This Agreement (including any attachments, appendices, exhibits or the like) constitutes the entire agreement between the Parties with respect to its subject matter and supersedes all prior agreements or understandings between the Parties relating to its subject matter.

17.12. Counterparts. This Agreement may be executed in counterparts, including by electronic scan copies, each of which counterparts, when so executed and delivered, shall be deemed to be an original, and all of which counterparts, taken together, shall constitute one and the same instrument.

17.13. Export Control. It is understood that the Parties are subject to United States laws and regulations controlling the export of technical data, computer software, laboratory prototypes and other commodities, and that its obligations hereunder are contingent on compliance with applicable U.S. export laws and regulations, including the Export Administration Regulations (“EAR”) (15 C.F.R. §730-744), the International Traffic in Arms Regulations (“ITAR”) (22 C.F.R. § 120-130), and the economic sanctions programs administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) (as set forth in 31 C.F.R. §500-598 and certain executive orders). The transfer of any such technology and items and the entering into and provision of such transactions and services that are subject to restrictions may require a license or authorization from the cognizant agency of the United States Government, and/or may require written assurances by the receiving Party that it shall not re-export such Technology and items to certain foreign destinations and/or to certain recipients without prior approval of the cognizant government agency, and/or may require that the involved individuals and entities will comply with conditions on transactions and services. While Recursion agrees to cooperate in securing any license which the cognizant agency deems necessary in connection with this Agreement, Recursion cannot guarantee that such licenses will be granted. No Party shall share or disclose information, materials, or technology with any person, party or location in Cuba, Iran, North Korea, Sudan, Syria, the Crimea region of the Ukraine or any other country or territory subject to U.S. trade sanctions, as listed at https://www.treasury.gov/resourcecenter/sanctions/Programs/Pages/Programs.aspx.

Appendices:

Appendix 1: Collaboration Plan

Appendix 2: License Agreement (Lead Series)

Appendix 3: License Agreement (Development Candidate)

Appendix 4: Project Plan Template

Appendix 5: IT Security Measures

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the date first written above.

Recursion Inc.

By: */s/ Chris Gibson*

Name: Chris Gibson, PhD
Title: Co-Founder and CEO

By: */s/ Shafique Virani*

Name: Shafique Virani, MD, FRCS
Title: Chief Corporate Development Officer

Bayer AG

By (ppa.) */s/ Authorized Signatory*

Name: [***]
Title: Head of Preclinical Research

By (ppa.) */s/ Authorized Signatory*

Name: [***]
Title: Head of Small Molecule Innovation

Appendix 1

Summary:

An outline of the general tasks to be undertaken by the Parties, in furtherance of the of the objective of developing lead candidates and development candidates for the individual projects in the area of Fibrosis. These tasks include compound management for the compound libraries supplied by both Parties, development of screening hypotheses and corresponding primary screening assays for each project, preparation of a detailed project plan based on the hypotheses and primary screening assay, screening of compounds, hit detection and selection, advancement into validation, lead candidate development and optimization, and target deconvolution.

[***]

Appendix 2
License Agreement (Lead Series)

CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THIS DOCUMENT BECAUSE IT IS NOT MATERIAL AND (I) WOULD BE COMPETITIVELY HARMFUL TO THE REGISTRANT IF PUBLICLY DISCLOSED OR (II) IS INFORMATION THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. SUCH INFORMATION HAS BEEN MARKED WITH "[***]" TO INDICATE WHERE OMISSIONS HAVE BEEN MADE.

Appendix

Research Collaboration and Option Agreement

FORM OF

LICENSE AGREEMENT

Lead Series Option

[Exhibit Follows]

LICENSE AGREEMENT

by and between

RECURSION PHARMACEUTICALS, INC.

and

BAYER AG

[DATE]

TABLE OF CONTENTS

THIS LICENSE AGREEMENT (the "**Agreement**"), dated as of _____ (the "**Effective Date of this Agreement**"), is made by and between Recursion Pharmaceuticals, Inc, a Delaware corporation with offices at 41 S Rio Grande Street, Salt Lake City, UT 84101 ("**Recursion**") and Bayer AG, a German corporation, with offices at Müllerstrasse 178, 13353 Berlin, Germany ("**Bayer**"). Each of Recursion and Bayer may be referred to herein as a "**Party**" or together as the "**Parties**".

RECITALS

WHEREAS, Recursion and Bayer have concluded a Research Collaboration and Option Agreement (hereinafter the "**Collaboration Agreement**") dated as of [….], to conduct research projects with the aim to discover and improve drug products in the fibrosis disease field, all in accordance with the terms and conditions set forth therein;

WHEREAS, Bayer timely and effectively exercised the Bayer Lead Series Option granted to Bayer under Section 8 of the Collaboration Agreement with respect to the Project (as defined below);

NOW, THEREFORE, the Parties hereby agree as follows:

1. DEFINITIONS

All references to particular Exhibits or Sections shall mean the Exhibits attached hereto and the Sections set forth in this Agreement, unless otherwise specified. Any reference herein to any defined term shall include both the singular and the plural, whether or not both forms are included in the reference. For purposes of this Agreement and the Exhibits attached hereto, the following terms (and their correlatives), in addition to terms defined on first use in this Agreement, have the meanings set forth in this Section 1 below. Terms with a capital initial letter which are not defined in this Agreement shall have the meaning given to them in the Collaboration Agreement.

1.1 "Accounting Standards" means the maintenance of records and books of accounts in accordance with Generally Accepted Accounting Principles (GAAP), when in reference to Recursion, and those accounting standards used in accordance with the accounting standards IFRS/IAS, when in reference to Bayer, which standards or principles (as applicable) are currently used at the relevant time, and consistently applied by the applicable Party.

1.2 “Achievement of Development Candidate Criteria” means a decision of the Bayer committee which is responsible to take such decision according to the internal guidelines of Bayer that a Licensed Project Compound or a Derivative fulfills Development Candidate Criteria and that GLP toxicology studies shall be started.

1.3 “Active” means, with regard to a compound, that it has a potency below [***] (or another threshold as agreed upon by the Parties in accordance with the Collaboration Agreement, such other threshold to be further specified in Exhibit C) in the [***] or with regard to the respective [***], as applicable.

1.4 “Affiliate” shall mean any business entity controlled by, controlling, or under common control with a Party hereto. For the purpose of this definition, a business entity shall be deemed to “control” another business entity, if it (i) owns directly or indirectly, more than fifty percent (50%) of the outstanding voting securities, capital stock, or other comparable equity or ownership interest of such business entity having the power to vote on or direct the affairs of such business entity, as applicable (or such lesser percentage which is the maximum allowed to be owned by a foreign corporation in a particular jurisdiction), or (ii) possesses, directly or indirectly, the power to direct or cause the direction of the policies and management of such business entity, as applicable, whether by the ownership of stock, by contract or otherwise.

1.5 “Agreement” has the meaning given in the preamble of this Agreement.

1.6 “Applicable Law” means all applicable laws, Accounting Standards, rules and regulations (including any rules, regulations or other requirements of the regulatory authorities) that may be in effect from time to time.

1.7 “Background IP Rights” means all Intellectual Property Rights listed in EXHIBIT D.

1.8 “Background Know-How” means all Know-How that is listed in EXHIBIT D.

1.9 “Bayer” has the meaning given in the preamble of this Agreement.

1.10 “Bayer Indemnitees” has the meaning given in Section 10.2 of this Agreement.

1.11 “Bayer Lead Series Option” has the meaning given in Section 8.1 of the Collaboration Agreement.

1.12 “Business Day” shall mean any day other than a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in Salt Lake City USA, or Wuppertal or Berlin, Germany.

1.13 “Calendar Quarter” means a period of three (3) consecutive months corresponding to the calendar quarters commencing on the first day of January, April, July or October, or any partial period thereof immediately following the Effective Date of this Agreement or immediately prior to the termination or expiration of this Agreement.

1.14 “Calendar Year” means a period of twelve (12) consecutive months corresponding to the calendar year commencing on the first day of January, or any partial period thereof immediately following the Effective Date of this Agreement or immediately prior to the termination or expiration of this Agreement.

1.15 “Collaboration Agreement” has the meaning given in the recitals above.

1.16 “Combination Product” means a product for use in the Field sold in a single SKU for a single selling price, wherein such product utilizes, contains, incorporates or is made through use of one or more Licensed Project Compound(s), Enabled Compounds or Product(s) in combination with one or more other active ingredients or pharmaceutical products, that are not Licensed Project Compounds, Enabled Compounds or Products, and are not required for the function of the included Licensed Project Compound(s), Enabled Compound or Product(s). A Combination Product is deemed included within Product, when that defined term is used herein.

1.17 “Commercially Reasonable Efforts” hereunder means [***].

1.18 “Compound(s)” means a small molecule or peptide.

1.19 “Confidential Information” as used herein has the meaning given in Section 11.1 of this Agreement.

1.20 “Control” means, as to any Know-How, Intellectual Property Right, or Material, the possession (whether by ownership or license, other than by a license granted pursuant to this Agreement) by a Party or its Affiliates of the ability to grant to the other Party access, ownership, a license or a sublicense as required herein to such Know-How, Intellectual Property Right, or Material without (i) violating the terms of any agreement or other arrangement with any Third Party in existence as of the time such Party or its Affiliates would first be required hereunder to grant the other Party such access, ownership, license or sublicense, and (ii) violating any Applicable Law. “Controlled”, “Controls” and “Controlling” have their correlative meanings.

1.21 “Cover” means, with respect to a particular subject matter in a particular country and a Patent, that the manufacture, use, sale or importation of such subject matter, as applicable, in such country would, but for a license under or joint ownership right in such Patent, infringe a Valid Claim of such Patent.

1.22 “Created” means with respect to non-patent related matters conceived, made or otherwise created; and with respect to patent related matters invented, made or reduced to practice. “Create” and “Creating” have their correlative meanings.

1.23 “Deconvoluted Target” means, with respect to the Licensed Rights, a target that was deconvoluted under the Project and which is further specified in Exhibit C.

1.24 “Derivative” means a Compound which is (i) derived from a Licensed Project Compound within [***] years after the Effective Date of this Agreement and that is generated in the course of further lead optimization of a Lead Series within the Licensed Project Compounds and (ii) which is Active [***].

1.25 “Derivative Patent” means IP Rights Created, or filed, by Bayer, its Affiliate or Sublicensee after the Project and claiming a Licensed Project Compound and / or a Derivative as such or a method of use of such a Licensed Project Compound or Derivative thereof.

1.26 “Disclosing Party” as used hereunder has the meaning given in Section 11.1 of this Agreement.

1.27 “Dispute” has the meaning given in Section 14.1 of this Agreement.

1.28 “Domain Names” means any domain name identical or similar with the Trademarks under any ccTLD (country code Top Level Domain) and gTLD (generic Top Level Domain) address area.

1.29 “Double Tax Treaty” has the meaning given in Section 7.7 of this Agreement.

1.30 “Effective Date of this Agreement” has the meaning given in the preamble of this Agreement.

1.31 “EMA” means the European Medicines Agency or any successor agency thereto.

1.32 “Enabled Compound” shall mean a Compound, that is (i) Active [***], and (ii) [***].

1.33 “Enabled Product” means any product for use in Fibrosis containing an Enabled Compound, [***].

1.34 “European Union” means the European Union as it exists as of the Effective Date of this Agreement, together with the United Kingdom and any countries or territories that subsequently join the European Union. For clarity, any countries or territories that exit the European Union after the Effective Date of this Agreement shall remain part of the European Union for purposes of this Agreement.

1.35 “FDA” means the U.S. Food and Drug Administration, or any successor agency thereto.

1.36 “Fibrosis” means any disease or indication for which fibrosis is the primary pathophysiology.

1.37 “Field” means any and all therapeutic indications and uses for humans and animals and diagnostic uses, including – without limitation – the use as in vitro diagnostics and biomarkers.

1.38 “First Commercial Sale” means the first sale of a Product by Bayer and/or its Affiliates and/or its Sublicensee (as applicable) to a Third Party in any country of the Territory after grant of a Marketing Authorization and pricing approval as applicable in the applicable country or jurisdiction. For the avoidance of doubt, supply of a Product to patients for compassionate use, named patient use, clinical trials or other similar purposes prior to regulatory approval shall not be considered a First Commercial Sale.

1.39 “Generic Product” means, with respect to a Product being sold in any country, a product that contains the same active pharmaceutical ingredient as such Product, regardless of the polymorphic, salt or solvate form of said active ingredient, and the dosage and formulation of such product, which is approved in such country for sale in reliance on a prior approval of such Product by the applicable Regulatory Authority, under Section 505(j) of the Federal Food, Drug and Cosmetic Act or 42 U.S.C. §§ 262(i)(2) and (k) or under Art. 10 Dir 2001/83/EC or Art. 10a Dir. 2001/83 in the version current at the time of approval of such Product,, or in each case, any successor, foreign or equivalent Applicable Law, by way of an abbreviated or expedited approval process, pursuant to which such product is determined to be equivalent to the applicable Product by the applicable Regulatory Authority. A product shall not be considered to be a Generic Product if (a) Bayer or any of its Affiliates or Sublicensees is or was involved in, or granted such Third Party rights with respect to, the development or commercialization of such product, or (b) such product is commercialized by any Third Party who obtained such product in a chain of distribution that included Bayer or any of its Affiliates or any sublicensee engaged or entrusted by Bayer or its Affiliates to (directly or indirectly) sell such product.

1.40 “Intellectual Property Rights” or “IP Rights” means trade secrets protectable under Applicable Law, copyrights, Patents and other registered intellectual property rights including registered trademarks, trade names and domain names.

1.41 “Know-How” means all confidential commercial, technical, scientific and other information, unpatented inventions (whether patentable or not and excluding Materials), knowledge, technology, methods, processes, practices, formulae, instructions, skills, techniques, procedures, experiences, ideas, technical assistance, designs, drawings, assembly procedures, computer programs, specifications, data and results (including biological, chemical, pharmacological, toxicological, pharmaceutical, physical and analytical, pre-clinical, clinical, safety, manufacturing and quality control data and know-how, including study designs and protocols), in all cases whether in written, electronic or any other tangible or non-tangible form, including information related to Materials, samples, assays, compounds, compositions or formulations.

1.42 “Licensed Project Know-How” means the Project Know-How which is listed in EXHIBIT C of this Agreement.

1.43 “Licensed Project Compound(s)” means the Project Compound(s) listed in EXHIBIT E.

1.44 “Licensed Project IP Rights” means the Project IP Rights listed in EXHIBIT B.

1.45 “Licensed Project Patents” means Licensed Project IP Rights that are Patents, together with all Patents claiming priority thereto or foreign equivalents thereof and all Derivative Patents.

1.46 “Licensed Rights” means the Licensed Project Compounds, Licensed Project IP Rights and Licensed Project Know-How.

1.47 “Losses” means claims, demands, liability, damage, loss, or expense (including reasonable attorneys’ fees and expenses).

1.48 “Marketing Authorization” means any approval, license, registration or authorization required from the relevant Regulatory Authority to market and sell the Product in a particular country or jurisdiction.

1.49 “Net Receipts” means all money or money’s worth paid to Bayer or its Affiliates by Bayer’s or its Affiliates’ Sublicensees or other parties granted a compulsory license in accordance with Section 6.6 including, but not limited to, licensing fees, upfront and milestone payments, and royalties, less sales, value-added and excise taxes.

1.50 “Net Sales” means the gross amount [***] for sales of a Product (or Combination Product) to Third Parties less customary and reasonable deductions like: value-added tax or customs duties; allowances or credits upon rejections or returns of Product (or Combination Product), including recalls or damaged goods; quantity, early payment, cash settlement and other trade discounts; rebates, chargebacks or premiums; fees, discounts or other charges paid as required by government or public healthcare legislation, as reasonably allocated to the Product; and a [***] percent ([***]%) lump sum of the gross amount invoiced to cover transportation, freight, insurance, distribution, shipping, packaging and handling costs as well as a [***] percent ([***]%) lump sum of the gross amount invoiced to cover bad debt charges.

In the event that a Product is sold in the form of a Combination Product, then, for the purpose of calculating royalties due, Net Sales will be adjusted by multiplying Net Sales of such Combination Product (as calculated in accordance with the first paragraph of this Section 1.50) by the fraction A/(A+B) where A is the gross per unit invoice price of the Product, if sold separately, and B is the gross per unit invoice price of all other active ingredient(s) in the combination, if sold separately.

If, on a country-by-country basis, the other active ingredient(s) in the combination are not sold separately in that country, Net Sales will be adjusted by multiplying by the fraction A/C where A is the gross per unit invoice price of the Product, if sold separately, and C is the gross per unit invoice price of the Combination Product. In each case, the gross per unit invoice price shall be those applicable during the relevant Quarter. If sales of both the Product and the other active ingredient(s) in the same formulation and dosage in a comparable indication did not occur in such Quarter, in such country, or on a country-by-country basis, neither the Product nor the other active ingredient(s) of the Combination Product are sold separately in such country, then the fraction by which the Net Sales value shall be multiplied shall be determined between the Parties in good faith.

1.51 “Option Exercise Fee” has the meaning given in Section 3.1 of this Agreement.

1.52 “Quarterly Report” has the meaning given in Section 6.5 of this Agreement.

1.53 “Party” and “Parties” have the meanings given in the preamble to this Agreement.

1.54 “Patents” means (a) all national, regional and international patents and patent applications filed in any country of the world including provisional patent applications, (b) all patents and patent applications filed either from such patents, patent applications or provisional applications, including any continuations, continuations-in part which are limited to the subject matter directly related to the

subject matter of the original patent application, divisions, provisionals, converted provisionals and continued prosecution applications, or any substitute applications, (c) any patent issued with respect to or in the future issued from any such patent applications, (d) any and all extensions or restorations by existing or future extension or restoration mechanisms, including reissues, re-examinations and extensions (including any supplementary protection certificates, patent term extensions and the like) of the foregoing patents and (e) any utility models, design patents or similar rights, and all foreign counterparts of any of the foregoing.

1.55 "Patent Matters" has the meaning given in Section 14.5 of this Agreement.

1.56 "Person" means an individual, and any form of legally recognized entity, including, without limitation, a corporation, limited liability company, association, joint stock company, trust, or governmental entity.

1.57 "Phase 1 Clinical Trial" means a human clinical trial of a Product, the principal purpose of which is to determine initial tolerance or safety of such Product in the target patient population, or in the United States, is otherwise consistent with a human clinical trial as described in 21 CFR 312.21(a), or, in a country other than the United States, a similar clinical study prescribed by the applicable Regulatory Authority. With respect to the milestone payments set forth in Section 4, a Phase 1 Clinical Trial shall be deemed started upon the first dosing of the first subject of the first Phase 1 Clinical Trial.

1.58 "Phase 2 Clinical Trial" means a human clinical trial of a Product, the principal purpose of which is to evaluate the effectiveness of such Product in the target patient population, or in the United States, is otherwise consistent with a human clinical trial as described in 21 CFR 312.21(b), or, in a country other than the United States, a similar clinical study prescribed by the applicable Regulatory Authority. With respect to the milestone payments set forth in Section 4, a Phase 2 Clinical Trial shall be deemed started upon the first dosing of the first subject of the first Phase 2 Clinical Trial.

1.59 "Phase 3 Clinical Trial" means a human clinical trial of a Product, on a sufficient number of subjects that is designed to:

(i) evaluate overall benefit risk profile;

(ii) define possible warnings, precautions and adverse reactions that are associated with such Product in the dosage range to be prescribed; and

(iii) support Marketing Authorization of such Product; or is otherwise consistent with in the United States, a human clinical trial as described in 21 CFR 312.21(c), or, in a country other than the United States, a similar clinical study prescribed by the applicable Regulatory Authority.

With respect to the milestone payments set forth in Section 4, a Phase 3 Clinical Trial shall be deemed started upon the first dosing of the first subject of the first Phase 3 Clinical Trial.

1.60 “Primary Screening Assay” means, with respect to the Licensed Rights, an assay [***] which is listed in Exhibit C.

1.61 “Product” means any Project Product or Enabled Product, as the case may be.

1.62 “Project” means the Project under the Collaboration Agreement specifically identified in EXHIBIT A.

1.63 “Project Product” any product for use in the Field containing a Licensed Project Compound or a Derivative, in any and all dosage forms, formulations, presentations, administrations, line extensions and package configurations.

1.64 “Receiving Party” as used hereunder has the meaning given in Section 11.1 of this Agreement.

1.65 “Recursion” has the meaning given in the preamble.

1.66 “Recursion Indemnitees” has the meaning given in Section 10.1 of this Agreement.

1.67 “Regulatory Authority” means the FDA, the EMA or any supranational, national or local agency, authority, department, inspectorate, ministry official, parliament or public or statutory person of any government of any country having jurisdiction over any of the activities contemplated by this Agreement or the Parties, or any successor bodies thereto.

1.68 “Regulatory Exclusivity” means, with respect to a Product in a country, any period of data, market or other regulatory exclusivity (other than Patent exclusivity) granted or afforded by Applicable Law or by a Regulatory Authority in such country that confers exclusive marketing rights with respect to such Product in such country or prevents another party from using or otherwise relying on any data supporting the approval of the Marketing Authorization for such Product.

1.69 “Reversion Technology” means, with respect to a Product under development or commercialization by Bayer at, or prior to, the time of termination, any Patents or Know-How Controlled by Bayer or any of its Affiliates as of the effective date of termination of this Agreement, [***].

1.70 “Royalty Term” has the meaning given in Section 6.4 of this Agreement.

1.71 “Sublicense” means an agreement pursuant to which a Third Party receives: (i) a grant or transfer of any rights to design, develop, test, make, use, sell, offer for sale or import Licensed Project Compounds, Derivatives, Enabled Compounds or Products or any sublicense or other transfer of the rights licensed to Bayer under Section 2.1, or (ii) the benefit of an agreement not to assert such rights or to sue, prevent or seek a legal remedy for the practice of the rights licensed to Bayer under Section 2.1. Where the definition “Sublicense” is used it shall not include any distribution or manufacturing agreement or other agreement by which Bayer or an Affiliate exercises its right to have done research on, have developed, have made, or have sold Products in the Field in the Territory for Bayer or the Affiliate or Sublicensee granting such right and shall not include the grant of licenses by Bayer or an Affiliate or Sublicensee to Third Parties solely for joint research and development activities between Bayer or its Affiliates and such Third Parties (e.g. joint collaboration activities on the further research and development of the Products).

1.72 “Sublicensee” means any Third Party to which Bayer, an Affiliate or any Sublicensee (which received a Sublicense from or through Bayer or its Affiliate) has granted a Sublicense.

1.73 “Term” has the meaning given in Section 15.1 of this Agreement.

1.74 “Territory” means worldwide.

1.75 “Third Party” means any Person other than Bayer or Recursion or any Bayer Affiliate or Recursion Affiliate.

1.76 “Third Party Patents” means one or more valid and enforceable patents and/or pending patent applications (provided that such pending application has not extended beyond seven years from its earliest priority date) owned by one or more Third Parties that are licensed by Bayer and that Cover the manufacturing, use, sale, offer to sell, or importation of the Licensed Project Compound or Derivative in a Product.

1.77 “Third Party Royalties” shall mean the collective running royalty for Third Party Patents based on the Net Sales for Products, on a product-by-product and country-by-country basis, that Bayer or its Sublicensee is obligated to pay to Third Parties for the manufacture, use, sale, offer to sell or importation of such Products in such country.

1.78 “Trademark” means any trademark owned and controlled by Bayer and used by them in connection with the marketing of the Products.

1.79 "USD" has the meaning given in Section 7.4 of this Agreement.

1.80 "Valid Claim" means a claim of a pending or issued Patent that has not (A) expired or been cancelled, (B) been declared invalid by a decision of a court or other appropriate body of competent jurisdiction, from which no appeal is or can be taken, (C) been admitted to be invalid or unenforceable through reexamination, reissue, disclaimer or otherwise, or (D) been abandoned or disclaimed.

1.81 "VAT" has the meaning given in Section 7.6.

2. LICENSE GRANTS TO LICENSED RIGHTS AND BACKGROUND IP

2.1 License Grant.

2.1.1 Exclusive License to Recursion interest in Licensed Rights. Subject to the terms and conditions of this Agreement, Recursion agrees to grant and does hereby grant to Bayer an exclusive, sub-licensable and royalty-bearing license under Recursion's rights, title and interest in the Licensed Rights to do or have done research on, develop or have developed, make, have made, use, have used, sell, have sold, offer for sale, have offered for sale and import and have imported Products and to use such Licensed Rights as tools in independent research and development projects of Bayer, in each case in the Field in the Territory.

2.1.2 Non-Exclusive License to Recursion's Background IP Rights and Background Know-How. Subject to the terms and conditions of this Agreement, Recursion agrees to grant and does hereby grant to Bayer a non-exclusive, sub-licensable, license to Recursion's Background IP Rights and Background Know-How specifically identified in EXHIBIT D solely to the extent such Background IP Rights and Background Know-How are necessary to do or have done research on, to develop, have developed, make, have made, use, have used, sell, have sold, offer to sell, have offered for sale, import and have imported Products in the Field in the Territory.

For the avoidance of doubt, the aforementioned right to sublicense under Recursion's Background IP Rights and Background Know-How does not grant Bayer any rights to sub-license such Background IP Rights and Background Know-How independently from the development and commercialization of the Licensed Rights (e.g. no right for independent sub-licensing for the purpose of generating license fees from Recursion's Background IP Rights and Background Know-How).

2.1.3 Use and Exploitation Rights. For the avoidance of doubt, the Use and Exploitation Rights agreed under Section 10.2 of the Collaboration Agreement remains unimpaired.

2.1.4 Right to Sublicense. Without limiting the license grant in Section 2.1.1 and 2.1.2 the following provisions shall apply with respect to sublicenses to Affiliates and Sublicensees.

2.1.4.1 Sublicense to Affiliates. If any Affiliate exercises any of Bayer's rights or fulfills Bayer's obligations under this Agreement, each and every such Affiliate shall be bound by all terms and conditions of this Agreement, including but not limited to indemnity, insurance, royalty payment obligations. In addition, Bayer shall remain fully liable to Recursion for all acts and obligations of any of its Affiliates such that acts of any and all Affiliates shall be considered acts of Bayer.

2.1.4.2 Sublicense to Third Parties. With respect to Sublicenses to Third Parties, each Sublicense shall be in writing and contain terms and conditions consistent with this Agreement and sufficient to enable Bayer and require Bayer's Sublicensees to comply with this Agreement.

Any Sublicense granted or authorized by Bayer hereunder shall not relieve Bayer from any of its obligations under this Agreement.

Bayer shall provide written notice to Recursion of any Sublicense with a Third Party within [***] days after entering into such Sublicense along with a copy of such Sublicense, which may be redacted to remove any provisions not necessary to determine compliance with this Agreement, provided, however, that this requirement shall not apply when no commercialization rights are being granted to the Licensed Rights.

Bayer agrees to be fully responsible for the performance of Sublicensees hereunder, including acts and omissions of same.

Bayer's obligation to meet the requirements of Section 5.1 of this Agreement shall not be waived by the grant of any Sublicense.

2.1.4.3 For the avoidance of doubt, this Section 2.1.4 shall not limit Bayer's right to grant sublicenses within the scope of the license grant in Sections 2.1.1 through 2.1.2 to Third Parties who do not fall under the definition of a Sublicensee respectively (e.g. if sublicenses granted to such sublicensees are granted for distribution or manufacturing agreements or other agreements by which Bayer or an Affiliate exercises its right to have done research on, have developed, have made, or have sold, Products in the Field in the Territory for Bayer or the Affiliate or if sublicenses are granted by Bayer or an Affiliate to Third Parties solely for joint research and development activities between Bayer or its Affiliates and such Third Parties).

3. OPTION EXERCISE FEE

3.1 In consideration for Bayer's exercise of the Option according to Section 8 of the Collaboration Agreement with regard to the respective Lead Series and the execution of this Agreement, , and as consideration for the licenses granted by Recursion to Bayer under Section 2.1 of this Agreement, Bayer shall pay Recursion an "Option Exercise Fee" of [***] within [***] days after receipt of a correct invoice that is compliant with the Applicable Law.

3.2 No Multiple Payments. For the avoidance of doubt only one Option Exercise Fee payment shall be made for each respective Lead Series (including potential back up compounds) and only if Bayer exercised the Option for such respective Lead Series.

4. MILESTONE PAYMENTS

4.1 Development Milestones for Project Products.

Bayer will pay Recursion the amounts listed in the table below based on the achievement of the first Project Product of the respective milestone, by Bayer or any of its Affiliates or Sublicensees, whereby each milestone shall be payable only once upon its first occurrence. All amounts below are in USD million (M USD, where M = 1,000,000).

Development milestone event	***Development milestone payment***
1. [***]	[***]
2. [***]	[***]
3. [***]	[***]
4. [***]	[***]
5. [***]	[***]
6. [***]	[***]
7. [***]	[***]

If any of the development milestone events set forth in rows (1)-(4) of the chart above is achieved, each development milestone event in a higher row not previously achieved shall be deemed achieved upon achievement of such development milestone event in a lower row. If any of the development milestone events set forth in rows (5)-(7) of the chart above is achieved prior to the achievement of any development milestone event set forth in rows (1)-(4), each development milestone event in rows (1)-(4) not previously achieved shall be deemed upon achievement of such development milestone event set forth in row (5), (6) or (7).

4.2 Sales Milestones for Project Products.

Bayer shall pay Recursion upon the first (1st) occurrence of global cumulative Net Sales of all Project Products in the Field in the Territory, the amounts indicated in the below table. For the avoidance of doubt “global cumulative Net Sales” means worldwide Net Sales of Project Products in a given Calendar Year. All amounts below are in USD million (M USD, where M = 1,000,000).

Sales milestone event for first occurrence of global cumulative Net Sales exceeds	***Sales milestone payment***
[***]	[***]
[***]	[***]
[***]	[***]

For the avoidance of doubt, if more than one sales milestone event is achieved in a Calendar Year, Bayer shall pay each sales milestone payment associated with each sales milestone event achieved during such Calendar Year.

4.3 Milestones for Enabled Products. *To be negotiated prior to execution of the license agreement*, [***].

4.4 No Multiple Payments. For the avoidance of doubt no milestone payment shall be made more than once, irrespective of the number of Products (including combinations with other products) or the number of indications that have achieved the milestone or the number of countries in which such milestone has been achieved.

4.5 Reporting on Milestone Achievement and Payment. Bayer shall provide written notice to Recursion of any occurrence of any of the Development Milestones set forth in Section 4.1 no later than [***] calendar days following the occurrence of the relevant milestone. The Sales Milestones set forth in Section 4.2 shall be reported to Recursion within the Quarterly Report (see Section 6.5) of the respective Calendar Quarter in which the Sales Milestone was met. Bayer shall remit payment for the applicable milestone due pursuant to Section 7.

5. DILIGENCE EFFORTS

5.1 Diligence Efforts. Bayer, acting itself and/or through its Sublicensee, will use Commercially Reasonable Efforts to develop and commercialize [***] Project Product [***]. Bayer shall provide Recursion with annual written reports summarizing Bayer's, its Affiliates and its Sublicensee's development and commercialization of Licensed Project Compounds, Derivatives, and Products, including a summary of the development and commercialization activities and progress of such development. Without limiting the foregoing, such reports shall contain sufficient detail to enable Recursion to assess Bayer's compliance with its obligations hereunder. The reports shall also contain sufficient detail to enable Recursion to assess whether Achievement of Development Candidate Criteria has occurred with respect to any Licensed Project Compound or Derivative or any Product is otherwise selected as a Development Candidate.

6. ROYALTY PAYMENTS

6.1 Royalty Rates for Project Products. Bayer shall pay Recursion a running royalty on the aggregate Net Sales of Project Products in a Calendar Year, the applicable percent in accordance with the table below:

Portion of Net Sales During Year (in USD)	***Royalty Rate (% of Net Sales)***
[***]	[***]
[***]	[***]
[***]	[***]

6.2 Royalty Rates for Enabled Products. *To be negotiated prior to execution of the license agreement*, [***].

6.3 For the avoidance of doubt, the aggregate Net Sales value shall be calculated on a Calendar Year basis.

6.4 Royalty Term. Bayer's obligation to pay royalties to Recursion shall commence, on a Product-by-Product basis and country-by-country basis on the First Commercial Sale of such Product in such country and end on latest of (a) the expiration or termination of the last to expire Valid Claim of a Project Patent or Derivative Patent Covering the Product in such country, (b) expiration of Regulatory Exclusivity applicable to such Product in such country, and (c) ten (10) years after the First Commercial Sale of such Product in such country ("Royalty Term").

6.5 Quarterly Royalty Reporting. Starting from the date of First Commercial Sale of a Product in any country, Bayer shall submit to Recursion within [***] days after the end of each Calendar Quarter a statement showing the Net Sales for that Calendar Quarter on a country-by-country basis, the total gross amount invoiced from sales of Product by Bayer, its Affiliates and Sublicensees, the manner and basis for any

currency conversion in accordance with Section 7.4, if any sales milestone event is achieved during such Calendar Quarter and the associated royalties due to Recursion ("Quarterly Report"). Recursion may invoice the royalties payable for the Calendar Quarter upon receipt of the respective Quarterly Report.

6.6 Compulsory Licenses. In the event that a court or a governmental agency of competent jurisdiction requires Recursion or Bayer and/or its Affiliates to grant a compulsory license to a Third Party permitting such Third Party to make and/or sell the Product in a particular country, then the royalties to be paid by Bayer to Recursion on the Net Sales of such Product in such country shall automatically be reduced [***].

6.7 Generic Product. If during the Royalty Term, a Third Party receives marketing authorization for and commences commercial sale of a Generic Product in a country in the Territory, and quantities sold of such Generic Product represent a market share of [***] of the total market for such Generic Product and the corresponding Product sold during such Calendar Quarter in that country [***], then Bayer shall have the right to reduce any royalties payable in such country for such Product pursuant to Section 6.1 [***].

6.8 Third Party Technology. In the event that Bayer is required to pay Third Party Royalties for the manufacture, use, sale, offer to sell or importation of a particular Product in a country, then the royalty payments made by Bayer to Recursion herein in said country for such Product shall be reduced [***].

6.9 Royalty Floor. In no event will the aggregate amount of royalty payments due to Recursion for a Product in a country in any given Calendar Quarter during the Royalty Term for such Product in such country be reduced to less than [***] percent ([***]%) of the amount that otherwise would have been due and payable to Recursion in such Calendar Quarter for such Product in such country pursuant to Section 6.1 as a result of cumulative reductions set forth in Sections 6.7 and 6.8.

7. GENERAL FINANCIAL PROVISIONS

7.1 Payment Terms. Unless otherwise agreed herein, all payments due under this Agreement shall be made within [***] days after receipt of a correct invoice that is compliant with the Applicable Law.

7.2 Invoicing by Recursion. All invoices shall be sent by Recursion to the following address of Bayer:

Bayer AG
Attn: [***]
[***]
51368 Leverkusen
Germany

mentioning such other information required and as may be amended and/or provided by Bayer to Recursion from time to time.

Alternatively, each invoice for payments mentioning the aforementioned address and reference may be sent electronically in portable document format (pdf) via email without electronic signature ("pdf-invoicing"), to

[***]@bayer.com

thus replacing a corresponding paper form.

7.3 Bank Accounts. All payments to Recursion under this Agreement shall be made by wire transfer to the following bank account of Recursion, or such other bank account as notified in writing by Recursion to Bayer at least [***] Business Days prior to the Payment Date:

For ACH delivery:
Bank Routing Number: [***]
Account Number: [***]
Account Name: [***]

For Wire Transfers:
Bank Routing Number: [***]
SWIFT Code: [***]
General Bank Reference Address: [***]
Account Number: [***]

Account Name: [***]

Payments by Bayer to Recursion shall reference "[•]" to identify the payment.

7.4 Currency. All payments under this Agreement will be made in U.S. dollars ("USD"). Where the payments due are calculated based on a currency other than USD, the amount due will be converted to USD using the average exchange rate for the applicable calendar quarter as consistently applied per Bayer's internal accounting and reporting process.

7.5 Late Payments. All payments not made by [***] days after the respective date on which such payment is due ("Payment Date") set out in this Agreement shall be subject to late payment interest at the United States Secured overnight Financing Rate (SOFR), currently published on Bloomberg screen <SOFRRATE Indie>, fixed two Business Days prior to the respective Payment Date and reset to the prevailing one (1) month USD rate at monthly intervals thereafter, plus a premium of one (1) percentage points (or the maximum applicable legal rate of interest if lower). Interest shall be calculated based on the actual number of days in the interest period divided by 360 and shall be calculated from the respective Payment Date (inclusive) until the date of payment (exclusive).

7.6 Value Added Tax. All agreed consideration is exclusive of "VAT" (European Value Added Tax, goods and service tax and similar taxes). If VAT is applicable, VAT shall be invoiced additionally acc. to the applicable VAT law. Such VAT shall be paid to Recursion only, if Recursion is obliged to transfer such VAT to respective tax authorities and after receipt of a corresponding invoice. Recursion shall issue correct invoices in accordance with the applicable VAT law.

7.7 Withholding Tax. Any party required to make a payment pursuant to this Agreement shall be entitled to deduct and withhold from the amount payable the tax for which paying Party on behalf of payee is liable under any provisions of Applicable Law (such tax, "Withholding Tax");

If the Withholding Tax rate is reduced according to the regulations in the Double Tax Treaty no deduction shall be made or a reduced amount shall be deducted only if paying Party is timely furnished with necessary documents (Freistellungsbescheid) by payee issued from the German Tax Authority (Bundeszentralamt für Steuern), certifying that the payment is exempt from Withholding Tax or subject to a reduced Withholding Tax rate.

Any withheld Withholding Tax shall be treated as having been paid by paying Party to payee for all purposes of this Agreement. Paying Party shall timely forward to the payee the tax receipts certifying the payments of Withholding Tax on behalf of payee. In case paying Party must pay, but cannot deduct the Withholding Tax due to fulfilment and completion of its payment obligation by settlement or set-off, payee will pay the Withholding Tax to paying party separately. If paying Party reasonably failed to deduct Withholding Tax, but is still required by Applicable Law to pay Withholding Tax on account of payee to the tax authorities, payee shall reasonably assist paying party with regard to all procedures required in order to obtain reimbursement by tax authorities or, in case tax authorities will not reimburse withholding tax to paying Party, payee will immediately refund the tax amount.

7.8 Notwithstanding anything in this Agreement to the contrary, if any assignment by a Party of its rights or obligations under this Agreement without the consent of the other Party results in the imposition of Withholding Tax on a payment to be made by such Party that would not have been imposed in the absence of such assignment (or in an increase in Withholding Tax from the amount that would have been imposed in the absence of such assignment) and the Parties cannot reasonably cooperate as described above to eliminate such additional Withholding Tax, then the amount payable by the assigning Party shall be increased to the extent necessary to ensure that the other Party receives a net amount equal to the amount that it would have received had no such assignment occurred (taking into account any Withholding Tax on such additional amounts), unless the payee has approved or requested this assignment.

To the extent relevant for U.S. federal income tax purposes, the Parties intend to treat the payments contemplated by this Agreement as "foreign-derived deduction eligible income" within the meaning of Section 250 of the U.S. Internal Revenue Code of 1986, as amended, and the U.S. Treasury regulations thereunder, and the Parties shall reasonably cooperate to provide a certification or documentation to demonstrate eligibility for the deduction for "foreign-derived intangible income" pursuant to Section 250.

8. ACCOUNTING RECORDS AND AUDITS

8.1 Accounting. Bayer shall retain, and shall procure that all of its Affiliates and Sublicensees (the "Bayer Parties") retain, true and accurate records and books of account containing all data necessary for the calculation of the amounts payable by it to Recursion pursuant to the Agreement. Those records and books of account shall be kept for [***] years following the end of the period to which they relate.

8.2 Audit. To validate Bayer's compliance with its obligations under or in connection with this Agreement, Recursion may, during the course of this Agreement and for [***] after expiration or termination of this Agreement, appoint auditors, at Recursion's expense (except as otherwise contemplated below), to carry out an audit of Bayer's records from time to time on behalf of Recursion. The auditors selected by Recursion shall be subject to acceptance by Bayer, such acceptance not to be unreasonably withheld. Audits may be undertaken subject to the following conditions:

I. Any such audits shall be undertaken by an independent certified public accountant;

II. Any such audits shall be conducted during regular business hours at Bayer's premises upon [***] days' prior written notice by Recursion and shall not interfere unreasonably with Bayer's business activities;

III. The auditor may inspect records for up to two years after the end of the period to which they pertain;

IV. Audits may not take place more than once per Calendar Year and no period may be audited more than once;

V. Prior to the audit taking place, auditor shall undertake to Bayer that they shall keep all information confidential and shall not disclose any information (except as set forth in VI) to any Third Party including Recursion;

VI. Details of the auditor's findings (including, for the avoidance of doubt, monetary values and supporting calculations) shall not be shared with Recursion except in the form of a summary report and, in the event the auditor finds any incorrect payments, details required to explain such discrepancies. In any event, the results shall be communicated to Bayer before being shared with Recursion. Bayer shall be given a period of [***] Business Days to review and respond to the auditor's findings before the summary report may be provided to Recursion, such reports to include Bayer's response to the findings;

VII. The auditor shall not be permitted to include any extrapolation calculations in the calculation of amounts underpaid to Recursion;

VIII. If an audit reveals that Bayer has underpaid royalties due, Recursion may invoice Bayer for the underpaid amount; if the audit reveals that Bayer has overpaid royalties due, Recursion shall credit Bayer for the overpaid amount;

IX. If an audit reveals an underpayment in excess of [***] percent ([***]%) of the fees for the period subject to review by Recursion, then Bayer shall pay the reasonable costs of Recursion in conducting the audit (including the reasonable costs of the auditors) within [***] days of Recursion notifying Bayer that the audit has been completed.

8.3 Audit Disagreement: If there is a dispute between the Parties following any audit performed pursuant to Section 8.2, either Party may refer the issue (an "Audit Disagreement") to an internationally recognized independent certified public accountant or chartered accountant for resolution. In the event an Audit Disagreement is submitted for resolution by either Party, the Parties shall comply with the following procedures:

a) The Party submitting the Audit Disagreement for resolution shall provide written notice to the other Party that it is invoking the procedures of this Section;

b) Within [***] Business Days of the giving of such notice, the Parties shall jointly select a recognized international accounting firm to act as an independent expert to resolve such Audit Disagreement.

c) The Audit Disagreement submitted for resolution shall be described by the Parties to the independent expert, which description may be in written or oral form, within [***] Business Days of the selection of such independent expert.

d) The independent expert shall render a decision on the matter as soon as practicable.

e) The decision of the independent expert shall be final and binding unless such Audit Disagreement involves alleged fraud, breach of this Agreement or construction or interpretation of any of the terms and conditions thereof.

f) All fees and expenses of the independent expert, including any Third Party support staff or other costs incurred with respect to carrying out the procedures specified at the direction of the independent expert in connection with such Audit Disagreement, shall be borne [***].

9. REPRESENTATIONS, WARRANTIES, DISCLAIMERS

9.1 Mutual Representations and Warranties. Each Party represents and warrants to the other Party with respect to this Agreement and as of the Effective Date of this Agreement that:

9.1.1 such Party is duly organized, validly existing and in good standing under the Law of the jurisdiction of its incorporation and has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof;

9.1.2 this Agreement has been duly executed and delivered on behalf of such Party, and constitutes a legal, valid, binding obligation, enforceable against it in accordance with the terms hereof;

9.1.3 the performance of this Agreement by it does not create a breach or default under any other agreement to which it is a party;

9.1.4 the execution, delivery and performance of this Agreement by such Party does not conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which it is bound, nor violate any Applicable Law or regulation of any court, governmental body or administrative or other agency having jurisdiction over such Party;

9.1.5 such Party is authorized to grant the rights and licenses contemplated under this Agreement and Recursion in particular and without limiting the foregoing represents and warrants that it is authorized to grant Bayer the rights and licenses contemplated under this Agreement; and

9.1.6 to such Party's knowledge, no government authorization, consent, approval, license, exemption of or filing or registration with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, under any Applicable Law currently in effect, is or will be necessary for, or in connection with, the transaction contemplated by this Agreement or any other agreement or instrument executed in connection herewith, or for the performance by it of its obligations under this Agreement and such other agreements except as may be required to obtain Hart-Scott-Rodino clearance or other clearances as required by other government authorities.

9.2 Recursion Representations and Warranties. Recursion hereby represents and warrants to Bayer that as of the Effective Date of this Agreement:

(i) Recursion's right, title and interest in the Licensed Rights, and Background Know-How licensed to Bayer under this Agreement are not subject to any encumbrance, lien, restriction or claim of ownership by any other party that would impair Recursion's ability to grant the licenses granted hereunder, which have not been waived as of the Effective Date of this Agreement (such waiver to be evidenced by Recursion by providing respective documentation to Bayer);

(ii) Recursion has not granted any right to any other party which would conflict with the rights granted to Bayer hereunder; and

(iii) Recursion has disclosed to Bayer any intellectual property rights of any third party that the Recursion officers and senior employees that participated in the Project are aware of which may be infringed or misappropriated by the Licensed Rights, and that Recursion has disclosed any written notice, claim or other communication alleging such infringement or misappropriation or challenging Recursion's right, title and interest with respect to the Licensed Rights.

9.3 Exclusions. Bayer acknowledges that Recursion does not represent or warrant:

(i) the validity or scope of any of the Intellectual Property Rights that are the subject matter of this Agreement; or

(ii) that the exploitation of any of the Intellectual Property Rights that are the subject matter of this Agreement will be successful.

9.4 No Other Promises or Warranties. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH HEREIN, NEITHER PARTY MAKES ANY REPRESENTATION OR EXTENDS ANY WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, TO THE OTHER PARTY: RECURSION IN PARTICULAR HEREBY DISCLAIMS ANY EXPRESS OR IMPLIED WARRANTY OF MERCHANTIBILITY OR FITNESS FOR A PARTICULAR PURPOSE OR, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, NON-INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS. BAYER HEREBY DISCLAIMS IN PARTICULAR ANY REPRESENTATION OR WARRANTY THAT THE DEVELOPMENT, COMMERCIALIZATION AND MANUFACTURE OF THE PRODUCT, OR THE OBTAINMENT OF MARKETING AUTHORIZATION OR PRICING APPROVAL IN ANY PARTICULAR COUNTRY, PURSUANT TO THIS AGREEMENT WILL BE SUCCESSFUL.

9.5 No Liability for Indirect Damages. NOTWITHSTANDING ANYTHING IN THIS AGREEMENT OR OTHERWISE, NEITHER PARTY, THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, AND AFFILIATED INVESTIGATORS SHALL BE LIABLE TO THE OTHER WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT FOR ANY INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING ANY SUCH INCIDENTAL, ECONOMIC DAMAGES OR INJURY TO PROPERTY AND LOST PROFITS, EVEN IF SUCH PARTY HAS BEEN INFORMED, SHOULD HAVE KNOWN OR IN FACT KNEW OF THE POSSIBILITY OF SUCH DAMAGES; PROVIDED THAT THIS SECTION 9.5 SHALL NOT APPLY TO THE PARTIES' CONFIDENTIALITY OBLIGATIONS SET FORTH IN SECTION 11 AND INDEMNIFICATION RIGHTS AND OBLIGATIONS UNDER SECTION 10.1 AND 10.2 OF THIS AGREEMENT.

10. INDEMNITY AND INSURANCE

10.1 Bayer Indemnification. Bayer shall indemnify, defend, and hold harmless Recursion and its Affiliates, and their respective directors, officers, employees, trustees and their respective successors, heirs and assigns (collectively the "Recursion Indemnitees"), against any Losses incurred by or imposed upon any of the Recursion Indemnitees in connection with any claims, suits, investigations, actions, demands from or by a Third Party or resulting judgments arising out of or related to (i) the research, development, use or commercialization of the Products by Bayer or its Affiliates or Sublicensee, (ii) any breach of this Agreement, including but not limited to any representation, warranty or covenant set forth herein, by Bayer or its Affiliates or (iii) Bayer's negligent performance or willful misconduct under this Agreement, except, in each case, to the extent that the respective Losses are caused by breach, the negligence or willful misconduct of a Recursion Indemnitee.

10.2 Recursion Indemnification. Recursion shall indemnify, defend, and hold harmless Bayer and its Affiliates, and their respective directors, officers, employees, trustees and their respective successors, heirs and assigns (collectively and including Bayer the "Bayer Indemnitees"), against any Losses incurred by or imposed upon any of the Bayer Indemnitees in connection with any claims, suits, investigations, actions, demands from or by a Third Party or resulting judgments arising out of or related to (i) Recursion's or its Affiliates' use of any rights retained by Recursion under this Agreement, (ii) any breach of this Agreement, including but not limited to any representation, warranty or covenant set forth herein, by Recursion or its Affiliates or (iii) Recursion's negligent performance or willful misconduct under this Agreement, except, in each case, to the extent that the respective Losses are caused by the breach, negligence or willful misconduct of Bayer Indemnitee.

10.3 Procedures. The Recursion or Bayer Indemnitee (referred to as applicable as "Indemnitee") agrees to provide the Party from which indemnification is sought (the "Indemnifying Party") with prompt written notice of any claim, suit, action, demand, or judgment for which indemnification is sought under this Agreement; provided that, an Indemnitee's failure to do so shall not affect the rights of such Indemnitee unless, and then only to the extent that, such delay or failure is prejudicial to or otherwise adversely affects the Indemnifying Party. The Indemnifying Party agrees, at its own expense, to provide attorneys reasonably acceptable to the Indemnitee to defend against any such claim. The Indemnifying Party shall defend or handle the claim in consultation with the Indemnified Party, and shall keep the Indemnified Party timely apprised of the status of such Third Party Claim. The Indemnitee shall cooperate with the Indemnifying Party in such

defense and shall permit the Indemnifying Party to conduct and control such defense and the disposition of such claim, suit, or action (including all decisions relative to litigation, appeal, and settlement). The Indemnitee shall have the right to retain its own counsel, at its own expense. The Indemnifying Party agrees to keep the Indemnitee informed of the progress in the defense and disposition of such claim and to consult with the Indemnitee with regard to any proposed settlement.

10.4 Settlement. Notwithstanding anything to the contrary in this Agreement, the Indemnifying Party shall not enter into any settlement, consent judgment, or other voluntary final disposition of any claim that has an adverse effect on the rights of any Indemnitee(s) hereunder, or admits any wrongdoing or fault by any Indemnitee(s), imposes on any Indemnitee(s) any payment or other liability, or does not include a release of all claims against the Indemnified Party without the prior written consent of the Indemnitee, provided however, that such consent shall not be unreasonably withheld.

10.5 Insurance. The Parties hereby agree to maintain a program of insurance and/or self-insurance which is prudent and adequate to address any claim or liability which may arise out of the performance of their obligations pursuant to this Agreement. Bayer also shall ensure that any Sublicensee also maintains insurance sufficient to meaningfully protect Recursion.

11. CONFIDENTIALITY

11.1 Definition. Each Party ("Disclosing Party") may disclose to the other Party ("Receiving Party"), and Receiving Party may acquire during the course and conduct of activities under the Agreement Confidential Information of Disclosing Party in connection with this Agreement. The term "Confidential Information" means all confidential information or material in tangible and non-tangible form disclosed hereunder; including all technical and non-technical information conveyed from one Party to the other in any form, electronic data, and other trade secret, proprietary information, samples, Compounds, methods, formulas, processes, protocols, technologies and equipment employed, information relating to quality assurance, procedures for and record keeping, techniques, inventions, know-how, apparatus, and formulae.

11.2 Allocation of Confidential Information. The terms and conditions of this Agreement shall be considered to be Confidential Information of Recursion and Bayer and be treated confidential by all Parties.

The Licensed Rights shall be considered to be Confidential Information of Bayer and be treated confidential by Recursion.

11.3 Exclusions. Confidential Information does not include information which:

(a) is at the time of disclosure in the public domain;

(b) becomes after disclosure part of the public domain other than by an act or omission on the part of the Receiving Party;

(c) the Receiving Party can prove was known to it or its Affiliates before the date of its disclosure by the Disclosing Party;

(d) the Receiving Party or its Affiliates obtains from a Third Party; provided that such information was not obtained by said Third Party, directly or indirectly, from the Disclosing Party under an obligation of confidentiality; and / or

(e) the Receiving Party can prove was developed by it or its Affiliates independently of (i.e., without use of or reference to) the Confidential Information provided by the Disclosing Party.

Confidential Information shall not be deemed to be in, or have come into, the public domain merely because any part of such Confidential Information is embodied in general disclosures or because individual features, components or combinations thereof are or become publicly known.

11.4 Obligation of Confidentiality and Non-Use. The Receiving Party agrees with respect to the Confidential Information of the Disclosing Party that:

(a) it shall hold in confidence and take such steps as it normally takes to protect its own confidential and proprietary information, but in any event no less than reasonable steps, to preserve the confidentiality of the Confidential Information disclosed to it by the Disclosing Party under this Agreement;

(b) it shall not use the Confidential Information of the Disclosing Party, for any purposes other than to perform the Receiving Party's obligations or exercise the Receiving Party's rights under this Agreement; and

(c) it shall not to disclose Confidential Information to any Third Party other than employees, or agents of or consultants to the Receiving Party who in each case demonstrate a need to know the Confidential Information and who are bound, by contract or law, to an obligation of confidentiality at least as stringent as the ones hereunder.

The obligations of confidentiality, non-disclosure and non-use remain in force during the Term of this Agreement and for [***] years thereafter.

11.5 Permitted Disclosures. Notwithstanding Section 11.4, the Receiving Party may disclose Confidential Information of the Disclosing Party in the following instances:

(a) in order to comply with Applicable Law (including any securities law or regulation or the rules of a securities exchange) or with a binding order or other requirement or procedure within a legal or administrative proceeding; provided that, where reasonably possible, Receiving Party shall notify Disclosing Party of Receiving Party's intent to make any such disclosure sufficiently prior to making such disclosure so as to allow Disclosing Party adequate time to take whatever action it may deem appropriate to protect the confidentiality of the information to be disclosed;

(b) in connection with prosecuting or defending litigation, obtaining regulatory approval and making other regulatory filings and communications, and filing, prosecuting and enforcing Patents in connection with such Party's rights and obligations pursuant to this Agreement; or

(c) with respect to this Agreement and the Licensed Rights only, including the progress of development of the Products and achievement of milestones hereunder, to such Party's or its Affiliate's attorneys, independent accountants or financial advisors for the sole purpose of enabling such advisors to provide advice to the receiving Party or such Affiliates, on the condition that such advisors are bound by confidentiality and non-use obligations consistent with the confidentiality provisions of this Agreement as they apply to the recipient Party, or to potential or actual investors or potential or actual acquirers or potential or actual sublicensees in connection with due diligence or similar investigations by such Third Parties.

12. PUBLICATIONS

The provisions concerning publications in Section 13 of the Collaboration Agreement shall apply analogously to this Agreement. With respect to the Licensed Rights, Bayer shall be entitled to publish such results without prior approval from Recursion. However, Bayer shall make a good faith effort to consult with Recursion authors with respect to the publication and acknowledge Recursion's participation and/or co-authorship in the generation of the Licensed Rights in accordance with good scientific publication practices. The Parties shall mutually agree on whether to issue a press release announcing the existence of the License Agreement.

13. PATENT PROSECUTION, MAINTENANCE & INFRINGEMENT

13.1 Prosecution & Maintenance.

13.1.1 Licensed Project IP Rights. As of the Effective Date of this Agreement, Bayer, at its sole expense, shall lead the filing, prosecuting and maintaining of Licensed Project IP Rights. Licensed Project Patents shall be filed in Bayer's and Recursion's name and assigned to both Bayer and Recursion jointly and, with respect to Licensed Project Patents filed prior to the Effective Date of this Agreement, shall continue to reside in Bayer's and Recursion's name.

Upon Recursion's written request but at least once a year Bayer shall provide to Recursion a written report about the status of Licensed Project IP Rights.

13.1.1.1 Bayer shall be responsible for, either itself or through an outside patent counsel of its choice, filing, prosecuting and maintaining any Licensed Project Patents and shall [***] cover the running costs therefor. Bayer or outside counsel shall care of the filing, prosecution and maintenance of the Licensed Project Patents in close alignment with Recursion, including discussion of patent scope, subsequent applications and other matters of patent strategy. Bayer, either itself or through their outside patent counsel, will keep Recursion informed with respect to the status of the filing, prosecution (EP and US) and maintenance of the Licensed Project Patents. Bayer will also notify Recursion in writing about any relevant substantial correspondence including all newly filed patent applications of Licensed Project Patents, proposal of countries in which the patent application shall be filed, notifications on allowance, issue or grant and office actions. Bayer shall have the right to apply for a Licensed Project Patent in any country or region of the world. Bayer shall not give up substantial scope of the claims (unless a claim is determined to be invalid by the PTAB (Patent Trial and Appeal Board) at the US PTO, by a Board of Appeal at the EPO or by a national court) or abandon any Licensed Project Patents without Recursion's prior written consent.

13.1.1.2 If Bayer decides to abandon, surrender, revoke, or invalidate or not to apply for or maintain any Licensed Project Patent in any country or abandon any previously restricted or amended claims, Bayer will provide written notice to [***] days prior to the date such action is due of Bayer's intent to abandon, surrender, revoke or invalidate or not respond to any official correspondence that will result in the loss of rights (or with respect to Patents not yet filed, within [***] days after Recursion's request to apply for such Patent Patent). Recursion may then, at Recursion's sole discretion and sole cost and expense, elect to prosecute and maintain the respective Licensed Project Patent. Recursion may accept such offer in writing within [***] days after having received the offer. Upon receipt of Recursion's notice of acceptance, Recursion shall forthwith be responsible for the rights and obligations and costs resulting from such Licensed Project Patent and such (former) Licensed Project Patent will cease to be a Licensed Project Patent under this Agreement. The Parties shall take all measures necessary for the transfer of Bayer's co-ownership share in any such (former) Licensed Project Patent to Recursion, and for the transfer of patent prosecution responsibility of any such Licensed Project Patent from Bayer to Recursion; transfer costs imposed by respective patent attorneys and registration costs imposed by the respective public registers shall be borne by Recursion and all rights granted to Bayer under this Agreement to such Licensed Project Patents shall cease. In case Recursion refuses the offer or does not provide its acceptance in writing within the [***] days period, Bayer has the right to abandon or to not apply for the offered Licensed Project Patent. Bayer shall not be liable to Recursion for ultimate discontinuation of such Licensed Project Patents, except in the case that Bayer intentionally ignores said Recursion's acceptance notice, provided, however, that Bayer has timely received such acceptance notice and discontinuation of the respective Licensed Project Patents is irreversible.

13.1.2 Background IP Rights and Background Know-How. Recursion shall have the sole discretion in filing, prosecuting and maintaining of Recursion Background IP Rights and Background Know-How which title shall reside in Recursion.

Upon Bayer's written request but at least once a year Recursion shall provide to Bayer a written report about the status of Recursion's Background IP Rights and Background Know-How licensed under Section 2.1.2.

13.1.2.1 If there is an increase in any governmental, filing or other fees at the United States Patents and Trademark Office or foreign equivalent due to any license to Bayer of the Background IP Rights under Section 2.1.2, Bayer agrees to reimburse Recursion for the difference in fees (for example, the difference between filing as a small entity versus a large entity at the United States Patents and Trademark Office).

13.1.2.2 Further, in the case of any filing of Background IP Rights licensed under Section 2.1.2 outside the US, Bayer may request that Recursion expand the patent filings to additional jurisdictions beyond the US, which Recursion may do in its sole discretion, and Bayer agrees to reimburse Recursion for those non-US patent filings requested in writing by Bayer.

13.1.2.3 If Recursion considers to abandon or not to file or maintain any Background IP Rights licensed under Section 2.1.2 in any country or abandon any previously restricted or amended claims, Recursion will provide written notice to Bayer [***] days prior to the date such action is due of Recursion's intent to abandon or not respond to any official correspondence that will result in the loss of rights. The Parties shall discuss whether Bayer could participate in the ongoing maintenance or prosecution costs of such Background IP Rights. Recursion shall not be liable to Bayer for ultimate discontinuation of any Background IP Rights.

13.2 Notification of Infringement by Third Party. If any Licensed Project Patent or Background IP Right is infringed or might be infringed by a Third Party, the Party first having knowledge thereof shall promptly notify the other Party in writing. As used in this Section 13.2, "knowledge" shall mean the actual knowledge of the officers and senior employees of a Party performing activities under this Agreement or for the Project.

13.3 Enforcement of Licensed Project Patents.

13.3.1 Bayer shall have the first right (but not the obligation), by counsel of its own choice and at its sole expense, to institute, prosecute and control the enforcement or defense of any of the Licensed Project Patents to abate any infringement thereof. Prior to undertaking any action to enforce such Licensed Project Patents, Bayer shall notify Recursion in writing. To the extent possible Recursion shall be given reasonable time to provide its comments to Bayer. Recursion shall further have the right at its own expense, to be represented in any action by counsel of its own choice. However, should Recursion partake in any such action, Bayer shall have control of the proceeding and shall have final say on all decisions related thereto. In no event shall Bayer admit the invalidity of, or after exercising its right to bring and control an action under this Section 13.3.1, fail to defend the validity of, any Licensed Project Patent without Recursion's prior written consent, which shall not be unreasonably withheld, conditioned or delayed.

13.3.2 In the event that Bayer fails to institute an action or proceeding or otherwise take appropriate action to abate such infringement within a period of [***] after taking notice of such infringement, Recursion shall have the right (but not the obligation) to institute and/or prosecute and control such an action or proceeding in its name with respect to such infringement at its sole expense and by counsel of its choice (such permission not to be unreasonably withheld or delayed), and Bayer shall have the right to be represented in any such action by counsel of its own choice and at its own expense. However, should Bayer partake in any such action, Recursion shall retain control of the proceeding and shall have final say on all decisions related thereto.

13.3.3 The Parties shall reasonably cooperate with each other in the planning and execution of any such action to enforce the respective Licensed Project Patents (including the obligation to be named or joined as a party in a lawsuit, as applicable). Each Party initiating an action or proceeding agrees to provide reasonable information to the other Party, at this Party's request, about such action or proceeding.

13.3.4 All monies recovered upon the final judgment or settlement of any such suit or action to enforce the respective Licensed Project Patents in the Territory shall be applied in the following order of priority: (i) first, to reimburse the costs and Losses of the Party bringing suit, then to the costs and Losses, if any, of the other Party; (ii) any amounts remaining shall be treated allocated [***]. The Party that controls the prosecution of a given suit or action shall also have the right to control settlement of such suit or action. If one Party controls and intends to settle the prosecution of a given suit or action, it shall

provide the other Party reasonably in advance written information about such intention and about the terms pertaining to the settlement. Only if the settlement would materially and adversely impact the interest of the non-controlling Party, in non-controlling Party's opinion, the Party in control of the suit or action shall obtain the non-controlling Party's consent prior to entering into the settlement. Any amounts received in settlement of any action shall be apportioned between the Parties in the same manner as set forth in this Section 13.3.4.

13.4 Enforcement of non-exclusively licensed Background IP Rights.

13.4.1 With regard to Background IP Rights which have been non-exclusively licensed under this Agreement, Recursion shall have the sole right to institute, prosecute and control the enforcement or defense of any of the Background IP Rights to abate any infringement thereof.

13.4.2 Bayer shall reasonably cooperate in any such litigation at Recursion's expense.

13.5 Trademarks

13.5.1 Bayer shall be responsible for the selection, registration, maintenance and defence of any Trademark which it employs in connection with the marketing, sale or distribution in the Territory of the Products. Bayer shall own and control such Trademarks and pay all relevant costs thereto.

13.5.2 Recursion recognizes the exclusive ownership by Bayer of any proprietary Bayer name, logotype, Trademark or trade dress furnished by Bayer (e.g. the name "Bayer" and the "Bayer Cross") for use in connection with the marketing, sale or distribution of the Products in the Territory. Recursion shall not, either while this Agreement is in effect, or at any time thereafter, register, use or challenge or assist others to challenge the Trademark, the Bayer name, logotype and trade dress furnished by Bayer or attempt to obtain any right in or to any such name, logotype, trademarks or trade dress confusingly similar for the marketing of the Product as defined in this Agreement or any other goods and products, notwithstanding that such goods or products have a different use or are dissimilar to the Products as defined in this Agreement.

13.5.3 Only Bayer will be authorized to initiate at its own discretion legal proceedings against any infringement or threatened infringement of the Trademark in the Territory.

13.5.4 Bayer shall be responsible for the registration, hosting, maintenance and defence of the Domain Names under all generic Top Level Domains (gTLDs) and –within the Territory- under all relevant country code Top Level Domains (ccTLD). For the avoidance of doubt Bayer is allowed to register such Domain Names in its own name, to host on its own servers, maintain and defend the Domain Names and use them for websites.

14. DISPUTE RESOLUTION

14.1 Mandatory Procedures. The Parties agree that any dispute arising out of or relating to this Agreement, including its termination, (a "Dispute") shall be resolved solely by means of the procedures set forth in this Section 14, and that such procedures constitute legally binding obligations that are an essential provision of this Agreement.

14.2 Preliminary Injunctions. Notwithstanding anything in this Agreement, including without limitation Section 14.3, to the contrary, a Party may, at any time, seek a temporary restraining order or a preliminary injunction from any court of competent jurisdiction in order to prevent immediate and irreparable injury, loss, or damage on a provisional basis, pending the decision of the arbitrator(s) or experts on the ultimate merits of any Dispute.

14.3 Dispute Resolution Procedure.

Dispute Resolution. Each Party may notify the other Party of a Dispute and the issue shall be referred to a senior executive of each Party who shall meet within [***] Business Days (in person, by means of telephone conference, videoconference or other means of communications) and attempt in good faith to resolve such issue (subject only to internal approvals (e.g. by the board of directors), if required by Recursion's or Bayer's organization). All such discussions shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence. Notwithstanding the foregoing, if such executives cannot resolve such matter within [***] Business Days after their meeting, then, either Party may initiate proceedings in accordance with the Sections 14.4 to 14.7 below.

14.4 Arbitration.

14.4.1 Subject to Sections 14.5 and 14.6 any Disputes shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce (the "Rules") by a panel of three arbitrators appointed in accordance with the said Rules, save that the third arbitrator, who will act as president of the arbitral tribunal, shall not be appointed by the International Court of Arbitration, but by the two arbitrators which have been appointed by either of the Parties in accordance with Article 12 para 4 of said Rules, as may be updated.

14.4.2 The place of arbitration shall be New York, New York, U.S., and the language to be used in any such proceeding (and for all testimony, evidence and written documentation) shall be English. The IBA Rules on the Taking of Evidence in International Arbitration shall apply on any evidence to be taken up in the arbitration.

14.4.3 Without limiting any other remedies that may be available under law, the arbitrator(s) shall have no authority to award punitive damages. Any final award by the arbitrator may be entered by either Party in any court having appropriate jurisdiction for applicable orders of enforcement. Except to the extent necessary to confirm an award or as may be required by law, neither a Party nor the arbitrator may disclose the existence, content, or results of an arbitration without the prior written consent of both Parties.

14.5 Patent Disputes. Notwithstanding anything in this Agreement to the contrary, any and all issues regarding the validity and enforceability of any Patent ("Patent Matters") shall be determined in a court or other tribunal, as the case may be, of competent jurisdiction under the applicable patent laws of such country with a jury trial being however excluded. If such Dispute involves both Patent Matters and other matters, the arbitrators or experts as applicable will have the right to stay the arbitration or expert determination until determination of Patent Matters material to the resolution of the Dispute as to other matters is resolved.

14.6 Expert Determination for Specific Matters. Subject to Section 14.5 and notwithstanding Section 14.4, the Parties may agree to submit any Dispute which subject matter relates to a scientific or technical assessment or the determination of the amount of royalty or milestone payments or a license fee to administered expert proceedings in accordance with the Rules for the Administration of Expert Proceedings of the International Chamber of Commerce. The Parties agree that in such case the findings of the expert shall be contractually binding upon them in the absence of manifest error or fraud and that they will agree with the expert on the terms of his appointment.

14.7 Performance to Continue. Without limiting either Party's rights under Section 15.2 to 15.3, each Party shall continue to perform its undisputed obligations under this Agreement pending final resolution of any dispute arising out of or relating to this Agreement; provided, however, that a Party may terminate this Agreement in accordance with Section 15.2 to 15.3 or suspend performance of its undisputed obligations during any period in which the other Party fails or refuses to perform its undisputed obligations or during any period in which the issue in dispute is payments due under this Agreement.

15. TERM AND TERMINATION

15.1 Term. The term of this Agreement shall commence on the Effective Date of this Agreement and shall continue on a Product-by-Product and country-by-country basis until the expiration of the Royalty Term applicable to such Product in such country ("Term").

15.2 Termination for Convenience by Bayer. Bayer may without cause and for any reason terminate this Agreement completely or partially with respect to a specific Product or country by giving Recursion written notice of at least [***] days in advance of the effective date of termination selected by Bayer. Bayer shall pay all sums respectively due under this Agreement, including earned royalties and milestone payments which are or become due prior to the effective date of the respective complete or partial termination of this Agreement. In the event of termination by Bayer pursuant to this Section 15.2, Bayer, its Affiliates shall cease all development, manufacture and commercialization of the Licensed Project Compounds, Derivatives, and Products, or if this Agreement is terminated in part, the terminated Products or in the terminated country, as applicable.

15.3 Termination for Breach. In the event of any material breach by a Party of this Agreement, the other Party shall have the right to terminate this Agreement upon delivery of written notice to the breaching Party, provided that the notifying Party provides notice of such breach to the breaching Party specifying the nature of the alleged breach and that such breach has not been cured within [***] days after such notice thereof. Notwithstanding the foregoing, the notice and cure period as provided above shall be [***] days for breaches of any payment obligation under this Agreement, provided however, that if a portion of the invoice is in dispute, the undisputed portion shall be paid and this Agreement shall remain in full force and effect subject to Section 14.7 and the disputed portion shall be resolved in accordance with Section 14 above. In the event of termination by Recursion pursuant to this Section 15.3, Bayer, its Affiliates shall cease all development, manufacture and commercialization of the Licensed Project Compounds, Derivatives and Products.

15.4 Consequences of Expiration or Termination.

15.4.1 Consequences of Termination for Convenience by Bayer or Termination for Cause by Recursion. In the event that this Agreement is terminated by Bayer for convenience in accordance with Section 15.2 or by Recursion for breach in accordance with Section 15.3:

15.4.1.1 The licenses granted hereunder by Recursion to Bayer under the Licensed Rights shall, subject to the last sentence of Section 14.3, cease completely or if applicable, partially with respect to the specific Product(s) or country for which this Agreement was terminated.

15.4.1.2 For the Licensed Rights, as far as affected by the respective termination according to Section 15.2 or 15.3 and except to the extent that exclusive rights have been granted to the other Party, each Party shall have the right to use, practice, develop and exploit their respective share of the affected Licensed Rights from the Project solely for internal research and development purposes, including the right to sublicense its interest in the Licensed Rights for such purposes, without the consent of the other Party and without a duty of accounting to the other Party provided, however, that neither Party may use any Project Know-How or allow its sublicensee the use of any Project Know-How for a Competing Project except to the extent expressly permitted in the applicable license agreement between the Parties, and Bayer may not use the Licensed Rights with respect to Licensed Project Compounds, Derivatives, Enabled Compounds or Products. Where such consent is required by Applicable Law, it is deemed hereby granted and where a duty of accounting to the other Party exists by Applicable Law, such duty is hereby waived. Where the Applicable Law in any country prevents that such consent or waiver is given in advance the Parties shall be obligated to give their consent or waiver at the given point in time. Notwithstanding the foregoing, neither Party shall have the right to assign the entire Licensed Rights or entire rights to the Licensed Rights without the other Party's prior written consent (except in connection with a permitted assignment of this Agreement in accordance with Section 16.4).

For the avoidance of doubt, if the Licensed Rights that are affected by the respective termination of this Agreement are also exclusively licensed by Recursion to Bayer under a separate license agreement, Bayer shall maintain the exclusive usage rights regarding such Licensed Rights in accordance with such other agreement and Recursion shall only be entitled to use such Licensed Rights in accordance with the provisions of such other agreement and any other license granted to Recursion, as applicable.

15.4.1.3 The license granted hereunder by Recursion to Bayer under the Background IP Rights and Background Know-How shall cease completely or if applicable, partially with respect to the specific Product(s) or country for which Bayer terminated this Agreement according to Section 15.2.

15.4.1.4 For the avoidance of doubt, termination of this Agreement does not affect the use rights under Section 10.2 of the Collaboration Agreement.

15.4.1.5 To the extent requested by Recursion, the Parties shall negotiate in good faith the terms and conditions for an exclusive, sub-licensable and royalty-bearing license under Bayer's rights, title and interest under the Licensed Rights and a non-exclusive royalty-bearing license to other Reversion Technology to do or have done research on, develop or have developed, make, have made, use, have used, sell, have sold, offer for sale, have offered for sale and import and have imported Product(s), or if applicable, all Product(s) or country(ies) for which Bayer terminated this Agreement according to Section 15.2, in each case, in the Field in the Territory.

15.4.1.6 With respect to Products for which this Agreement was terminated, Recursion herewith grants Bayer a license for a period of [***] months starting from the date the respective termination becomes effective to sell off its inventory, with respect to which Recursion does not exercise its rights under Section 14.5.1.5, of Products affected by the respective termination that are and either manufactured prior to the effective date of the respective termination or manufactured thereafter to fulfil such orders received by Bayer or its Affiliates or their Sublicensees prior to the submission of the

respective termination notice. Bayer shall remain obliged to pay Recursion the milestones and royalties accruing during such sell-off period and the respective provisions regarding milestones and royalty payments and reporting set out herein shall continue to apply during such period. After said selloff period, Bayer and its Affiliates shall cease the sale of the Products for which this Agreement was terminated.

15.4.1.7 Bayer shall be responsible, at its own cost and expense, for the wind-down of Bayer's and its Affiliates' development, manufacturing and commercialization activities for terminated Products.

15.4.2 Consequences of Expiration of this Agreement. In the event that this Agreement expires after the Term as set forth in Section 15.1:

15.4.2.1 The licenses granted hereunder by Recursion to Bayer under Recursion's rights, title and interest in the Licensed Rights shall cease immediately, provided, however, that Bayer shall continue to have such license under any Licensed Project Know-How within the Licensed Rights, on a non-exclusive, fully paid-up basis.

15.4.2.2 Each Party shall have the right to freely use, practice, develop and exploit the respective affected Licensed Rights of the respective Project, including the right to sublicense its interest in the Licensed Rights, without the consent of the other Party and without a duty of accounting to the other Party. Where such consent is required by Applicable Law, it is deemed hereby granted and where a duty of accounting to the other Party exists by Applicable Law, such duty is hereby waived. Where the Applicable Law in any country prevents that such consent or waiver is given in advance the Parties shall be obligated to give their consent or waiver at the given point in time. Notwithstanding the foregoing, neither Party shall have the right to assign the entire Licensed Rights or entire rights to the Licensed Rights without the other Party's prior written consent (except in connection with a permitted assignment of this Agreement in accordance with Section 16.4). To the extent that the use of the Licensed Rights by a Party requires a license to the background rights of the other Party, the Parties will in good faith discuss whether and, provided that a license grant is agreeable, under what terms and conditions such license may be granted, always provided that the licensing party is in Control of the respective background rights.

15.4.2.3 The licenses granted hereunder by Recursion to Bayer under Recursion's Background IP Rights shall cease immediately, whereas the non-exclusive license granted under Recursion's Background Know-How under Section 2.1.2 shall survive the expiration of this Agreement.

15.4.2.4 For the avoidance of doubt, expiration of this Agreement does not affect the use rights under Section 10.2 of the Collaboration Agreement.

15.5 Consequences of Termination of this Agreement by Bayer for Breach by Recursion.

15.5.1 In the event that this Agreement is terminated by Bayer according to Section 15.3:

15.5.1.1 Unless Bayer expressly terminates the licenses granted in Section 2.1, the license granted under Section 2.1.1 by Recursion to Bayer under Recursion's rights, title and interest in the Licensed Rights shall continue in each country, until expiration of the Royalty Term in that country and Bayer shall continue to pay Recursion the milestone and royalty payments under this Agreement in accordance with the terms of this Agreement, whereby all such payments shall be [***] reduced after the effective date of termination and Bayer's associated reporting obligations hereunder shall also continue.

15.5.1.2 The license granted pursuant to Section 2.1.2 by Recursion to Bayer under Recursion's Background IP Rights and Background Know-how shall continue in each country, until expiration of the Royalty Term in that country unless Bayer expressly terminates the licenses granted in Section 2.1.1, in which case the license granted pursuant to Section 2.1.2 shall also terminate.

15.5.1.3 For the avoidance of doubt, termination of this Agreement does not affect the use rights under Section 10.2 of the Collaboration Agreement.

15.6 Effect on Sublicenses. Upon termination of this Agreement, for any reason, Bayer shall promptly notify its Sublicensees of such termination. Upon notice by Recursion of its intent to terminate (or, if notice is not required, upon termination) this Agreement, Bayer shall no longer have the authority to grant further sublicenses. With respect to any rights previously granted by Bayer under any Sublicense hereunder any Sublicensee, so long as they are not in default under such Sublicense, may elect to continue its Sublicense provided that (i) the Sublicense will be modified as reasonably necessary to accommodate the functional and structural differences between Recursion and Bayer; (ii) Recursion is bound only to the extent under terms no less economically favorable to Recursion than existed when this Agreement and the Sublicense were in effect; and (iii) in no event will Recursion be obligated in any manner that it was not to Bayer hereunder and that the terms of such license agreement will not impose any representations, warranties, expenses or liabilities on Recursion that are not included in this Agreement. Sublicensee will notify Recursion in writing, within [***] days after the Sublicensee's receipt of notice of such termination, of its election, and of its agreement to assume in respect to Recursion all the obligations (including obligations for payment) contained in the Sublicense with Bayer and all the obligations in this Agreement. For the avoidance of doubt, in the event that Bayer retains under this Agreement or the Collaboration Agreement after termination of this Agreement any rights to grant sublicenses, such rights remain unimpaired.

15.7 Survival. Termination or expiration of this Agreement shall not affect any rights or liabilities of either Party that have accrued prior to such termination or expiry. Except as otherwise expressly provided herein (including in this Section 15), all other rights and obligations of the Parties under this Agreement shall terminate upon termination or expiration of this Agreement.

The following sections shall survive the expiration or termination of this Agreement along with any other provisions which by their context are intended to survive: Sections 1, 7, 8 (for the period set forth therein), 9.3, 9.4, 9.5, 10, 11 (for the period set forth therein), 14, 15, 16, and for the period set forth in Section 15.4.1.6, Sections 4.1, 4.2, 6.1, and 6.2.

16. MISCELLANEOUS PROVISIONS

16.1 Notice. Any notices to be given hereunder shall be in writing and shall be either delivered by hand or sent postage prepaid by certified mail or via an internationally recognized courier service, and addressed to the other Party's address provided below or at such other address for which such Party gives notice hereunder.

If to Recursion:
Recursion Pharmaceuticals, Inc.
41 S Rio Grande Street
Salt Lake City, UT 84101
Attention: [***]
E-mail: [***]@recursionpharma.com
Tel: [***]

With a copy to:
Wilson Sonsini Goodrich & Rosati
28 State Street
Boston, MA 02109
E-mail: [***]@wsgr.com
Fax: [***]
Tel: [***]

If to Bayer:
[…]

All notices under this Agreement shall be deemed effective upon receipt. A Party may change its contact information immediately upon written notice to the other Party in the manner provided in this Section.

16.2 Non-Use of Name. Neither Party shall use the name, insignia, symbol, trademark, trade name or logotype or any variation, adaptation, or abbreviation thereof, of the other Party or its Affiliates, its directors, officers, staff, employees, agents, or affiliated investigators in any promotional material or other public announcement or disclosure without the prior written consent of the other Party, which consent the other Party may withhold in its sole discretion, with the exception(s) for disclosures pursuant to Applicable law (e.g. "Sunshine Act") and in acknowledgement of support in connection with Publications made in accordance with Section 12 above. Notwithstanding the foregoing, each Party shall be permitted to identify the other Party as a collaborator and/or partner and display the other Party's logo on its website, subject to compliance with any trademark guidelines provided by the other Party and a separate written declaration of consent pursuant to such guidelines.

16.3 Governing Law. This Agreement and all disputes arising out of or related to this Agreement, or the performance, enforcement, breach or termination hereof, and any remedies relating thereto, shall be construed, governed, interpreted and applied in accordance with the laws of the State of New York, without regard to its conflict of laws principles, except that questions affecting the construction and effect of any patent shall be determined by the law of the country in which the patent shall have been granted.

16.4 Assignment.

16.4.1 Except as expressly permitted in this Agreement, neither Party shall assign, delegate, or subcontract any of its rights or obligations under this Agreement without the prior written consent of the other Party. Any attempted assignment in contravention of this Section 16.4 shall be null and void.

16.4.2 Notwithstanding the foregoing, each Party may, without the consent of the other Party, assign or transfer all of its rights and obligations hereunder to an Affiliate of or to a successor in interest by reason of merger or consolidation or sale of all or substantially all of the assets of such Party relating to the subject matter of this Agreement; provided however, that (a) such assignment includes, without limitation, all rights and obligations under this Agreement, (b) such successor in interest or Affiliate shall have agreed as of such assignment or transfer to be bound by the terms of this Agreement in a writing provided to the non-assigning Party, and (c) where this Agreement is assigned or transferred to an Affiliate, the assigning Party remains responsible for the performance of this Agreement. Recursion may assign or pledge any of its rights to receive payment under this Agreement subject to Bayer's prior written consent, such consent not be unreasonably withheld.

16.5 Amendment and Waiver. No amendment, modification, or waiver of the terms of this Agreement shall be binding on either Party unless reduced to writing and signed by an authorized representative of the Party to be bound. The failure of either Party at any time or times to require performance of any provision hereof shall in no manner affect its rights at a later time to enforce the same. No waiver by either Party of any condition or term shall be deemed as a further or continuing waiver of such condition or term or of any other condition or term.

16.6 Independent Contractors. It is understood and agreed that the relationship between the Parties is that of independent contractors and that nothing in this Agreement shall be construed as authorization for either Party to act as agent for the other. Nothing herein contained shall be deemed to create an employment, agency, joint venture or partnership relationship between the Parties or any of their agents or employees for any purpose, including tax purposes, or to create any other legal arrangement that would impose liability upon one Party for the act or failure to act of the other Party. Neither Party shall have any express or implied power to enter into any contracts or commitments or to incur any liabilities in the name of, or on behalf of, the other Party, or to bind the other Party in any respect whatsoever.

16.7 Severability. In the event that any provision of this Agreement shall be held invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect any other provision of this Agreement, and the Parties shall negotiate in good faith to modify this Agreement to preserve (to the extent possible) their original intent.

16.8 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

16.9 Interpretation. All headings are for convenience only and shall not affect the meaning of any provision of this Agreement. The Parties acknowledge that each Party has read and negotiated the language used in this Agreement. Because all Parties participated in negotiating and drafting this Agreement, no rule of construction shall apply to this Agreement which construes ambiguous language in favor of or against any Party by reason of that Party's role in drafting this Agreement. Except where the context expressly requires otherwise, (a) the use of any gender herein will be deemed to encompass references to any genders, and the use of the singular will be deemed to include the plural (and vice versa), (b) the words "include", "includes" and "including" will be deemed to be followed by the phrase "without limitation", (c) the word "will" will be construed to have the same meaning and effect as the word "shall", (d) any definition of or reference to any agreement, instrument or other document herein will be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (e) any reference herein to any Person will be construed to include the Person's successors and permitted assigns, (f) the words "herein", "hereof" and "hereunder", and words of similar import, will be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (g) all references herein to section, attachments, appendices, exhibits or the like will be construed to refer to sections, attachments, appendices, exhibits or the like of this Agreement, and references to this Agreement include all attachments, appendices, exhibits or the like attached hereto, (h) references to any Applicable Law, rule or regulation, or article, section or other division thereof, will be deemed to include the then-current amendments thereto or any replacement or successor Applicable Law, rule or regulation thereof and (i) the term "or" will be interpreted in the inclusive sense commonly associated with the term "and/or."

16.10 Conflicting Provisions. In the event of any conflict between this Agreement and the Collaboration Agreement, the terms of this Agreement shall prevail. Notwithstanding the foregoing, unless explicitly set forth herein, no provision of this Agreement shall be interpreted to limit any express obligation of either Party set forth in the Collaboration Agreement or any other license agreement resulting therefrom.

16.11 Compliance. Recursion and Bayer agree to comply with all Applicable Law, including, without limitation, laws related to fraud, abuse, privacy, discrimination, disabilities, samples, confidentiality, false claims and prohibition of kickbacks. Without limiting the generality of the foregoing, each party to this Agreement certifies that such party shall not violate the U.S. Anti-Kickback Statute (42 U.S.C § 1320a-7b(b)) with respect to the performance of this Agreement. In furtherance of this intent, Bayer makes Recursion aware of its Code of Conduct and Anti-Kickback Policies accessible at http://www.bayer.us/en/products/bayer-pharmaceuticals/.

16.12 Counterparts. This Agreement may be executed in counterparts, including by facsimile or by electronic scan copies, each of which counterparts, when so executed and delivered, shall be deemed to be an original, and all of which counterparts, taken together, shall constitute one and the same instrument.

16.13 No Third Party Beneficiaries. Nothing in this Agreement shall be construed as giving any person, firm, corporation or other entity, other than the Parties hereto and their successors and permitted assigns, any right, remedy or claim under or in respect of this Agreement or any provision hereof.

16.14 No Implied Licenses. Except as expressly set forth herein, neither Party shall acquire, pursuant to this Agreement, any license or other intellectual property interest, by implication or otherwise, under any trademarks, Patent or other Intellectual Property Rights of the other Party.

17. EXHIBITS

This Agreement includes the following Exhibits and all terms stated therein:

EXHIBIT A. Identification of the Project

EXHIBIT B. Licensed Project IP Rights (including Licensed Project Patents)

EXHIBIT C. Licensed Project Know-How

EXHIBIT D. Specification of RECURSION's licensed Background IP Rights and Background Know-How

EXHIBIT E Licensed Project Compounds

(Signatures Follow on Next Page)

IN WITNESS WHEREOF, this Agreement has been executed below by the respective duly authorized representatives of the Parties hereto as of the Effective Date of this Agreement.

RECURSION PHARMACEUTICALS, INC

Name:
Title:
Date:

BAYER AG

Name:
Title:
Date:

Name:
Title:
Date:

Appendix 3
License Agreement (Development Candidate)

CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THIS DOCUMENT BECAUSE IT IS NOT MATERIAL AND (I) WOULD BE COMPETITIVELY HARMFUL TO THE REGISTRANT IF PUBLICLY DISCLOSED OR (II) IS INFORMATION THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. SUCH INFORMATION HAS BEEN MARKED WITH "[***]" TO INDICATE WHERE OMISSIONS HAVE BEEN MADE.

Appendix

Research Collaboration and Option Agreement

FORM OF

LICENSE AGREEMENT

Development Candidate Option

[Exhibit Follows]

LICENSE AGREEMENT

by and between

RECURSION PHARMACEUTICALS, INC.

and

BAYER AG

[DATE]

TABLE OF CONTENTS

THIS LICENSE AGREEMENT (the "**Agreement**"), dated as of _____ (the "**Effective Date of this Agreement**"), is made by and between Recursion Pharmaceuticals, Inc, a Delaware corporation with offices at 41 S Rio Grande Street, Salt Lake City, UT 84101 ("**Recursion**") and Bayer AG, a German corporation, with offices at Müllerstrasse 178, 13353 Berlin, Germany ("**Bayer**"). Each of Recursion and Bayer may be referred to herein as a "**Party**" or together as the "**Parties**".

RECITALS

WHEREAS, Recursion and Bayer have concluded a Research Collaboration and Option Agreement (hereinafter the "**Collaboration Agreement**") dated as of [….], to conduct research projects with the aim to discover and improve drug products in the fibrosis disease field, all in accordance with the terms and conditions set forth therein;

WHEREAS, Bayer timely and effectively exercised the Bayer Development Candidate Option granted to Bayer under Section 8 of the Collaboration Agreement with respect to the Project (as defined below);

NOW, THEREFORE, the Parties hereby agree as follows:

1. DEFINITIONS

All references to particular Exhibits or Sections shall mean the Exhibits attached hereto and the Sections set forth in this Agreement, unless otherwise specified. Any reference herein to any defined term shall include both the singular and the plural, whether or not both forms are included in the reference. For purposes of this Agreement and the Exhibits attached hereto, the following terms (and their correlatives), in addition to terms defined on first use in this Agreement, have the meanings set forth in this Section 1 below. Terms with a capital initial letter which are not defined in this Agreement shall have the meaning given to them in the Collaboration Agreement.

1.1 "Accounting Standards" means the maintenance of records and books of accounts in accordance with Generally Accepted Accounting Principles (GAAP), when in reference to Recursion, and those accounting standards used in accordance with the accounting standards IFRS/IAS, when in reference to Bayer, which standards or principles (as applicable) are currently used at the relevant time, and consistently applied by the applicable Party.

1.2 “Achievement of Development Candidate Criteria” means a decision of the Bayer committee which is responsible to take such decision according to the internal guidelines of Bayer that a Licensed Project Compound or a Derivative fulfills Development Candidate Criteria and that GLP toxicology studies shall be started.

1.3 “Active” means, with regard to a compound, that it has a potency below [***] (or another threshold as agreed upon by the Parties in accordance with the Collaboration Agreement, such other threshold to be further specified in Exhibit C) in the [***] or with regard to the respective [***], as applicable.

1.4 “Affiliate” shall mean any business entity controlled by, controlling, or under common control with a Party hereto. For the purpose of this definition, a business entity shall be deemed to “control” another business entity, if it (i) owns directly or indirectly, more than fifty percent (50%) of the outstanding voting securities, capital stock, or other comparable equity or ownership interest of such business entity having the power to vote on or direct the affairs of such business entity, as applicable (or such lesser percentage which is the maximum allowed to be owned by a foreign corporation in a particular jurisdiction), or (ii) possesses, directly or indirectly, the power to direct or cause the direction of the policies and management of such business entity, as applicable, whether by the ownership of stock, by contract or otherwise.

1.5 “Agreement” has the meaning given in the preamble of this Agreement.

1.6 “Applicable Law” means all applicable laws, Accounting Standards, rules and regulations (including any rules, regulations or other requirements of the regulatory authorities) that may be in effect from time to time.

1.7 “Background IP Rights” means all Intellectual Property Rights listed in EXHIBIT D.

1.8 “Background Know-How” means all Know-How that is listed in EXHIBIT D.

1.9 “Bayer” has the meaning given in the preamble of this Agreement.

1.10 “Bayer Development Candidate Option” has the meaning given in Section 8.2 of the Collaboration Agreement.

1.11 “Bayer Indemnitees” has the meaning given in Section 10.2 of this Agreement.

1.12 “Business Day” shall mean any day other than a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in Salt Lake City USA, or Wuppertal or Berlin, Germany.

1.13 “Calendar Quarter” means a period of three (3) consecutive months corresponding to the calendar quarters commencing on the first day of January, April, July or October, or any partial period thereof immediately following the Effective Date of this Agreement or immediately prior to the termination or expiration of this Agreement.

1.14 “Calendar Year” means a period of twelve (12) consecutive months corresponding to the calendar year commencing on the first day of January, or any partial period thereof immediately following the Effective Date of this Agreement or immediately prior to the termination or expiration of this Agreement.

1.15 “Collaboration Agreement” has the meaning given in the recitals above.

1.16 “Combination Product” means a product for use in the Field sold in a single SKU for a single selling price, wherein such product utilizes, contains, incorporates or is made through use of one or more Licensed Project Compound(s), Enabled Compounds or Product(s) in combination with one or more other active ingredients or pharmaceutical products, that are not Licensed Project Compounds, Enabled Compounds or Products, and are not required for the function of the included Licensed Project Compound(s), Enabled Compound or Product(s). A Combination Product is deemed included within Product, when that defined term is used herein.

1.17 “Commercially Reasonable Efforts” hereunder means [***].

1.18 “Compound(s)” means a small molecule or peptide.

1.19 “Confidential Information” as used herein has the meaning given in Section 11.1 of this Agreement.

1.20 “Control” means, as to any Know-How, Intellectual Property Right, or Material, the possession (whether by ownership or license, other than by a license granted pursuant to this Agreement) by a Party or its Affiliates of the ability to grant to the other Party access, ownership, a license or a sublicense as required herein to such Know-How, Intellectual Property Right, or Material without (i) violating the terms of any agreement or other arrangement with any Third Party in existence as of the time such Party or its Affiliates would first be required hereunder to grant the other Party such access, ownership, license or sublicense, and (ii) violating any Applicable Law. “Controlled”, “Controls” and “Controlling” have their correlative meanings.

1.21 “Cover” means, with respect to a particular subject matter in a particular country and a Patent, that the manufacture, use, sale or importation of such subject matter, as applicable, in such country would, but for a license under or joint ownership right in such Patent, infringe a Valid Claim of such Patent.

1.22 “Created” means with respect to non-patent related matters conceived, made or otherwise created; and with respect to patent related matters invented, made or reduced to practice. “Create” and “Creating” have their correlative meanings.

1.23 “Deconvoluted Target” means, with respect to the Licensed Rights, a target that was deconvoluted under the Project and which is further specified in Exhibit C.

1.24 “Derivative” means a Compound which is (i) derived from a Licensed Project Compound within [***] years after the Effective Date of this Agreement and that is generated in the course of further lead optimization of a Lead Series or Development Candidate within the Licensed Project Compounds and (ii) which is Active [***].

1.25 “Derivative Patent” means IP Rights Created, or filed, by Bayer, its Affiliate or Sublicensee after the Project and claiming a Licensed Project Compound and / or a Derivative as such or a method of use of such a Licensed Project Compound or Derivative thereof.

1.26 “Disclosing Party” as used hereunder has the meaning given in Section 11.1 of this Agreement.

1.27 “Dispute” has the meaning given in Section 14.1 of this Agreement.

1.28 “Domain Names” means any domain name identical or similar with the Trademarks under any ccTLD (country code Top Level Domain) and gTLD (generic Top Level Domain) address area.

1.29 “Double Tax Treaty” has the meaning given in Section 7.7 of this Agreement.

1.30 “Effective Date of this Agreement” has the meaning given in the preamble of this Agreement.

1.31 “EMA” means the European Medicines Agency or any successor agency thereto.

1.32 “Enabled Compound” shall mean a Compound, that is (i) Active [***], and (ii) [***].

1.33 “Enabled Product” means any product for use in Fibrosis containing an Enabled Compound, [***].

1.34 “European Union” means the European Union as it exists as of the Effective Date of this Agreement, together with the United Kingdom and any countries or territories that subsequently join the European Union. For clarity, any countries or territories that exit the European Union after the Effective Date of this Agreement shall remain part of the European Union for purposes of this Agreement.

1.35 “FDA” means the U.S. Food and Drug Administration, or any successor agency thereto.

1.36 “Fibrosis” means any disease or indication for which fibrosis is the primary pathophysiology.

1.37 “Field” means any and all therapeutic indications and uses for humans and animals and diagnostic uses, including – without limitation – the use as in vitro diagnostics and biomarkers.

1.38 “First Commercial Sale” means the first sale of a Product by Bayer and/or its Affiliates and/or its Sublicensee (as applicable) to a Third Party in any country of the Territory after grant of a Marketing Authorization and pricing approval as applicable in the applicable country or jurisdiction. For the avoidance of doubt, supply of a Product to patients for compassionate use, named patient use, clinical trials or other similar purposes prior to regulatory approval shall not be considered a First Commercial Sale.

1.39 “Generic Product” means, with respect to a Product being sold in any country, a product that contains the same active pharmaceutical ingredient as such Product, regardless of the polymorphic, salt or solvate form of said active ingredient, and the dosage and formulation of such product, which is approved in such country for sale in reliance on a prior approval of such Product by the applicable Regulatory Authority, under Section 505(j) of the Federal Food, Drug and Cosmetic Act or 42 U.S.C. §§ 262(i)(2) and (k) or under Art. 10 Dir 2001/83/EC or Art. 10a Dir. 2001/83 in the version current at the time of approval of such Product,, or in each case, any successor, foreign or equivalent Applicable Law, by way of an abbreviated or expedited approval process, pursuant to which such product is determined to be equivalent to the applicable Product by the applicable Regulatory Authority. A product shall not be considered to be a Generic Product if (a) Bayer or any of its Affiliates or Sublicensees is or was involved in, or granted such Third Party rights with respect to, the development or commercialization of such product, or (b) such product is commercialized by any Third Party who obtained such product in a chain of distribution that included Bayer or any of its Affiliates or any sublicensee engaged or entrusted by Bayer or its Affiliates to (directly or indirectly) sell such product.

1.40 “Intellectual Property Rights” or “IP Rights” means trade secrets protectable under Applicable Law, copyrights, Patents and other registered intellectual property rights including registered trademarks, trade names and domain names.

1.41 “Know-How” means all confidential commercial, technical, scientific and other information, unpatented inventions (whether patentable or not and excluding Materials), knowledge, technology, methods, processes, practices, formulae, instructions, skills, techniques, procedures, experiences, ideas, technical assistance, designs, drawings, assembly procedures, computer programs, specifications, data and results (including biological, chemical, pharmacological, toxicological, pharmaceutical, physical and analytical, pre-clinical, clinical, safety, manufacturing and quality control data and know-how, including study designs and protocols), in all cases whether in written, electronic or any other tangible or non-tangible form, including information related to Materials, samples, assays, compounds, compositions or formulations.

1.42 “Licensed Project Know-How” means the Project Know-How which is listed in EXHIBIT C of this Agreement.

1.43 “Licensed Project Compound(s)” means the Project Compound(s) listed in EXHIBIT E.

1.44 “Licensed Project IP Rights” means the Project IP Rights listed in EXHIBIT B.

1.45 “Licensed Project Patents” means Licensed Project IP Rights that are Patents, together with all Patents claiming priority thereto or foreign equivalents thereof and all Derivative Patents.

1.46 “Licensed Rights” means the Licensed Project Compounds, Licensed Project IP Rights and Licensed Project Know-How.

1.47 “Losses” means claims, demands, liability, damage, loss, or expense (including reasonable attorneys’ fees and expenses).

1.48 “Marketing Authorization” means any approval, license, registration or authorization required from the relevant Regulatory Authority to market and sell the Product in a particular country or jurisdiction.

1.49 “Net Receipts” means all money or money’s worth paid to Bayer or its Affiliates by Bayer’s or its Affiliates’ Sublicensees or other parties granted a compulsory license in accordance with Section 6.6 including, but not limited to, licensing fees, upfront and milestone payments, and royalties, less sales, value-added and excise taxes.

1.50 “Net Sales” means the gross amount [***] for sales of a Product (or Combination Product) to Third Parties less customary and reasonable deductions like: value-added tax or customs duties; allowances or credits upon rejections or returns of Product (or Combination Product), including recalls or damaged goods; quantity, early payment, cash settlement and other trade discounts; rebates, chargebacks or premiums; fees, discounts or other charges paid as required by government or public healthcare legislation, as reasonably allocated to the Product; and a [***] percent ([***]%) lump sum of the gross amount invoiced to cover transportation, freight, insurance, distribution, shipping, packaging and handling costs as well as a [***] percent ([***]%) lump sum of the gross amount invoiced to cover bad debt charges.

In the event that a Product is sold in the form of a Combination Product, then, for the purpose of calculating royalties due, Net Sales will be adjusted by multiplying Net Sales of such Combination Product (as calculated in accordance with the first paragraph of this Section 1.50) by the fraction A/(A+B) where A is the gross per unit invoice price of the Product, if sold separately, and B is the gross per unit invoice price of all other active ingredient(s) in the combination, if sold separately.

If, on a country-by-country basis, the other active ingredient(s) in the combination are not sold separately in that country, Net Sales will be adjusted by multiplying by the fraction A/C where A is the gross per unit invoice price of the Product, if sold separately, and C is the gross per unit invoice price of the Combination Product. In each case, the gross per unit invoice price shall be those applicable during the relevant Quarter. If sales of both the Product and the other active ingredient(s) in the same formulation and dosage in a comparable indication did not occur in such Quarter, in such country, or on a country-by-country basis, neither the Product nor the other active ingredient(s) of the Combination Product are sold separately in such country, then the fraction by which the Net Sales value shall be multiplied shall be determined between the Parties in good faith.

1.51 “Option Exercise Fee” has the meaning given in Section 3.1 of this Agreement.

1.52 “Quarterly Report” has the meaning given in Section 6.5 of this Agreement.

1.53 “Party” and “Parties” have the meanings given in the preamble to this Agreement.

1.54 “Patents” means (a) all national, regional and international patents and patent applications filed in any country of the world including provisional patent applications, (b) all patents and patent applications filed either from such patents, patent applications or provisional applications, including any continuations, continuations-in part which are limited to the subject matter directly related to the

subject matter of the original patent application, divisions, provisionals, converted provisionals and continued prosecution applications, or any substitute applications, (c) any patent issued with respect to or in the future issued from any such patent applications, (d) any and all extensions or restorations by existing or future extension or restoration mechanisms, including reissues, re-examinations and extensions (including any supplementary protection certificates, patent term extensions and the like) of the foregoing patents and (e) any utility models, design patents or similar rights, and all foreign counterparts of any of the foregoing.

1.55 "Patent Matters" has the meaning given in Section 14.5 of this Agreement.

1.56 "Person" means an individual, and any form of legally recognized entity, including, without limitation, a corporation, limited liability company, association, joint stock company, trust, or governmental entity.

1.57 "Phase 1 Clinical Trial" means a human clinical trial of a Product, the principal purpose of which is to determine initial tolerance or safety of such Product in the target patient population, or in the United States, is otherwise consistent with a human clinical trial as described in 21 CFR 312.21(a), or, in a country other than the United States, a similar clinical study prescribed by the applicable Regulatory Authority. With respect to the milestone payments set forth in Section 4, a Phase 1 Clinical Trial shall be deemed started upon the first dosing of the first subject of the first Phase 1 Clinical Trial.

1.58 "Phase 2 Clinical Trial" means a human clinical trial of a Product, the principal purpose of which is to evaluate the effectiveness of such Product in the target patient population, or in the United States, is otherwise consistent with a human clinical trial as described in 21 CFR 312.21(b), or, in a country other than the United States, a similar clinical study prescribed by the applicable Regulatory Authority. With respect to the milestone payments set forth in Section 4, a Phase 2 Clinical Trial shall be deemed started upon the first dosing of the first subject of the first Phase 2 Clinical Trial.

1.59 "Phase 3 Clinical Trial" means a human clinical trial of a Product, on a sufficient number of subjects that is designed to:

(i) evaluate overall benefit risk profile;

(ii) define possible warnings, precautions and adverse reactions that are associated with such Product in the dosage range to be prescribed; and

(iii) support Marketing Authorization of such Product; or is otherwise consistent with in the United States, a human clinical trial as described in 21 CFR 312.21(c), or, in a country other than the United States, a similar clinical study prescribed by the applicable Regulatory Authority.

With respect to the milestone payments set forth in Section 4, a Phase 3 Clinical Trial shall be deemed started upon the first dosing of the first subject of the first Phase 3 Clinical Trial.

1.60 “Primary Screening Assay” means, with respect to the Licensed Rights, an assay [***] which is listed in Exhibit C.

1.61 “Product” means any Project Product or Enabled Product, as the case may be.

1.62 “Project” means the Project under the Collaboration Agreement specifically identified in EXHIBIT A.

1.63 “Project Product” any product for use in the Field containing a Licensed Project Compound or a Derivative, in any and all dosage forms, formulations, presentations, administrations, line extensions and package configurations.

1.64 “Receiving Party” as used hereunder has the meaning given in Section 11.1 of this Agreement.

1.65 “Recursion” has the meaning given in the preamble.

1.66 “Recursion Indemnitees” has the meaning given in Section 10.1 of this Agreement.

1.67 “Regulatory Authority” means the FDA, the EMA or any supranational, national or local agency, authority, department, inspectorate, ministry official, parliament or public or statutory person of any government of any country having jurisdiction over any of the activities contemplated by this Agreement or the Parties, or any successor bodies thereto.

1.68 “Regulatory Exclusivity” means, with respect to a Product in a country, any period of data, market or other regulatory exclusivity (other than Patent exclusivity) granted or afforded by Applicable Law or by a Regulatory Authority in such country that confers exclusive marketing rights with respect to such Product in such country or prevents another party from using or otherwise relying on any data supporting the approval of the Marketing Authorization for such Product.

1.69 “Reversion Technology” means, with respect to a Product under development or commercialization by Bayer at, or prior to, the time of termination, any Patents or Know-How Controlled by Bayer or any of its Affiliates as of the effective date of termination of this Agreement, [***].

1.70 “Royalty Term” has the meaning given in Section 6.4 of this Agreement.

1.71 “Sublicense” means an agreement pursuant to which a Third Party receives: (i) a grant or transfer of any rights to design, develop, test, make, use, sell, offer for sale or import Licensed Project Compounds, Derivatives, Enabled Compounds or Products or any sublicense or other transfer of the rights licensed to Bayer under Section 2.1, or (ii) the benefit of an agreement not to assert such rights or to sue, prevent or seek a legal remedy for the practice of the rights licensed to Bayer under Section 2.1. Where the definition “Sublicense” is used it shall not include any distribution or manufacturing agreement or other agreement by which Bayer or an Affiliate exercises its right to have done research on, have developed, have made, or have sold Products in the Field in the Territory for Bayer or the Affiliate or Sublicensee granting such right and shall not include the grant of licenses by Bayer or an Affiliate or Sublicensee to Third Parties solely for joint research and development activities between Bayer or its Affiliates and such Third Parties (e.g. joint collaboration activities on the further research and development of the Products).

1.72 “Sublicensee” means any Third Party to which Bayer, an Affiliate or any Sublicensee (which received a Sublicense from or through Bayer or its Affiliate) has granted a Sublicense.

1.73 “Term” has the meaning given in Section 15.1 of this Agreement.

1.74 “Territory” means worldwide.

1.75 “Third Party” means any Person other than Bayer or Recursion or any Bayer Affiliate or Recursion Affiliate.

1.76 “Third Party Patents” means one or more valid and enforceable patents and/or pending patent applications (provided that such pending application has not extended beyond seven years from its earliest priority date) owned by one or more Third Parties that are licensed by Bayer and that Cover the manufacturing, use, sale, offer to sell, or importation of the Licensed Project Compound or Derivative in a Product.

1.77 “Third Party Royalties” shall mean the collective running royalty for Third Party Patents based on the Net Sales for Products, on a product-by-product and country-by-country basis, that Bayer or its Sublicensee is obligated to pay to Third Parties for the manufacture, use, sale, offer to sell or importation of such Products in such country.

1.78 “Trademark” means any trademark owned and controlled by Bayer and used by them in connection with the marketing of the Products.

1.79 "USD" has the meaning given in Section 7.4 of this Agreement.

1.80 "Valid Claim" means a claim of a pending or issued Patent that has not (A) expired or been cancelled, (B) been declared invalid by a decision of a court or other appropriate body of competent jurisdiction, from which no appeal is or can be taken, (C) been admitted to be invalid or unenforceable through reexamination, reissue, disclaimer or otherwise, or (D) been abandoned or disclaimed.

1.81 "VAT" has the meaning given in Section 7.6.

2. LICENSE GRANTS TO LICENSED RIGHTS AND BACKGROUND IP

2.1 License Grant.

2.1.1 Exclusive License to Recursion interest in Licensed Rights. Subject to the terms and conditions of this Agreement, Recursion agrees to grant and does hereby grant to Bayer an exclusive, sub-licensable and royalty-bearing license under Recursion's rights, title and interest in the Licensed Rights to do or have done research on, develop or have developed, make, have made, use, have used, sell, have sold, offer for sale, have offered for sale and import and have imported Products and to use such Licensed Rights as tools in independent research and development projects of Bayer, in each case in the Field in the Territory.

2.1.2 Non-Exclusive License to Recursion's Background IP Rights and Background Know-How. Subject to the terms and conditions of this Agreement, Recursion agrees to grant and does hereby grant to Bayer a non-exclusive, sub-licensable, license to Recursion's Background IP Rights and Background Know-How specifically identified in EXHIBIT D solely to the extent such Background IP Rights and Background Know-How are necessary to do or have done research on, to develop, have developed, make, have made, use, have used, sell, have sold, offer to sell, have offered for sale, import and have imported Products in the Field in the Territory.

For the avoidance of doubt, the aforementioned right to sublicense under Recursion's Background IP Rights and Background Know-How does not grant Bayer any rights to sub-license such Background IP Rights and Background Know-How independently from the development and commercialization of the Licensed Rights (e.g. no right for independent sub-licensing for the purpose of generating license fees from Recursion's Background IP Rights and Background Know-How).

2.1.3 Use and Exploitation Rights. For the avoidance of doubt, the Use and Exploitation Rights agreed under Section 10.2 of the Collaboration Agreement remains unimpaired.

2.1.4 Right to Sublicense. Without limiting the license grant in Section 2.1.1 and 2.1.2 the following provisions shall apply with respect to sublicenses to Affiliates and Sublicensees.

2.1.4.1 Sublicense to Affiliates. If any Affiliate exercises any of Bayer's rights or fulfills Bayer's obligations under this Agreement, each and every such Affiliate shall be bound by all terms and conditions of this Agreement, including but not limited to indemnity, insurance, royalty payment obligations. In addition, Bayer shall remain fully liable to Recursion for all acts and obligations of any of its Affiliates such that acts of any and all Affiliates shall be considered acts of Bayer.

2.1.4.2 Sublicense to Third Parties. With respect to Sublicenses to Third Parties, each Sublicense shall be in writing and contain terms and conditions consistent with this Agreement and sufficient to enable Bayer and require Bayer's Sublicensees to comply with this Agreement.

Any Sublicense granted or authorized by Bayer hereunder shall not relieve Bayer from any of its obligations under this Agreement.

Bayer shall provide written notice to Recursion of any Sublicense with a Third Party within [***] days after entering into such Sublicense along with a copy of such Sublicense, which may be redacted to remove any provisions not necessary to determine compliance with this Agreement, provided, however, that this requirement shall not apply when no commercialization rights are being granted to the Licensed Rights.

Bayer agrees to be fully responsible for the performance of Sublicensees hereunder, including acts and omissions of same.

Bayer's obligation to meet the requirements of Section 5.1 of this Agreement shall not be waived by the grant of any Sublicense.

2.1.4.3 For the avoidance of doubt, this Section 2.1.4 shall not limit Bayer's right to grant sublicenses within the scope of the license grant in Sections 2.1.1 through 2.1.2 to Third Parties who do not fall under the definition of a Sublicensee respectively (e.g. if sublicenses granted to such sublicensees are granted for distribution or manufacturing agreements or other agreements by which Bayer or an Affiliate exercises its right to have done research on, have developed, have made, or have sold, Products in the Field in the Territory for Bayer or the Affiliate or if sublicenses are granted by Bayer or an Affiliate to Third Parties solely for joint research and development activities between Bayer or its Affiliates and such Third Parties).

3. OPTION EXERCISE FEE

3.1 In consideration for Bayer's exercise of the Option according to Section 8 of the Collaboration Agreement with regard to the respective Development Candidate and the execution of this Agreement, and as consideration for the licenses granted by Recursion to Bayer under Section 2.1 of this Agreement, Bayer shall pay Recursion an "Option Exercise Fee" of [***] within [***] after receipt of a correct invoice that is compliant with the Applicable Law.

3.2 No Multiple Payments. For the avoidance of doubt only one Option Exercise Fee payment shall be made for each respective Development Candidate (including potential back up compounds) and only if Bayer exercised the Option for such respective Development Candidate.

4. MILESTONE PAYMENTS

4.1 Development Milestones for Project Products.

Bayer will pay Recursion the amounts listed in the table below based on the achievement of the first Project Product of the respective milestone, by Bayer or any of its Affiliates or Sublicensees, whereby each milestone shall be payable only once upon its first occurrence. All amounts below are in USD million (M USD, where M = 1,000,000).

Development milestone event	***Development milestone payment***
1. [***]	[***]
2. [***]	[***]
3. [***]	[***]
4. [***]	[***]
5. [***]	[***]
6. [***]	[***]

If any of the development milestone events set forth in rows (1)-(4) of the chart above is achieved, each development milestone event in a higher row not previously achieved shall be deemed achieved upon achievement of such development milestone event in a lower row. If any of the development milestone events set forth in rows (5)-(7) of the chart above is achieved prior to the achievement of any development milestone event set forth in rows (1)-(4), each development milestone event in rows (1)-(4) not previously achieved shall be deemed upon achievement of such development milestone event set forth in row (5), (6) or (7).

4.2 Sales Milestones for Project Products.

Bayer shall pay Recursion upon the first (1st) occurrence of global cumulative Net Sales of all Project Products in the Field in the Territory, the amounts indicated in the below table. For the avoidance of doubt “global cumulative Net Sales” means worldwide Net Sales of Project Products in a given Calendar Year. All amounts below are in USD million (M USD, where M = 1,000,000).

Sales milestone event for first occurrence of global cumulative Net Sales exceeds	***Sales milestone payment***
[***]	[***]
[***]	[***]
[***]	[***]

For the avoidance of doubt, if more than one sales milestone event is achieved in a Calendar Year, Bayer shall pay each sales milestone payment associated with each sales milestone event achieved during such Calendar Year.

4.3 Milestones for Enabled Products. *Milestones for Enabled Compounds (including for Achievement of Development Candidate Criteria) to be negotiated prior to execution of the license agreement,* [***].

4.4 No Multiple Payments. For the avoidance of doubt no milestone payment shall be made more than once, irrespective of the number of Products (including combinations with other products) or the number of indications that have achieved the milestone or the number of countries in which such milestone has been achieved.

4.5 Reporting on Milestone Achievement and Payment. Bayer shall provide written notice to Recursion of any occurrence of any of the Development Milestones set forth in Section 4.1 no later than [***] calendar days following the occurrence of the relevant milestone. The Sales Milestones set forth in Section 4.2 shall be reported to Recursion within the Quarterly Report (see Section 6.5) of the respective Calendar Quarter in which the Sales Milestone was met. Bayer shall remit payment for the applicable milestone due pursuant to Section 7.

5. DILIGENCE EFFORTS

5.1 Diligence Efforts. Bayer, acting itself and/or through its Sublicensee, will use Commercially Reasonable Efforts to develop and commercialize [***] Project Product [***]. Bayer shall provide Recursion with annual written reports summarizing Bayer's, its Affiliates and its Sublicensee's development and commercialization of Licensed Project Compounds, Derivatives, and Products, including a summary of the development and commercialization activities and progress of such development. Without limiting the foregoing, such reports shall contain sufficient detail to enable Recursion to assess Bayer's compliance with its obligations hereunder. The reports shall also contain sufficient detail to enable Recursion to assess whether Achievement of Development Candidate Criteria has occurred with respect to any Licensed Project Compound or Derivative or any Product is otherwise selected as a Development Candidate.

6. ROYALTY PAYMENTS

6.1 Royalty Rates for Project Products. Bayer shall pay Recursion a running royalty on the aggregate Net Sales of Project Products in a Calendar Year, the applicable percent in accordance with the table below:

Portion of Net Sales During Year (in USD)	***Royalty Rate (% of Net Sales)***
[***]	[***]
[***]	[***]
[***]	[***]

6.2 Royalty Rates for Enabled Products. *To be negotiated prior to execution of the license agreement, provided that in no event shall the royalty rates for Enabled Products exceed 75% of the royalty rates agreed for Project Products.*

6.3 For the avoidance of doubt, the aggregate Net Sales value shall be calculated on a Calendar Year basis.

6.4 Royalty Term. Bayer's obligation to pay royalties to Recursion shall commence, on a Product-by-Product basis and country-by-country basis on the First Commercial Sale of such Product in such country and end on latest of (a) the expiration or termination of the last to expire Valid Claim of a Project Patent or Derivative Patent Covering the Product in such country, (b) expiration of Regulatory Exclusivity applicable to such Product in such country, and (c) ten (10) years after the First Commercial Sale of such Product in such country ("Royalty Term").

6.5 Quarterly Royalty Reporting. Starting from the date of First Commercial Sale of a Product in any country, Bayer shall submit to Recursion within [***] days after the end of each Calendar Quarter a statement showing the Net Sales for that Calendar Quarter on a country-by-country basis, the total gross amount invoiced from sales of Product by Bayer, its Affiliates and Sublicensees, the manner and basis for any

currency conversion in accordance with Section 7.4, if any sales milestone event is achieved during such Calendar Quarter and the associated royalties due to Recursion ("Quarterly Report"). Recursion may invoice the royalties payable for the Calendar Quarter upon receipt of the respective Quarterly Report.

6.6 Compulsory Licenses. In the event that a court or a governmental agency of competent jurisdiction requires Recursion or Bayer and/or its Affiliates to grant a compulsory license to a Third Party permitting such Third Party to make and/or sell the Product in a particular country, then the royalties to be paid by Bayer to Recursion on the Net Sales of such Product in such country shall automatically be reduced [***].

6.7 Generic Product. If during the Royalty Term, a Third Party receives marketing authorization for and commences commercial sale of a Generic Product in a country in the Territory, and quantities sold of such Generic Product represent a market share of [***] of the total market for such Generic Product and the corresponding Product sold during such Calendar Quarter in that country [***], then Bayer shall have the right to reduce any royalties payable in such country for such Product pursuant to Section 6.1 [***].

6.8 Third Party Technology. In the event that Bayer is required to pay Third Party Royalties for the manufacture, use, sale, offer to sell or importation of a particular Product in a country, then the royalty payments made by Bayer to Recursion herein in said country for such Product shall be reduced [***].

6.9 Royalty Floor. In no event will the aggregate amount of royalty payments due to Recursion for a Product in a country in any given Calendar Quarter during the Royalty Term for such Product in such country be reduced to less than [***] percent ([***]%) of the amount that otherwise would have been due and payable to Recursion in such Calendar Quarter for such Product in such country pursuant to Section 6.1 as a result of cumulative reductions set forth in Sections 6.7 and 6.8.

7. GENERAL FINANCIAL PROVISIONS

7.1 Payment Terms. Unless otherwise agreed herein, all payments due under this Agreement shall be made within [***] days after receipt of a correct invoice that is compliant with the Applicable Law.

7.2 Invoicing by Recursion. All invoices shall be sent by Recursion to the following address of Bayer:

Bayer AG
Attn: [***]
[***]
51368 Leverkusen
Germany

mentioning such other information required and as may be amended and/or provided by Bayer to Recursion from time to time.

Alternatively, each invoice for payments mentioning the aforementioned address and reference may be sent electronically in portable document format (pdf) via email without electronic signature ("pdf-invoicing"), to

[***]@bayer.com

thus replacing a corresponding paper form.

7.3 Bank Accounts. All payments to Recursion under this Agreement shall be made by wire transfer to the following bank account of Recursion, or such other bank account as notified in writing by Recursion to Bayer at least [***] Business Days prior to the Payment Date:

For ACH delivery:
Bank Routing Number: [***]
Account Number: [***]
Account Name: [***]

For Wire Transfers:
Bank Routing Number: [***]
SWIFT Code: [***]
General Bank Reference Address: [***]
Account Number: [***]

Account Name: [***]

Payments by Bayer to Recursion shall reference "[•]" to identify the payment.

7.4 Currency. All payments under this Agreement will be made in U.S. dollars ("USD"). Where the payments due are calculated based on a currency other than USD, the amount due will be converted to USD using the average exchange rate for the applicable calendar quarter as consistently applied per Bayer's internal accounting and reporting process.

7.5 Late Payments. All payments not made by [***] days after the respective date on which such payment is due ("Payment Date") set out in this Agreement shall be subject to late payment interest at the United States Secured overnight Financing Rate (SOFR), currently published on Bloomberg screen <SOFRRATE Indie>, fixed two Business Days prior to the respective Payment Date and reset to the prevailing one (1) month USD rate at monthly intervals thereafter, plus a premium of one (1) percentage points (or the maximum applicable legal rate of interest if lower). Interest shall be calculated based on the actual number of days in the interest period divided by 360 and shall be calculated from the respective Payment Date (inclusive) until the date of payment (exclusive).

7.6 Value Added Tax. All agreed consideration is exclusive of "VAT" (European Value Added Tax, goods and service tax and similar taxes). If VAT is applicable, VAT shall be invoiced additionally acc. to the applicable VAT law. Such VAT shall be paid to Recursion only, if Recursion is obliged to transfer such VAT to respective tax authorities and after receipt of a corresponding invoice. Recursion shall issue correct invoices in accordance with the applicable VAT law.

7.7 Withholding Tax. Any party required to make a payment pursuant to this Agreement shall be entitled to deduct and withhold from the amount payable the tax for which paying Party on behalf of payee is liable under any provisions of Applicable Law (such tax, "Withholding Tax");

If the Withholding Tax rate is reduced according to the regulations in the Double Tax Treaty no deduction shall be made or a reduced amount shall be deducted only if paying Party is timely furnished with necessary documents (Freistellungsbescheid) by payee issued from the German Tax Authority (Bundeszentralamt für Steuern), certifying that the payment is exempt from Withholding Tax or subject to a reduced Withholding Tax rate.

Any withheld Withholding Tax shall be treated as having been paid by paying Party to payee for all purposes of this Agreement. Paying Party shall timely forward to the payee the tax receipts certifying the payments of Withholding Tax on behalf of payee. In case paying Party must pay, but cannot deduct the Withholding Tax due to fulfilment and completion of its payment obligation by settlement or set-off, payee will pay the Withholding Tax to paying party separately. If paying Party reasonably failed to deduct Withholding Tax, but is still required by Applicable Law to pay Withholding Tax on account of payee to the tax authorities, payee shall reasonably assist paying party with regard to all procedures required in order to obtain reimbursement by tax authorities or, in case tax authorities will not reimburse withholding tax to paying Party, payee will immediately refund the tax amount.

7.8 Notwithstanding anything in this Agreement to the contrary, if any assignment by a Party of its rights or obligations under this Agreement without the consent of the other Party results in the imposition of Withholding Tax on a payment to be made by such Party that would not have been imposed in the absence of such assignment (or in an increase in Withholding Tax from the amount that would have been imposed in the absence of such assignment) and the Parties cannot reasonably cooperate as described above to eliminate such additional Withholding Tax, then the amount payable by the assigning Party shall be increased to the extent necessary to ensure that the other Party receives a net amount equal to the amount that it would have received had no such assignment occurred (taking into account any Withholding Tax on such additional amounts), unless the payee has approved or requested this assignment.

To the extent relevant for U.S. federal income tax purposes, the Parties intend to treat the payments contemplated by this Agreement as "foreign-derived deduction eligible income" within the meaning of Section 250 of the U.S. Internal Revenue Code of 1986, as amended, and the U.S. Treasury regulations thereunder, and the Parties shall reasonably cooperate to provide a certification or documentation to demonstrate eligibility for the deduction for "foreign-derived intangible income" pursuant to Section 250.

8. ACCOUNTING RECORDS AND AUDITS

8.1 Accounting. Bayer shall retain, and shall procure that all of its Affiliates and Sublicensees (the "Bayer Parties") retain, true and accurate records and books of account containing all data necessary for the calculation of the amounts payable by it to Recursion pursuant to the Agreement. Those records and books of account shall be kept for [***] years following the end of the period to which they relate.

8.2 Audit. To validate Bayer's compliance with its obligations under or in connection with this Agreement, Recursion may, during the course of this Agreement and for [***] after expiration or termination of this Agreement, appoint auditors, at Recursion's expense (except as otherwise contemplated below), to carry out an audit of Bayer's records from time to time on behalf of Recursion. The auditors selected by Recursion shall be subject to acceptance by Bayer, such acceptance not to be unreasonably withheld. Audits may be undertaken subject to the following conditions:

I. Any such audits shall be undertaken by an independent certified public accountant;

II. Any such audits shall be conducted during regular business hours at Bayer's premises upon [***] days' prior written notice by Recursion and shall not interfere unreasonably with Bayer's business activities;

III. The auditor may inspect records for up to two years after the end of the period to which they pertain;

IV. Audits may not take place more than once per Calendar Year and no period may be audited more than once;

V. Prior to the audit taking place, auditor shall undertake to Bayer that they shall keep all information confidential and shall not disclose any information (except as set forth in VI) to any Third Party including Recursion;

VI. Details of the auditor's findings (including, for the avoidance of doubt, monetary values and supporting calculations) shall not be shared with Recursion except in the form of a summary report and, in the event the auditor finds any incorrect payments, details required to explain such discrepancies. In any event, the results shall be communicated to Bayer before being shared with Recursion. Bayer shall be given a period of [***] Business Days to review and respond to the auditor's findings before the summary report may be provided to Recursion, such reports to include Bayer's response to the findings;

VII. The auditor shall not be permitted to include any extrapolation calculations in the calculation of amounts underpaid to Recursion;

VIII. If an audit reveals that Bayer has underpaid royalties due, Recursion may invoice Bayer for the underpaid amount; if the audit reveals that Bayer has overpaid royalties due, Recursion shall credit Bayer for the overpaid amount;

IX. If an audit reveals an underpayment in excess of [***] percent ([***]%) of the fees for the period subject to review by Recursion, then Bayer shall pay the reasonable costs of Recursion in conducting the audit (including the reasonable costs of the auditors) within [***] days of Recursion notifying Bayer that the audit has been completed.

8.3 Audit Disagreement: If there is a dispute between the Parties following any audit performed pursuant to Section 8.2, either Party may refer the issue (an "Audit Disagreement") to an internationally recognized independent certified public accountant or chartered accountant for resolution. In the event an Audit Disagreement is submitted for resolution by either Party, the Parties shall comply with the following procedures:

a) The Party submitting the Audit Disagreement for resolution shall provide written notice to the other Party that it is invoking the procedures of this Section;

b) Within [***] Business Days of the giving of such notice, the Parties shall jointly select a recognized international accounting firm to act as an independent expert to resolve such Audit Disagreement.

c) The Audit Disagreement submitted for resolution shall be described by the Parties to the independent expert, which description may be in written or oral form, within [***] Business Days of the selection of such independent expert.

d) The independent expert shall render a decision on the matter as soon as practicable.

e) The decision of the independent expert shall be final and binding unless such Audit Disagreement involves alleged fraud, breach of this Agreement or construction or interpretation of any of the terms and conditions thereof.

f) All fees and expenses of the independent expert, including any Third Party support staff or other costs incurred with respect to carrying out the procedures specified at the direction of the independent expert in connection with such Audit Disagreement, shall be borne [***].

9. REPRESENTATIONS, WARRANTIES, DISCLAIMERS

9.1 Mutual Representations and Warranties. Each Party represents and warrants to the other Party with respect to this Agreement and as of the Effective Date of this Agreement that:

9.1.1 such Party is duly organized, validly existing and in good standing under the Law of the jurisdiction of its incorporation and has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof;

9.1.2 this Agreement has been duly executed and delivered on behalf of such Party, and constitutes a legal, valid, binding obligation, enforceable against it in accordance with the terms hereof;

9.1.3 the performance of this Agreement by it does not create a breach or default under any other agreement to which it is a party;

9.1.4 the execution, delivery and performance of this Agreement by such Party does not conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which it is bound, nor violate any Applicable Law or regulation of any court, governmental body or administrative or other agency having jurisdiction over such Party;

9.1.5 such Party is authorized to grant the rights and licenses contemplated under this Agreement and Recursion in particular and without limiting the foregoing represents and warrants that it is authorized to grant Bayer the rights and licenses contemplated under this Agreement; and

9.1.6 to such Party's knowledge, no government authorization, consent, approval, license, exemption of or filing or registration with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, under any Applicable Law currently in effect, is or will be necessary for, or in connection with, the transaction contemplated by this Agreement or any other agreement or instrument executed in connection herewith, or for the performance by it of its obligations under this Agreement and such other agreements except as may be required to obtain Hart-Scott-Rodino clearance or other clearances as required by other government authorities.

9.2 Recursion Representations and Warranties. Recursion hereby represents and warrants to Bayer that as of the Effective Date of this Agreement:

(i) Recursion's right, title and interest in the Licensed Rights, and Background Know-How licensed to Bayer under this Agreement are not subject to any encumbrance, lien, restriction or claim of ownership by any other party that would impair Recursion's ability to grant the licenses granted hereunder, which have not been waived as of the Effective Date of this Agreement (such waiver to be evidenced by Recursion by providing respective documentation to Bayer);

(ii) Recursion has not granted any right to any other party which would conflict with the rights granted to Bayer hereunder; and

(iii) Recursion has disclosed to Bayer any intellectual property rights of any third party that the Recursion officers and senior employees that participated in the Project are aware of which may be infringed or misappropriated by the Licensed Rights, and that Recursion has disclosed any written notice, claim or other communication alleging such infringement or misappropriation or challenging Recursion's right, title and interest with respect to the Licensed Rights.

9.3 Exclusions. Bayer acknowledges that Recursion does not represent or warrant:

(i) the validity or scope of any of the Intellectual Property Rights that are the subject matter of this Agreement; or

(ii) that the exploitation of any of the Intellectual Property Rights that are the subject matter of this Agreement will be successful.

9.4 No Other Promises or Warranties. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH HEREIN, NEITHER PARTY MAKES ANY REPRESENTATION OR EXTENDS ANY WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, TO THE OTHER PARTY: RECURSION IN PARTICULAR HEREBY DISCLAIMS ANY EXPRESS OR IMPLIED WARRANTY OF MERCHANTIBILITY OR FITNESS FOR A PARTICULAR PURPOSE OR, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, NON-INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS. BAYER HEREBY DISCLAIMS IN PARTICULAR ANY REPRESENTATION OR WARRANTY THAT THE DEVELOPMENT, COMMERCIALIZATION AND MANUFACTURE OF THE PRODUCT, OR THE OBTAINMENT OF MARKETING AUTHORIZATION OR PRICING APPROVAL IN ANY PARTICULAR COUNTRY, PURSUANT TO THIS AGREEMENT WILL BE SUCCESSFUL.

9.5 No Liability for Indirect Damages. NOTWITHSTANDING ANYTHING IN THIS AGREEMENT OR OTHERWISE, NEITHER PARTY, THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, AND AFFILIATED INVESTIGATORS SHALL BE LIABLE TO THE OTHER WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT FOR ANY INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING ANY SUCH INCIDENTAL, ECONOMIC DAMAGES OR INJURY TO PROPERTY AND LOST PROFITS, EVEN IF SUCH PARTY HAS BEEN INFORMED, SHOULD HAVE KNOWN OR IN FACT KNEW OF THE POSSIBILITY OF SUCH DAMAGES; PROVIDED THAT THIS SECTION 9.5 SHALL NOT APPLY TO THE PARTIES' CONFIDENTIALITY OBLIGATIONS SET FORTH IN SECTION 11 AND INDEMNIFICATION RIGHTS AND OBLIGATIONS UNDER SECTION 10.1 AND 10.2 OF THIS AGREEMENT.

10. INDEMNITY AND INSURANCE

10.1 Bayer Indemnification. Bayer shall indemnify, defend, and hold harmless Recursion and its Affiliates, and their respective directors, officers, employees, trustees and their respective successors, heirs and assigns (collectively the "Recursion Indemnitees"), against any Losses incurred by or imposed upon any of the Recursion Indemnitees in connection with any claims, suits, investigations, actions, demands from or by a Third Party or resulting judgments arising out of or related to (i) the research, development, use or commercialization of the Products by Bayer or its Affiliates or Sublicensee, (ii) any breach of this Agreement, including but not limited to any representation, warranty or covenant set forth herein, by Bayer or its Affiliates or (iii) Bayer's negligent performance or willful misconduct under this Agreement, except, in each case, to the extent that the respective Losses are caused by breach, the negligence or willful misconduct of a Recursion Indemnitee.

10.2 Recursion Indemnification. Recursion shall indemnify, defend, and hold harmless Bayer and its Affiliates, and their respective directors, officers, employees, trustees and their respective successors, heirs and assigns (collectively and including Bayer the "Bayer Indemnitees"), against any Losses incurred by or imposed upon any of the Bayer Indemnitees in connection with any claims, suits, investigations, actions, demands from or by a Third Party or resulting judgments arising out of or related to (i) Recursion's or its Affiliates' use of any rights retained by Recursion under this Agreement, (ii) any breach of this Agreement, including but not limited to any representation, warranty or covenant set forth herein, by Recursion or its Affiliates or (iii) Recursion's negligent performance or willful misconduct under this Agreement, except, in each case, to the extent that the respective Losses are caused by the breach, negligence or willful misconduct of Bayer Indemnitee.

10.3 Procedures. The Recursion or Bayer Indemnitee (referred to as applicable as "Indemnitee") agrees to provide the Party from which indemnification is sought (the "Indemnifying Party") with prompt written notice of any claim, suit, action, demand, or judgment for which indemnification is sought under this Agreement; provided that, an Indemnitee's failure to do so shall not affect the rights of such Indemnitee unless, and then only to the extent that, such delay or failure is prejudicial to or otherwise adversely affects the Indemnifying Party. The Indemnifying Party agrees, at its own expense, to provide attorneys reasonably acceptable to the Indemnitee to defend against any such claim. The Indemnifying Party shall defend or handle the claim in consultation with the Indemnified Party, and shall keep the Indemnified Party timely apprised of the status of such Third Party Claim. The Indemnitee shall cooperate with the Indemnifying Party in such defense and shall permit the Indemnifying Party to conduct and control such

defense and the disposition of such claim, suit, or action (including all decisions relative to litigation, appeal, and settlement). The Indemnitee shall have the right to retain its own counsel, at its own expense. The Indemnifying Party agrees to keep the Indemnitee informed of the progress in the defense and disposition of such claim and to consult with the Indemnitee with regard to any proposed settlement.

10.4 Settlement. Notwithstanding anything to the contrary in this Agreement, the Indemnifying Party shall not enter into any settlement, consent judgment, or other voluntary final disposition of any claim that has an adverse effect on the rights of any Indemnitee(s) hereunder, or admits any wrongdoing or fault by any Indemnitee(s), imposes on any Indemnitee(s) any payment or other liability, or does not include a release of all claims against the Indemnified Party without the prior written consent of the Indemnitee, provided however, that such consent shall not be unreasonably withheld.

10.5 Insurance. The Parties hereby agree to maintain a program of insurance and/or self-insurance which is prudent and adequate to address any claim or liability which may arise out of the performance of their obligations pursuant to this Agreement. Bayer also shall ensure that any Sublicensee also maintains insurance sufficient to meaningfully protect Recursion.

11. CONFIDENTIALITY

11.1 Definition. Each Party ("Disclosing Party") may disclose to the other Party ("Receiving Party"), and Receiving Party may acquire during the course and conduct of activities under the Agreement Confidential Information of Disclosing Party in connection with this Agreement. The term "Confidential Information" means all confidential information or material in tangible and non-tangible form disclosed hereunder; including all technical and non-technical information conveyed from one Party to the other in any form, electronic data, and other trade secret, proprietary information, samples, Compounds, methods, formulas, processes, protocols, technologies and equipment employed, information relating to quality assurance, procedures for and record keeping, techniques, inventions, know-how, apparatus, and formulae.

11.2 Allocation of Confidential Information. The terms and conditions of this Agreement shall be considered to be Confidential Information of Recursion and Bayer and be treated confidential by all Parties.

The Licensed Rights shall be considered to be Confidential Information of Bayer and be treated confidential by Recursion.

11.3 Exclusions. Confidential Information does not include information which:

(a) is at the time of disclosure in the public domain;

(b) becomes after disclosure part of the public domain other than by an act or omission on the part of the Receiving Party;

(c) the Receiving Party can prove was known to it or its Affiliates before the date of its disclosure by the Disclosing Party;

(d) the Receiving Party or its Affiliates obtains from a Third Party; provided that such information was not obtained by said Third Party, directly or indirectly, from the Disclosing Party under an obligation of confidentiality; and / or

(e) the Receiving Party can prove was developed by it or its Affiliates independently of (i.e., without use of or reference to) the Confidential Information provided by the Disclosing Party.

Confidential Information shall not be deemed to be in, or have come into, the public domain merely because any part of such Confidential Information is embodied in general disclosures or because individual features, components or combinations thereof are or become publicly known.

11.4 Obligation of Confidentiality and Non-Use. The Receiving Party agrees with respect to the Confidential Information of the Disclosing Party that:

(a) it shall hold in confidence and take such steps as it normally takes to protect its own confidential and proprietary information, but in any event no less than reasonable steps, to preserve the confidentiality of the Confidential Information disclosed to it by the Disclosing Party under this Agreement;

(b) it shall not use the Confidential Information of the Disclosing Party, for any purposes other than to perform the Receiving Party's obligations or exercise the Receiving Party's rights under this Agreement; and

(c) it shall not to disclose Confidential Information to any Third Party other than employees, or agents of or consultants to the Receiving Party who in each case demonstrate a need to know the Confidential Information and who are bound, by contract or law, to an obligation of confidentiality at least as stringent as the ones hereunder.

The obligations of confidentiality, non-disclosure and non-use remain in force during the Term of this Agreement and for [***] years thereafter.

11.5 Permitted Disclosures. Notwithstanding Section 11.4, the Receiving Party may disclose Confidential Information of the Disclosing Party in the following instances:

(a) in order to comply with Applicable Law (including any securities law or regulation or the rules of a securities exchange) or with a binding order or other requirement or procedure within a legal or administrative proceeding; provided that, where reasonably possible, Receiving Party shall notify Disclosing Party of Receiving Party's intent to make any such disclosure sufficiently prior to making such disclosure so as to allow Disclosing Party adequate time to take whatever action it may deem appropriate to protect the confidentiality of the information to be disclosed;

(b) in connection with prosecuting or defending litigation, obtaining regulatory approval and making other regulatory filings and communications, and filing, prosecuting and enforcing Patents in connection with such Party's rights and obligations pursuant to this Agreement; or

(c) with respect to this Agreement and the Licensed Rights only, including the progress of development of the Products and achievement of milestones hereunder, to such Party's or its Affiliate's attorneys, independent accountants or financial advisors for the sole purpose of enabling such advisors to provide advice to the receiving Party or such Affiliates, on the condition that such advisors are bound by confidentiality and non-use obligations consistent with the confidentiality provisions of this Agreement as they apply to the recipient Party, or to potential or actual investors or potential or actual acquirers or potential or actual sublicensees in connection with due diligence or similar investigations by such Third Parties.

12. PUBLICATIONS

The provisions concerning publications in Section 13 of the Collaboration Agreement shall apply analogously to this Agreement. With respect to the Licensed Rights, Bayer shall be entitled to publish such results without prior approval from Recursion. However, Bayer shall make a good faith effort to consult with Recursion authors with respect to the publication and acknowledge Recursion's participation and/or co-authorship in the generation of the Licensed Rights in accordance with good scientific publication practices. The Parties shall mutually agree on whether to issue a press release announcing the existence of the License Agreement.

13. PATENT PROSECUTION, MAINTENANCE & INFRINGEMENT

13.1 Prosecution & Maintenance.

13.1.1 Licensed Project IP Rights. As of the Effective Date of this Agreement, Bayer, at its sole expense, shall lead the filing, prosecuting and maintaining of Licensed Project IP Rights. Licensed Project Patents shall be filed in Bayer's and Recursion's name and assigned to both Bayer and Recursion jointly and, with respect to Licensed Project Patents filed prior to the Effective Date of this Agreement, shall continue to reside in Bayer's and Recursion's name.

Upon Recursion's written request but at least once a year Bayer shall provide to Recursion a written report about the status of Licensed Project IP Rights.

13.1.1.1 Bayer shall be responsible for, either itself or through an outside patent counsel of its choice, filing, prosecuting and maintaining any Licensed Project Patents and shall [***] cover the running costs therefor. Bayer or outside counsel shall care of the filing, prosecution and maintenance of the Licensed Project Patents in close alignment with Recursion, including discussion of patent scope, subsequent applications and other matters of patent strategy. Bayer, either itself or through their outside patent counsel, will keep Recursion informed with respect to the status of the filing, prosecution (EP and US) and maintenance of the Licensed Project Patents. Bayer will also notify Recursion in writing about any relevant substantial correspondence including all newly filed patent applications of Licensed Project Patents, proposal of countries in which the patent application shall be filed, notifications on allowance, issue or grant and office actions. Bayer shall have the right to apply for a Licensed Project Patent in any country or region of the world. Bayer shall not give up substantial scope of the claims (unless a claim is determined to be invalid by the PTAB (Patent Trial and Appeal Board) at the US PTO, by a Board of Appeal at the EPO or by a national court) or abandon any Licensed Project Patents without Recursion's prior written consent.

13.1.1.2 If Bayer decides to abandon, surrender, revoke, or invalidate or not to apply for or maintain any Licensed Project Patent in any country or abandon any previously restricted or amended claims, Bayer will provide written notice to Recursion [***] days prior to the date such action is due of Bayer's intent to abandon, surrender, revoke or invalidate or not respond to any official correspondence that will result in the loss of rights (or with respect to Patents not yet filed, within [***] days after Recursion's request to apply for such Patent Patent). Recursion may then, at Recursion's sole discretion and sole cost and expense, elect to prosecute and maintain the respective Licensed Project Patent. Recursion may accept such offer in writing within [***] days after having received the offer. Upon receipt of Recursion's notice of acceptance, Recursion shall forthwith be responsible for the rights and obligations and costs resulting from such Licensed Project Patent and such (former) Licensed Project Patent will cease to be a Licensed Project Patent under this Agreement. The Parties shall take all measures necessary for the transfer of Bayer's co-ownership share in any such (former) Licensed Project Patent to Recursion, and for the transfer of patent prosecution responsibility of any such Licensed Project Patent from Bayer to Recursion; transfer costs imposed by respective patent attorneys and registration costs imposed by the respective public registers shall be borne by Recursion and all rights granted to Bayer under this Agreement to such Licensed Project Patents shall cease. In case Recursion refuses the offer or does not provide its acceptance in writing within the [***] days period, Bayer has the right to abandon or to not apply for the offered Licensed Project Patent. Bayer shall not be liable to Recursion for ultimate discontinuation of such Licensed Project Patents, except in the case that Bayer intentionally ignores said Recursion's acceptance notice, provided, however, that Bayer has timely received such acceptance notice and discontinuation of the respective Licensed Project Patents is irreversible.

13.1.2 Background IP Rights and Background Know-How. Recursion shall have the sole discretion in filing, prosecuting and maintaining of Recursion Background IP Rights and Background Know-How which title shall reside in Recursion.

Upon Bayer's written request but at least once a year Recursion shall provide to Bayer a written report about the status of Recursion's Background IP Rights and Background Know-How licensed under Section 2.1.2.

13.1.2.1 If there is an increase in any governmental, filing or other fees at the United States Patents and Trademark Office or foreign equivalent due to any license to Bayer of the Background IP Rights under Section 2.1.2, Bayer agrees to reimburse Recursion for the difference in fees (for example, the difference between filing as a small entity versus a large entity at the United States Patents and Trademark Office).

13.1.2.2 Further, in the case of any filing of Background IP Rights licensed under Section 2.1.2 outside the US, Bayer may request that Recursion expand the patent filings to additional jurisdictions beyond the US, which Recursion may do in its sole discretion, and Bayer agrees to reimburse Recursion for those non-US patent filings requested in writing by Bayer.

13.1.2.3 If Recursion considers to abandon or not to file or maintain any Background IP Rights licensed under Section 2.1.2 in any country or abandon any previously restricted or amended claims, Recursion will provide written notice to Bayer [***] days prior to the date such action is due of Recursion's intent to abandon or not respond to any official correspondence that will result in the loss of rights. The Parties shall discuss whether Bayer could participate in the ongoing maintenance or prosecution costs of such Background IP Rights. Recursion shall not be liable to Bayer for ultimate discontinuation of any Background IP Rights.

13.2 Notification of Infringement by Third Party. If any Licensed Project Patent or Background IP Right is infringed or might be infringed by a Third Party, the Party first having knowledge thereof shall promptly notify the other Party in writing. As used in this Section 13.2, "knowledge" shall mean the actual knowledge of the officers and senior employees of a Party performing activities under this Agreement or for the Project.

13.3 Enforcement of Licensed Project Patents.

13.3.1 Bayer shall have the first right (but not the obligation), by counsel of its own choice and at its sole expense, to institute, prosecute and control the enforcement or defense of any of the Licensed Project Patents to abate any infringement thereof. Prior to undertaking any action to enforce such Licensed Project Patents, Bayer shall notify Recursion in writing. To the extent possible Recursion shall be given reasonable time to provide its comments to Bayer. Recursion shall further have the right at its own expense, to be represented in any action by counsel of its own choice. However, should Recursion partake in any such action, Bayer shall have control of the proceeding and shall have final say on all decisions related thereto. In no event shall Bayer admit the invalidity of, or after exercising its right to bring and control an action under this Section 13.3.1, fail to defend the validity of, any Licensed Project Patent without Recursion's prior written consent, which shall not be unreasonably withheld, conditioned or delayed.

13.3.2 In the event that Bayer fails to institute an action or proceeding or otherwise take appropriate action to abate such infringement within a period of [***] days after taking notice of such infringement, Recursion shall have the right (but not the obligation) to institute and/or prosecute and control such an action or proceeding in its name with respect to such infringement at its sole expense and by counsel of its choice (such permission not to be unreasonably withheld or delayed), and Bayer shall have the right to be represented in any such action by counsel of its own choice and at its own expense. However, should Bayer partake in any such action, Recursion shall retain control of the proceeding and shall have final say on all decisions related thereto.

13.3.3 The Parties shall reasonably cooperate with each other in the planning and execution of any such action to enforce the respective Licensed Project Patents (including the obligation to be named or joined as a party in a lawsuit, as applicable). Each Party initiating an action or proceeding agrees to provide reasonable information to the other Party, at this Party's request, about such action or proceeding.

13.3.4 All monies recovered upon the final judgment or settlement of any such suit or action to enforce the respective Licensed Project Patents in the Territory shall be applied in the following order of priority: (i) first, to reimburse the costs and Losses of the Party bringing suit, then to the costs and Losses, if any, of the other Party; (ii) any amounts remaining shall be treated allocated [***]. The Party that controls the prosecution of a given suit or action shall also have the right to control settlement of such suit or action. If one Party controls and intends to settle the prosecution of a given suit or action, it shall

provide the other Party reasonably in advance written information about such intention and about the terms pertaining to the settlement. Only if the settlement would materially and adversely impact the interest of the non-controlling Party, in non-controlling Party's opinion, the Party in control of the suit or action shall obtain the non-controlling Party's consent prior to entering into the settlement. Any amounts received in settlement of any action shall be apportioned between the Parties in the same manner as set forth in this Section 13.3.4.

13.4 Enforcement of non-exclusively licensed Background IP Rights.

13.4.1 With regard to Background IP Rights which have been non-exclusively licensed under this Agreement, Recursion shall have the sole right to institute, prosecute and control the enforcement or defense of any of the Background IP Rights to abate any infringement thereof.

13.4.2 Bayer shall reasonably cooperate in any such litigation at Recursion's expense.

13.5 Trademarks

13.5.1 Bayer shall be responsible for the selection, registration, maintenance and defence of any Trademark which it employs in connection with the marketing, sale or distribution in the Territory of the Products. Bayer shall own and control such Trademarks and pay all relevant costs thereto.

13.5.2 Recursion recognizes the exclusive ownership by Bayer of any proprietary Bayer name, logotype, Trademark or trade dress furnished by Bayer (e.g. the name "Bayer" and the "Bayer Cross") for use in connection with the marketing, sale or distribution of the Products in the Territory. Recursion shall not, either while this Agreement is in effect, or at any time thereafter, register, use or challenge or assist others to challenge the Trademark, the Bayer name, logotype and trade dress furnished by Bayer or attempt to obtain any right in or to any such name, logotype, trademarks or trade dress confusingly similar for the marketing of the Product as defined in this Agreement or any other goods and products, notwithstanding that such goods or products have a different use or are dissimilar to the Products as defined in this Agreement.

13.5.3 Only Bayer will be authorized to initiate at its own discretion legal proceedings against any infringement or threatened infringement of the Trademark in the Territory.

13.5.4 Bayer shall be responsible for the registration, hosting, maintenance and defence of the Domain Names under all generic Top Level Domains (gTLDs) and –within the Territory- under all relevant country code Top Level Domains (ccTLD). For the avoidance of doubt Bayer is allowed to register such Domain Names in its own name, to host on its own servers, maintain and defend the Domain Names and use them for websites.

14. DISPUTE RESOLUTION

14.1 Mandatory Procedures. The Parties agree that any dispute arising out of or relating to this Agreement, including its termination, (a "Dispute") shall be resolved solely by means of the procedures set forth in this Section 14, and that such procedures constitute legally binding obligations that are an essential provision of this Agreement.

14.2 Preliminary Injunctions. Notwithstanding anything in this Agreement, including without limitation Section 14.3, to the contrary, a Party may, at any time, seek a temporary restraining order or a preliminary injunction from any court of competent jurisdiction in order to prevent immediate and irreparable injury, loss, or damage on a provisional basis, pending the decision of the arbitrator(s) or experts on the ultimate merits of any Dispute.

14.3 Dispute Resolution Procedure.

Dispute Resolution. Each Party may notify the other Party of a Dispute and the issue shall be referred to a senior executive of each Party who shall meet within [***] Business Days (in person, by means of telephone conference, videoconference or other means of communications) and attempt in good faith to resolve such issue (subject only to internal approvals (e.g. by the board of directors), if required by Recursion's or Bayer's organization). All such discussions shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence. Notwithstanding the foregoing, if such executives cannot resolve such matter within [***] Business Days after their meeting, then, either Party may initiate proceedings in accordance with the Sections 14.4 to 14.7 below.

14.4 Arbitration.

14.4.1 Subject to Sections 14.5 and 14.6 any Disputes shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce (the "Rules") by a panel of three arbitrators appointed in accordance with the said Rules, save that the third arbitrator, who will act as president of the arbitral tribunal, shall not be appointed by the International Court of Arbitration, but by the two arbitrators which have been appointed by either of the Parties in accordance with Article 12 para 4 of said Rules, as may be updated.

14.4.2 The place of arbitration shall be New York, New York, U.S., and the language to be used in any such proceeding (and for all testimony, evidence and written documentation) shall be English. The IBA Rules on the Taking of Evidence in International Arbitration shall apply on any evidence to be taken up in the arbitration.

14.4.3 Without limiting any other remedies that may be available under law, the arbitrator(s) shall have no authority to award punitive damages. Any final award by the arbitrator may be entered by either Party in any court having appropriate jurisdiction for applicable orders of enforcement. Except to the extent necessary to confirm an award or as may be required by law, neither a Party nor the arbitrator may disclose the existence, content, or results of an arbitration without the prior written consent of both Parties.

14.5 Patent Disputes. Notwithstanding anything in this Agreement to the contrary, any and all issues regarding the validity and enforceability of any Patent ("Patent Matters") shall be determined in a court or other tribunal, as the case may be, of competent jurisdiction under the applicable patent laws of such country with a jury trial being however excluded. If such Dispute involves both Patent Matters and other matters, the arbitrators or experts as applicable will have the right to stay the arbitration or expert determination until determination of Patent Matters material to the resolution of the Dispute as to other matters is resolved.

14.6 Expert Determination for Specific Matters. Subject to Section 14.5 and notwithstanding Section 14.4, the Parties may agree to submit any Dispute which subject matter relates to a scientific or technical assessment or the determination of the amount of royalty or milestone payments or a license fee to administered expert proceedings in accordance with the Rules for the Administration of Expert Proceedings of the International Chamber of Commerce. The Parties agree that in such case the findings of the expert shall be contractually binding upon them in the absence of manifest error or fraud and that they will agree with the expert on the terms of his appointment.

14.7 Performance to Continue. Without limiting either Party's rights under Section 15.2 to 15.3, each Party shall continue to perform its undisputed obligations under this Agreement pending final resolution of any dispute arising out of or relating to this Agreement; provided, however, that a Party may terminate this Agreement in accordance with Section 15.2 to 15.3 or suspend performance of its undisputed obligations during any period in which the other Party fails or refuses to perform its undisputed obligations or during any period in which the issue in dispute is payments due under this Agreement.

15. TERM AND TERMINATION

15.1 Term. The term of this Agreement shall commence on the Effective Date of this Agreement and shall continue on a Product-by-Product and country-by-country basis until the expiration of the Royalty Term applicable to such Product in such country ("Term").

15.2 Termination for Convenience by Bayer. Bayer may without cause and for any reason terminate this Agreement completely or partially with respect to a specific Product or country by giving Recursion written notice of at least [***] days in advance of the effective date of termination selected by Bayer. Bayer shall pay all sums respectively due under this Agreement, including earned royalties and milestone payments which are or become due prior to the effective date of the respective complete or partial termination of this Agreement. In the event of termination by Bayer pursuant to this Section 15.2, Bayer, its Affiliates shall cease all development, manufacture and commercialization of the Licensed Project Compounds, Derivatives, and Products, or if this Agreement is terminated in part, the terminated Products or in the terminated country, as applicable.

15.3 Termination for Breach. In the event of any material breach by a Party of this Agreement, the other Party shall have the right to terminate this Agreement upon delivery of written notice to the breaching Party, provided that the notifying Party provides notice of such breach to the breaching Party specifying the nature of the alleged breach and that such breach has not been cured within [***] days after such notice thereof. Notwithstanding the foregoing, the notice and cure period as provided above shall be [***] days for breaches of any payment obligation under this Agreement, provided however, that if a portion of the invoice is in dispute, the undisputed portion shall be paid and this Agreement shall remain in full force and effect subject to Section 14.7 and the disputed portion shall be resolved in accordance with Section 14 above. In the event of termination by Recursion pursuant to this Section 15.3, Bayer, its Affiliates shall cease all development, manufacture and commercialization of the Licensed Project Compounds, Derivatives and Products.

15.4 Consequences of Expiration or Termination.

15.4.1 Consequences of Termination for Convenience by Bayer or Termination for Cause by Recursion. In the event that this Agreement is terminated by Bayer for convenience in accordance with Section 15.2 or by Recursion for breach in accordance with Section 15.3:

15.4.1.1 The licenses granted hereunder by Recursion to Bayer under the Licensed Rights shall, subject to the last sentence of Section 14.3, cease completely or if applicable, partially with respect to the specific Product(s) or country for which this Agreement was terminated.

15.4.1.2 For the Licensed Rights, as far as affected by the respective termination according to Section 15.2 or 15.3 and except to the extent that exclusive rights have been granted to the other Party, each Party shall have the right to use, practice, develop and exploit their respective share of the affected Licensed Rights from the Project solely for internal research and development purposes, including the right to sublicense its interest in the Licensed Rights for such purposes, without the consent of the other Party and without a duty of accounting to the other Party provided, however, that neither Party may use any Project Know-How or allow its sublicensee the use of any Project Know-How for a Competing Project except to the extent expressly permitted in the applicable license agreement between the Parties, and Bayer may not use the Licensed Rights with respect to Licensed Project Compounds, Derivatives, Enabled Compounds or Products. Where such consent is required by Applicable Law, it is deemed hereby granted and where a duty of accounting to the other Party exists by Applicable Law, such duty is hereby waived. Where the Applicable Law in any country prevents that such consent or waiver is given in advance the Parties shall be obligated to give their consent or waiver at the given point in time. Notwithstanding the foregoing, neither Party shall have the right to assign the entire Licensed Rights or entire rights to the Licensed Rights without the other Party's prior written consent (except in connection with a permitted assignment of this Agreement in accordance with Section 16.4).

For the avoidance of doubt, if the Licensed Rights that are affected by the respective termination of this Agreement are also exclusively licensed by Recursion to Bayer under a separate license agreement, Bayer shall maintain the exclusive usage rights regarding such Licensed Rights in accordance with such other agreement and Recursion shall only be entitled to use such Licensed Rights in accordance with the provisions of such other agreement and any other license granted to Recursion, as applicable.

15.4.1.3 The license granted hereunder by Recursion to Bayer under the Background IP Rights and Background Know-How shall cease completely or if applicable, partially with respect to the specific Product(s) or country for which Bayer terminated this Agreement according to Section 15.2.

15.4.1.4 For the avoidance of doubt, termination of this Agreement does not affect the use rights under Section 10.2 of the Collaboration Agreement.

15.4.1.5 To the extent requested by Recursion, the Parties shall negotiate in good faith the terms and conditions for an exclusive, sub-licensable and royalty-bearing license under Bayer's rights, title and interest under the Licensed Rights and a non-exclusive royalty-bearing license to other Reversion Technology to do or have done research on, develop or have developed, make, have made, use, have used, sell, have sold, offer for sale, have offered for sale and import and have imported Product(s), or if applicable, all Product(s) or country(ies) for which Bayer terminated this Agreement according to Section 15.2, in each case, in the Field in the Territory.

15.4.1.6 With respect to Products for which this Agreement was terminated, Recursion herewith grants Bayer a license for a period of [***] months starting from the date the respective termination becomes effective to sell off its inventory, with respect to which Recursion does not exercise its rights under Section 14.5.1.5, of Products affected by the respective termination that are and either manufactured prior to the effective date of the respective termination or manufactured thereafter to fulfil such orders received by Bayer or its Affiliates or their Sublicensees prior to the submission of the

respective termination notice. Bayer shall remain obliged to pay Recursion the milestones and royalties accruing during such sell-off period and the respective provisions regarding milestones and royalty payments and reporting set out herein shall continue to apply during such period. After said selloff period, Bayer and its Affiliates shall cease the sale of the Products for which this Agreement was terminated.

15.4.1.7 Bayer shall be responsible, at its own cost and expense, for the wind-down of Bayer's and its Affiliates' development, manufacturing and commercialization activities for terminated Products.

15.4.2 Consequences of Expiration of this Agreement. In the event that this Agreement expires after the Term as set forth in Section 15.1:

15.4.2.1 The licenses granted hereunder by Recursion to Bayer under Recursion's rights, title and interest in the Licensed Rights shall cease immediately, provided, however, that Bayer shall continue to have such license under any Licensed Project Know-How within the Licensed Rights, on a non-exclusive, fully paid-up basis.

15.4.2.2 Each Party shall have the right to freely use, practice, develop and exploit the respective affected Licensed Rights of the respective Project, including the right to sublicense its interest in the Licensed Rights, without the consent of the other Party and without a duty of accounting to the other Party. Where such consent is required by Applicable Law, it is deemed hereby granted and where a duty of accounting to the other Party exists by Applicable Law, such duty is hereby waived. Where the Applicable Law in any country prevents that such consent or waiver is given in advance the Parties shall be obligated to give their consent or waiver at the given point in time. Notwithstanding the foregoing, neither Party shall have the right to assign the entire Licensed Rights or entire rights to the Licensed Rights without the other Party's prior written consent (except in connection with a permitted assignment of this Agreement in accordance with Section 16.4). To the extent that the use of the Licensed Rights by a Party requires a license to the background rights of the other Party, the Parties will in good faith discuss whether and, provided that a license grant is agreeable, under what terms and conditions such license may be granted, always provided that the licensing party is in Control of the respective background rights.

15.4.2.3 The licenses granted hereunder by Recursion to Bayer under Recursion's Background IP Rights shall cease immediately, whereas the non-exclusive license granted under Recursion's Background Know-How under Section 2.1.2 shall survive the expiration of this Agreement.

15.4.2.4 For the avoidance of doubt, expiration of this Agreement does not affect the use rights under Section 10.2 of the Collaboration Agreement.

15.5 Consequences of Termination of this Agreement by Bayer for Breach by Recursion.

15.5.1 In the event that this Agreement is terminated by Bayer according to Section 15.3:

15.5.1.1 Unless Bayer expressly terminates the licenses granted in Section 2.1, the license granted under Section 2.1.1 by Recursion to Bayer under Recursion's rights, title and interest in the Licensed Rights shall continue in each country, until expiration of the Royalty Term in that country and Bayer shall continue to pay Recursion the milestone and royalty payments under this Agreement in accordance with the terms of this Agreement, whereby all such payments shall be [***] reduced after the effective date of termination and Bayer's associated reporting obligations hereunder shall also continue.

15.5.1.2 The license granted pursuant to Section 2.1.2 by Recursion to Bayer under Recursion's Background IP Rights and Background Know-how shall continue in each country, until expiration of the Royalty Term in that country unless Bayer expressly terminates the licenses granted in Section 2.1.1, in which case the license granted pursuant to Section 2.1.2 shall also terminate.

15.5.1.3 For the avoidance of doubt, termination of this Agreement does not affect the use rights under Section 10.2 of the Collaboration Agreement.

15.6 Effect on Sublicenses. Upon termination of this Agreement, for any reason, Bayer shall promptly notify its Sublicensees of such termination. Upon notice by Recursion of its intent to terminate (or, if notice is not required, upon termination) this Agreement, Bayer shall no longer have the authority to grant further sublicenses. With respect to any rights previously granted by Bayer under any Sublicense hereunder any Sublicensee, so long as they are not in default under such Sublicense, may elect to continue its Sublicense provided that (i) the Sublicense will be modified as reasonably necessary to accommodate the functional and structural differences between Recursion and Bayer; (ii) Recursion is bound only to the extent under terms no less economically favorable to Recursion than existed when this Agreement and the Sublicense were in effect; and (iii) in no event will Recursion be obligated in any manner that it was not to Bayer hereunder and that the terms of such license agreement will not impose any representations, warranties, expenses or liabilities on Recursion that are not included in this Agreement. Sublicensee will notify Recursion in writing, within [***] days after the Sublicensee's receipt of notice of such termination, of its election, and of its agreement to assume in respect to Recursion all the obligations (including obligations for payment) contained in the Sublicense with Bayer and all the obligations in this Agreement. For the avoidance of doubt, in the event that Bayer retains under this Agreement or the Collaboration Agreement after termination of this Agreement any rights to grant sublicenses, such rights remain unimpaired.

15.7 Survival. Termination or expiration of this Agreement shall not affect any rights or liabilities of either Party that have accrued prior to such termination or expiry. Except as otherwise expressly provided herein (including in this Section 15), all other rights and obligations of the Parties under this Agreement shall terminate upon termination or expiration of this Agreement.

The following sections shall survive the expiration or termination of this Agreement along with any other provisions which by their context are intended to survive: Sections 1, 7, 8 (for the period set forth therein), 9.3, 9.4, 9.5, 10, 11 (for the period set forth therein), 14, 15, 16, and for the period set forth in Section 15.4.1.6, Sections 4.1, 4.2, 6.1, and 6.2.

16. MISCELLANEOUS PROVISIONS

16.1 Notice. Any notices to be given hereunder shall be in writing and shall be either delivered by hand or sent postage prepaid by certified mail or via an internationally recognized courier service, and addressed to the other Party's address provided below or at such other address for which such Party gives notice hereunder.

If to Recursion:
Recursion Pharmaceuticals, Inc.
41 S Rio Grande Street
Salt Lake City, UT 84101
Attention: [***]
E-mail: [***]@recursionpharma.com
Tel: [***]

With a copy to:
Wilson Sonsini Goodrich & Rosati
28 State Street
Boston, MA 02109
E-mail: [***]@wsgr.com
Fax: [***]
Tel: [***]

If to Bayer:
[…]

All notices under this Agreement shall be deemed effective upon receipt. A Party may change its contact information immediately upon written notice to the other Party in the manner provided in this Section.

16.2 Non-Use of Name. Neither Party shall use the name, insignia, symbol, trademark, trade name or logotype or any variation, adaptation, or abbreviation thereof, of the other Party or its Affiliates, its directors, officers, staff, employees, agents, or affiliated investigators in any promotional material or other public announcement or disclosure without the prior written consent of the other Party, which consent the other Party may withhold in its sole discretion, with the exception(s) for disclosures pursuant to Applicable law (e.g. "Sunshine Act") and in acknowledgement of support in connection with Publications made in accordance with Section 12 above. Notwithstanding the foregoing, each Party shall be permitted to identify the other Party as a collaborator and/or partner and display the other Party's logo on its website, subject to compliance with any trademark guidelines provided by the other Party and a separate written declaration of consent pursuant to such guidelines.

16.3 Governing Law. This Agreement and all disputes arising out of or related to this Agreement, or the performance, enforcement, breach or termination hereof, and any remedies relating thereto, shall be construed, governed, interpreted and applied in accordance with the laws of the State of New York, without regard to its conflict of laws principles, except that questions affecting the construction and effect of any patent shall be determined by the law of the country in which the patent shall have been granted.

16.4 Assignment.

16.4.1 Except as expressly permitted in this Agreement, neither Party shall assign, delegate, or subcontract any of its rights or obligations under this Agreement without the prior written consent of the other Party. Any attempted assignment in contravention of this Section 16.4 shall be null and void.

16.4.2 Notwithstanding the foregoing, each Party may, without the consent of the other Party, assign or transfer all of its rights and obligations hereunder to an Affiliate of or to a successor in interest by reason of merger or consolidation or sale of all or substantially all of the assets of such Party relating to the subject matter of this Agreement; provided however, that (a) such assignment includes, without limitation, all rights and obligations under this Agreement, (b) such successor in interest or Affiliate shall have agreed as of such assignment or transfer to be bound by the terms of this Agreement in a writing provided to the non-assigning Party, and (c) where this Agreement is assigned or transferred to an Affiliate, the assigning Party remains responsible for the performance of this Agreement. Recursion may assign or pledge any of its rights to receive payment under this Agreement subject to Bayer's prior written consent, such consent not be unreasonably withheld.

16.5 Amendment and Waiver. No amendment, modification, or waiver of the terms of this Agreement shall be binding on either Party unless reduced to writing and signed by an authorized representative of the Party to be bound. The failure of either Party at any time or times to require performance of any provision hereof shall in no manner affect its rights at a later time to enforce the same. No waiver by either Party of any condition or term shall be deemed as a further or continuing waiver of such condition or term or of any other condition or term.

16.6 Independent Contractors. It is understood and agreed that the relationship between the Parties is that of independent contractors and that nothing in this Agreement shall be construed as authorization for either Party to act as agent for the other. Nothing herein contained shall be deemed to create an employment, agency, joint venture or partnership relationship between the Parties or any of their agents or employees for any purpose, including tax purposes, or to create any other legal arrangement that would impose liability upon one Party for the act or failure to act of the other Party. Neither Party shall have any express or implied power to enter into any contracts or commitments or to incur any liabilities in the name of, or on behalf of, the other Party, or to bind the other Party in any respect whatsoever.

16.7 Severability. In the event that any provision of this Agreement shall be held invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect any other provision of this Agreement, and the Parties shall negotiate in good faith to modify this Agreement to preserve (to the extent possible) their original intent.

16.8 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

16.9 Interpretation. All headings are for convenience only and shall not affect the meaning of any provision of this Agreement. The Parties acknowledge that each Party has read and negotiated the language used in this Agreement. Because all Parties participated in negotiating and drafting this Agreement, no rule of construction shall apply to this Agreement which construes ambiguous language in favor of or against any Party by reason of that Party's role in drafting this Agreement. Except where the context expressly requires otherwise, (a) the use of any gender herein will be deemed to encompass references to any genders, and the use of the singular will be deemed to include the plural (and vice versa), (b) the words "include", "includes" and "including" will be deemed to be followed by the phrase "without limitation", (c) the word "will" will be construed to have the same meaning and effect as the word "shall", (d) any definition of or reference to any agreement, instrument or other document herein will be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (e) any reference herein to any Person will be construed to include the Person's successors and permitted assigns, (f) the words "herein", "hereof" and "hereunder", and words of similar import, will be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (g) all references herein to section, attachments, appendices, exhibits or the like will be construed to refer to sections, attachments, appendices, exhibits or the like of this Agreement, and references to this Agreement include all attachments, appendices, exhibits or the like attached hereto, (h) references to any Applicable Law, rule or regulation, or article, section or other division thereof, will be deemed to include the then-current amendments thereto or any replacement or successor Applicable Law, rule or regulation thereof and (i) the term "or" will be interpreted in the inclusive sense commonly associated with the term "and/or."

16.10 Conflicting Provisions. In the event of any conflict between this Agreement and the Collaboration Agreement, the terms of this Agreement shall prevail. Notwithstanding the foregoing, unless explicitly set forth herein, no provision of this Agreement shall be interpreted to limit any express obligation of either Party set forth in the Collaboration Agreement or any other license agreement resulting therefrom.

16.11 Compliance. Recursion and Bayer agree to comply with all Applicable Law, including, without limitation, laws related to fraud, abuse, privacy, discrimination, disabilities, samples, confidentiality, false claims and prohibition of kickbacks. Without limiting the generality of the foregoing, each party to this Agreement certifies that such party shall not violate the U.S. Anti-Kickback Statute (42 U.S.C § 1320a-7b(b)) with respect to the performance of this Agreement. In furtherance of this intent, Bayer makes Recursion aware of its Code of Conduct and Anti-Kickback Policies accessible at http://www.bayer.us/en/products/bayer-pharmaceuticals/.

16.12 Counterparts. This Agreement may be executed in counterparts, including by facsimile or by electronic scan copies, each of which counterparts, when so executed and delivered, shall be deemed to be an original, and all of which counterparts, taken together, shall constitute one and the same instrument.

16.13 No Third Party Beneficiaries. Nothing in this Agreement shall be construed as giving any person, firm, corporation or other entity, other than the Parties hereto and their successors and permitted assigns, any right, remedy or claim under or in respect of this Agreement or any provision hereof.

16.14 No Implied Licenses. Except as expressly set forth herein, neither Party shall acquire, pursuant to this Agreement, any license or other intellectual property interest, by implication or otherwise, under any trademarks, Patent or other Intellectual Property Rights of the other Party.

17. EXHIBITS

This Agreement includes the following Exhibits and all terms stated therein:

EXHIBIT A.	Identification of the Project
EXHIBIT B.	Licensed Project IP Rights (including Licensed Project Patents)
EXHIBIT C.	Licensed Project Know-How
EXHIBIT D.	Specification of RECURSION's licensed Background IP Rights and Background Know-How
EXHIBIT E	Licensed Project Compounds

(Signatures Follow on Next Page)

IN WITNESS WHEREOF, this Agreement has been executed below by the respective duly authorized representatives of the Parties hereto as of the Effective Date of this Agreement.

RECURSION PHARMACEUTICALS, INC

Name:
Title:
Date:

BAYER AG

Name:
Title:
Date:

Name:
Title:
Date:

Appendix 4

Summary:

The Project Plan Template includes the following items:
1) Project Plan Creation & Approval details;
2) Screening Inputs and description of initial Screening Hypothesis;
3) Primary (phenotypic) Screening Activities;
4) Prioritization of Primary-Hits prior to Primary Hit Nomination;
5) Primary Hit and Primary Hit Series Acceptance Decisions;
6) Phase II: Initial Hit optimization and in-vivo validation of Lead-candidates;
7) Candidate Criteria;
8) Target Deconvolution; and
9) Final Project Report Content.

Project Plan Template

[***]

Appendix 5

Technical and Organizational Measures

[***]

Exhibit 10.15

CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THIS DOCUMENT BECAUSE IT IS NOT MATERIAL AND (I) WOULD BE COMPETITIVELY HARMFUL TO THE REGISTRANT IF PUBLICLY DISCLOSED OR (II) IS INFORMATION THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. SUCH INFORMATION HAS BEEN MARKED WITH "[***]" TO INDICATE WHERE OMISSIONS HAVE BEEN MADE.

AMENDED AND RESTATED LICENSE AGREEMENT

dated February 9th, 2016

between

RECURSION PHARMACEUTICALS, LLC

and

UNIVERSITY OF UTAH RESEARCH FOUNDATION

TABLE OF CONTENTS

Amended and Restated License Agreement

THIS AMENDED AND RESTATED LICENSE AGREEMENT ("Agreement") is entered into this 9th day of February, 2016 ("Restatement Date") by and between the UNIVERSITY OF UTAH RESEARCH FOUNDATION, a Utah non-profit corporation, having its principal place of business at 615 Arapeen Drive, Suite 310, Salt Lake City, UT 84108, hereinafter referred to as "Licensor," and Recursion Pharmaceuticals, LLC, a Delaware limited liability company, having its principal place of business at 383 Colorow Dr., Salt Lake City, UT 84108, hereinafter referred to as "Licensee." Licensor and Licensee may be referred to herein solely as a "party" or jointly as the "parties" as the case may be.

WITNESSETH

WHEREAS, certain inventions and discoveries, generally characterized as "Tempol for CCM" and assigned University of Utah identification number U-5637, as "A treatment to limit permeability in Cerebral Cavernous Malformation Lesions" and assigned University of Utah identification number U-5690, and as "Compounds for the treatment of CCM" and assigned Utah identification number U-5804, hereinafter collectively referred to as the "Invention", have been made in the course of research at the University of Utah and are Covered By the Technology Rights (as defined below); and

WHEREAS, Licensee and Licensor entered into a Know-How License Agreement dated June 17, 2014 (the "Original Agreement") covering know-how rights to the Know-How in the Invention, together with rights to know-how in disclosures known as University of Utah identification numbers U-5637, U-5690, and U-5804, pursuant to which Licensor granted a license to all of such know-how intellectual property rights in exchange for Licensee's issuance to Licensor of the Initial Shares (as defined below); and

WHEREAS, in connection with this Agreement, Licensee and Licensor have entered into the Patent Assignment Agreement dated February 9th, 2016 and attached hereto in Appendix 1, pursuant to which Licensee assigns to Licensor the Patent Rights referred to on Exhibit "A" in exchange for Licensor's agreement to license all of such Patent Rights and the Know-How rights to the items referred to in the immediately preceding paragraph(s), upon the terms and conditions hereinafter set forth in this Agreement; and

WHEREAS, Licensee wishes to obtain from Licensor a license under the Technology Rights for the commercial development, production, manufacture, use, and sale, of Licensed Products and/or Licensed Services, and Licensor is willing to grant such a license upon the terms and conditions hereinafter set forth in this Agreement; and

WHEREAS, Licensor and Licensee desire now to amend and restate the Original Agreement to expand Licensee's rights as licensee of the Technology Rights, amending, restating, and replacing the Original Agreement with this Agreement such that the terms of this Agreement will be deemed to apply from and after the Restatement Date.

NOW THEREFORE, for and in consideration of the covenants, conditions and undertakings hereinafter set forth, the parties hereby amend and restated the Original Agreement to state in its entirety as follows:

ARTICLE 1. DEFINITIONS

1.1 **"Affiliate"** means any person or Entity that controls, is controlled by, or is under common control with Licensee, directly or indirectly. For purposes of this definition, "control" and its various forms means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person or Entity, whether through ownership of voting securities,

by contract or otherwise. Without limiting the generality of the foregoing, the Licensee will be deemed to control another Entity if the Licensee owns or directly or indirectly controls at least 50% of the voting stock or other securities of the Entity.

1.2 **"Commercially Diligent Efforts"** means, with respect to a Licensed Product and/or Licensed Service, the diligent exercise, dedication and expenditure of efforts, money, personnel, and resources as reasonably needed to develop, manufacture, market and sell the Licensed Product and/or Licensed Service, which shall be consistent with those utilized by companies of similar size and type developing products and services of a similar kind and market potential to the Licensed Product and/or Licensed Service.

1.3 **"Confidential Information"** means any information disclosed by one party to the other party which is identified as confidential at the time of disclosure, including information consisting of data; research results; technology; software; materials; patents; copyrighted works; know-how; trade secrets; business or product plans; marketing, sales or other financial information; periodic reports; progress reports and commercialization plans or other information which, under the circumstances, should be reasonably known to be confidential. Confidential Information shall *not* include information: (i) to the extent such information must be disclosed pursuant to any applicable "freedom of information," "sunshine," or similar law, rule or regulation including, without limitation, the Utah Governmental Records Access and Management Act ("GRAMA"), Section 63G-2-101 et seq., Utah Code Ann. (1953), as amended; (ii) that at the time of disclosure is available to the public, or after disclosure becomes a part of the public domain by publication or otherwise, through no fault of the recipient; (iii) that the recipient already properly possessed prior to receipt from the disclosing party; (iv) that the recipient has received without obligation of confidentiality or limitation on use from a third party who had the lawful right to disclose such information; or (v) that was independently developed by or for the recipient by any person or persons who had no knowledge or benefit of the disclosing party's Confidential Information. Information disclosed under this Agreement shall not be deemed within the foregoing exceptions merely because such information is embraced by more general information in the public domain or in the possession of the receiving party. In addition, any combination of features shall not be deemed to be within the foregoing exceptions merely because individual features are in the public domain or in the receiving party's possession, but only if the combination itself and its principle of operation are in the public domain or such party's possession. For clarity, all the plans, reports and records made available by Licensee to Licensor under Article 8 and Article 9, and all Licensed Product Data, including the summary provided to Licensor under Section 14.2 shall be deemed Licensee's Confidential Information, regardless of whether they are marked as such.

1.4 *Reserved*

1.5 *Reserved*

1.6 **"Covered** By" means, where applicable to Patent Rights, a claim or claims directed to any subject matter disclosed within any pending or issued patent included in the Patent Rights claiming all, a portion, or a component or step of any product, apparatus, kit or component part thereof, or any method, procedure, or process. Where applicable to Technology Rights (other than Patent Rights), "Covered By" shall mean a use, reproduction, preparation of derivative work, distribution, public performance, public display, or other practice, as applicable, that would constitute, but for a license granted by Licensee, a misappropriation, violation, and/or infringement of such Technology Rights.

1.7 *Reserved*

1.8 **"Effective Date of the Original Agreement"** means June 17, 2014.

1.9 **“Entity”** means a corporation, an association, a joint venture, a partnership, a trust, a business, an institution, an individual, a government or political subdivision thereof, including an agency, or any other organization that can exercise independent legal standing.

1.10 *Reserved*

1.11 **“Field of Use”** means all uses and applications.

1.12 *Reserved*

1.13 **“Know-How”** means any Licensor non-public proprietary data, information, documentation, translations, text, designs, procedures, processes, technical improvements, trade secrets, copies, and other materialized forms of any tangibles within the foregoing, that existed as of the Effective Date of the Original Agreement, and that is, as of the Effective Date of the Original Agreement or at any time during the term of this Agreement, disclosed to and controlled by the Technology and Venture Commercialization office at the University of Utah under U-5637, U-5690 and U-5804 and which is not Covered By the Patent Rights.

1.14 **“Licensed Product”** means any product, apparatus, kit or component part thereof, or any other subject matter, the manufacture, design, creation, use, importation, distribution, or sale of which is Covered By or otherwise uses the Technology Rights.

1.15 **“Licensed Service”** means any service, method, procedure, process or other subject matter, the practice, manufacture, use, provision, distribution, use, sale, and as applicable the reproduction, preparation of derivatives, and public performance or public display of which is Covered By or otherwise uses the Technology Rights.

1.16 **“Licensed Product Data”** means data, including clinical data, owned or controlled by Licensee relating to a given Licensed Product or Licensed Service and which is generated after the Restatement Date.

1.15 **“Patent Rights”** means and includes all of the following Licensor intellectual property: (a) the United States patents and/or patent applications listed in Exhibit A; (b) any United State patent application filed by or on behalf of Licensor claiming any invention claimed or disclosed in its entirety in, and at least one common inventor with any application described in clause (a); (c) United States patents issued from the applications identified in clauses (a) or (b) and from divisionals and continuations (other than continuations-in-part) of these applications and any reissues of such United States patents; (d) claims of continuation-in-part applications and patents directed to subject matter expressly described (excluding subject matter claimed by way of inherency) in the patent(s) and/or patent application(s) listed in clauses (a), (b) and (c); (e) all foreign counterparts of (a), (b), (c) or (d); and (f) any registrations, renewals, reissues, reexaminations or extensions of any kind with respect to any of such patents or patent applications described in clauses (a), (b), (c), (d) or (e).

1.16 **“Sublicensee”** means any party other than an Affiliate which enters into an agreement or arrangement with Licensee or receives a license grant from Licensee under the Technology Rights, to manufacture, have manufactured, offer for sale, sell, lease, use, practice, import, distribute a Licensed Product or Licensed Service, subject to the then-current applicable article, item, service, technology, and technical data-specific requirements of the U.S. export laws and regulations. For the avoidance of doubt, a third party who is granted only the right to develop, manufacture, distribute or promote any Licensed Product or Licensed Service on Licensee’s behalf (such as a contract research organization, contract manufacturer, distributor, wholesaler and the like) or who is granted an

implied license as part of a sale of the Licensed Product or Licensed Product to use and resell such Licensed Product will not be considered a Sublicensee.

1.17 **"Technology Right(s)"** means Licensor's intellectual property rights in the Patent Rights and Know-How licensed to Licensee hereunder.

1.18 **"Territory"** means the entire world.

1.19 *Reserved*

1.20 *Reserved*

1.21 *Reserved*

ARTICLE 2. LICENSE GRANT

2.1 License Grant

Subject to the terms and conditions set forth herein, Licensor hereby grants to Licensee a non-royalty-bearing, exclusive license to make, have made, use, offer to sell, sell, import, and distribute any Licensed Product and/or any Licensed Service in the Field of Use under Licensor's Patent Rights throughout the Territory. Licensor hereby grants to Licensee a non-royalty-bearing, non-exclusive, perpetual license to make, have made, use, sell, or practice, any Licensed Product and/or any Licensed Service in the Field of Use under Licensor's Know-How throughout the Territory. These grants are subject to Licensee's compliance with all material obligations hereunder, and further subject to rights retained by Licensor and the University of Utah to:

i. publish the scientific findings from research conducted in whole or in part at the University related to the Technology Rights;

ii. manufacture, have manufactured, use or practice the Technology Rights for its own non-commercial research and educational purposes; manufacture, use, and provide Licensed Products and Licensed Services to other academic and nonprofit research institutions for their own non-commercial research and educational purposes; and

iii. allow other academic and nonprofit research institutions to use the Technology Rights for non-commercial educational and research purposes.

2.2 *Reserved*

2.3 *Reserved*

2.4 No Implied License. Licensee shall obtain no implied license rights to the Technology Rights or any other rights owned or controlled by Licensor. Any and all rights not expressly granted to Licensee herein shall be retained by Licensor.

2.5 Affiliates

Licensee may extend the license granted herein to any Affiliate if the Affiliate consents in writing to be bound by this Agreement to the same extent as Licensee.

2.6 Sublicensing

Licensor hereby grants to Licensee the right to grant and authorize sublicenses to one or more Sublicensees, subject to the following:

i. Any sublicense agreement granting a third party rights to the Technology Rights shall:

(a) Be no more burdensome upon, or less favorable to, Licensor (nor purport to grant to any sublicensee broader rights in Licensor's Technology Rights than granted by this Agreement) in all material respects;

(b) Contain an acknowledgement by the Sublicensee of Licensor's disclaimer of warranty and the limitation on Licensor's liability substantially similar to those provided in Sections 15.2 (No Representations or Warranties) and 15.3 (Disclaimer of Specific Warranties);

(c) Require the Sublicensee to indemnify Licensor with respect to such Sublicensee's exercise of its rights under the Technology Rights in a manner substantially similar to the manner in which Licensee has agreed to indemnify Licensor under Article 20 (Indemnification);

(d) Impose on the Sublicensee obligations substantially similar to those imposed upon Licensee under Article 7 (Confidentiality), Article 8 (Quarterly & Annual Reports), Article 11 (Marking), Article 14.1 (Disposition of Licensed Products), Article 17 (Insurance), Article 21 (Notices), Article 22 (Regulatory Compliance), Article 23 (Governing Law) and Article 25 (Use of Names) hereof;

(e) Expressly prohibit the Sublicensee from granting further sublicenses in Licensor's Technology Rights without providing written notice to Licensor (which may be provided by way of Licensee) and an opportunity to object solely on the basis of non-compliance with the foregoing subsections (a)-(e). Any such further sublicense not objected to by Licensor within [***] of its notice thereof shall be deemed accepted by Licensor.

If any sublicense agreement granting any rights to the Technology Rights does not comport with the above requirements, that agreement shall be invalid and unenforceable.

Licensee shall within [***] of: (a) execution, provide Licensor with a copy of each sublicense granted by Licensee hereunder, and any amendments thereto or terminations thereof, (with those terms not reasonably necessary to determine compliance with this Agreement redacted); and (b) receipt, summarize and deliver copies of all major reports due to Licensee from Sublicensee(s) to the extent required for the compliance with Licensee's reporting obligations under this Agreement.

iv. If this Agreement is terminated for any reason, any sublicense granted hereunder shall remain in effect provided that upon request by Licensor, each Sublicensee promptly agrees in writing to be bound by the applicable terms of this Agreement, as such terms apply to the Sublicensee (in which event the Sublicensee will be deemed a direct licensee of Licensor). Any sublicense granted pursuant to this Article 2 shall expressly include the foregoing contingency.

v. Licensee shall be responsible to Licensor for the performance of its Sublicensees under each sublicense agreement granting any rights to any Technology Rights.

ARTICLE 3. TERM OF AGREEMENT

This Agreement shall be in full force and effect from and after the Restatement Date and shall expire on a country-by-country basis upon the expiration of the last-to-expire patent within the Patent Rights in the applicable country, unless otherwise terminated by operation of law or by acts of the parties pursuant to the terms of this Agreement (the "Term"). Upon expiration of the Term, the License shall automatically convert into, and Licensee shall retain thereafter a non-royalty bearing, perpetual, irrevocable, non-exclusive license to make, have made, use, sell, or practice, any Licensed Product and/or any Licensed Service in the Field of Use under Licensor's Know-How throughout the Territory.

ARTICLE 4. FEES

4.1 *Reserved*

4.2 *Reserved*

4.3 *Reserved*

4.4 *Reserved*

4.5 *Reserved*

ARTICLE 5. COMMERCIAL DILIGENCE

5.1 Commercial Diligence

After the Restatement Date Licensee shall use Commercially Diligent Efforts to develop, manufacture, sell, and/or distribute one or more Licensed Product(s) and/or Licensed Service(s) in order to make them readily available to the general public as soon as possible on commercially reasonable terms. Thereafter, Licensee shall continue using Commercially Diligent Efforts to commercialize such Licensed Product(s) and/or Licensed Service(s) throughout the remaining Term of this Agreement ("Actively Commercializing").

ARTICLE 6. EQUITY OWNERSHIP

6.1 Equity

In partial consideration of the rights granted to Licensee by Licensor in this Agreement, Licensee has issued to Licensor [***] fully authorized, and fully paid, non-assessable units of its common limited liability company member interests ("Common Units") (the "Initial Shares"), receipt of which Initial Shares by Licenser is hereby acknowledged by Licensor. Such Initial Shares have been issued in the name of Licensor. Licensee hereby represents that the Initial Shares represented [***] of the aggregate of all of Licensee's common equity outstanding on June 17, 2014, the date of issuance thereof, calculated on a fully diluted basis. At all times thereafter, the Initial Shares and Licensee will be free of any claim or obligation to issue additional equity to Licensor. Exhibit B contains a true and correct capitalization table of Licensee as certified by an officer of Licensee as of the Effective Date of the Original Agreement.

6.2 Definition

The term “fully diluted basis” will mean that the total number of issued and outstanding shares of Licensee’s equity securities as calculated to include conversion of all issued and outstanding securities then convertible into Licensee’s Common Units, or other equity securities, as applicable, and the exercise of all then outstanding options and warrants to purchase Licensee’s Common Units, or other equity securities, as applicable, whether or not then exercisable, but excluding securities not issued but issuable to, or reserved for issuance to, officers, directors, managers, employees or consultants of Licensee pursuant to any employee or consultant equity offering, or compensation or incentive plan adopted or approved by Licensee’s board of managers within [***], the date of issuance of the Initial Shares to Licensor.

ARTICLE 7. CONFIDENTIALITY

7.1 Reasonable Precautions; Prohibition Against Disclosure.

Licensee and Licensor acknowledge that either party may provide certain Confidential Information to the other with regard to the Invention or otherwise. The recipient of Confidential Information shall take all reasonable precautions to protect all such information. Such precautions shall involve at least the same degree of care and precaution that the recipient customarily uses to protect its own confidential information of similar nature or importance, but in no circumstance with less than reasonable care. The party receiving Confidential Information of the disclosing party shall not disclose such information to third parties without the prior written consent of the disclosing party.

7.2 Disclosure Required by Law and Other Permitted Disclosure.

Notwithstanding the foregoing, disclosure by a recipient party of the other party’s Confidential Information shall not be precluded if such disclosure is: (a) in response to a valid order of a court or to another governmental body of the United States or any political subdivision thereof; provided, however, that in either case, the party required to make such disclosure shall (i) have made reasonable effort to give prompt notice to the disclosing party to permit it to seek a protective order or grant of confidentiality, (ii) cooperate with the disclosing party’s efforts to seek confidential or protective treatment of such information, as reasonably requested by the disclosing party, and (iii) minimize the extent of any such disclosure; (b) under appropriate confidentiality provisions substantially equivalent to those in this Agreement, in connection with the performance of its obligations or exercise of rights under this Agreement; (c) to the extent such disclosure is reasonably necessary in the prosecution or maintenance of patents (including applications therefor) in accordance with this Agreement, prosecuting or defending litigation, filing for, obtaining and maintaining regulatory approvals; or (d) in communication with existing and potential investors, partners, acquirers, Sublicensees, consultants, advisors (including financial advisors, lawyers and accountants) and others on a need to know basis, in each case under appropriate confidentiality provisions substantially equivalent to those of this Agreement.

ARTICLE 8. QUARTERLY & ANNUAL REPORTS

8.1 *Reserved*

8.2 Progress Report and Commercialization Plan

Commencing on January 1, 2017, and on each January 1 thereafter, Licensee shall submit to Licensor a written report covering Licensee's (and each Affiliate's and Sublicensee's, as applicable) progress in development and commercialization of all Licensed Products and Licensed Services.

On or before the [***] following the close of Licensee's fiscal year, Licensee shall provide Licensor with financial statements certified by an executive officer of Licensee as fairly presenting, in all materials respects, the financial condition and operating results of Licensee, and prepared in accordance with commercially reasonable accounting practices applied on a consistent basis throughout the periods indicated for the preceding fiscal year including, at a minimum, a balance sheet, an income statement and statement of cash flows for Licensee and each Sublicensee and Affiliate granted rights hereunder.

ARTICLE 9. PAYMENTS, RECORDS and AUDITS

9.1 *Reserved*

9.2 *Reserved*

9.3 Records

Licensee shall keep, and cause its Sublicensees and Affiliates to keep, complete, true and accurate records and books. Records and books shall be kept at Licensee's principal place of business or the principal place of business of the appropriate division of Licensee to which this Agreement relates.

9.4 Audit

Such books and the supporting data maintained as required by Section 9.3 shall be open to inspection by Licensor or its agents, upon reasonable prior notice to Licensee, its Affiliates or Sublicensees, as applicable, at all reasonable terms for a term of [***] following the end of the calendar year to which they pertain, for the purpose of verifying Licensee's compliance with this Agreement. Such access will be available to Licensor upon not less than [***] written notice to Licensee, its Affiliates or Sublicensees, as applicable, not more than [***] each calendar year of the Term as set forth in Article 3 hereof, during normal business hours, and [***] for [***] after the expiration or termination of this Agreement.

ARTICLE 10. TECHNOLOGY RIGHTS PROSECUTION AND MAINTENANCE

10.1 Future Technology Rights Expenses

Licensee will timely pay all future expenses incurred during the Term for filing, prosecuting, and maintaining the Patent Rights, and all other Technology Rights as set forth herein, that are licensed to Licensee hereunder, including without limitation, any taxes, annuities or maintenance fees on such Technology Rights. Licensee agrees to receive such invoices directly from intellectual property

counsel, with Licensor receiving a copy of such invoice. Licensee shall pay such invoices directly to intellectual property counsel with written confirmation of payment to Licensor.

In the event that Licensee fails to timely pay or reimburse any Technology Rights expenses required under this Agreement within [***] of receipt of notification that such expenses are due, Licensee will be required within the following [***] period to establish with a leading and first class bank, subject to approval by Licensor, an irrevocable and, if so requested by Licensor, confirmed standby letter of credit (not restricted, unless otherwise jointly agreed upon) in the amount of [***] in favor of Licensor available immediately to secure the payment of Technology Rights expenses due under this Agreement. Licensor may draw upon such standby letter of credit upon presentation of the letter notifying Licensee of expenses due and payable and a statement from Licensor of Licensee's failure to pay. Should Licensee decline or fail to pay the costs and legal fees for the preparation, prosecution and maintenance of any patent or patent application within the Patent Rights under this Agreement, Licensor may at its discretion, either assume by written notice to Licensee the prosecution and maintenance of the particular patent or patent application at its own costs, provided that such patent or patent application will be excluded from the Patent Rights and Licensee shall have no further rights to such patent or patent application. Any exclusion pursuant to this Section 10.1 shall not relieve Licensee of any obligation or liability accrued hereunder prior to such exclusion, or rescind or give rise to any right to rescind any payments made or other consideration given to Licensor hereunder prior to the time such exclusion becomes effective.

10.2 Intellectual Property Counsel

Licensor will work closely with Licensee to develop a suitable strategy for the prosecution and maintenance of all Technology Rights. It is intended that Licensor will interact directly with the intellectual property counsel selected by Licensee pursuant to Section 10.3 below in all phases of prosecution, including preparation, office action responses, filing strategies for continuation or divisional applications, and other related activities. Licensee will request that copies of all material documents prepared by the selected intellectual property counsel be provided by intellectual property counsel to Licensor for review and comment prior to filing, to the extent practicable under the circumstances. All patents and patent applications will be in the name of Licensor, owned by Licensor and included as part of the Technology Rights licensed pursuant to this Agreement.

10.3 Licensee Selection of Intellectual Property Counsel

As between the parties, Licensee shall have the first right to file, prosecute and maintain patents and patent applications within the Patent Rights at its own expense. Accordingly, Licensor agrees to allow Licensee to select the intellectual property attorney, subject to Licensor's consent, in writing, to such selected intellectual property attorney(s), or any subsequent or new intellectual property attorney(s), which consent shall not be unreasonably withheld. The selected intellectual property attorney(s) will agree to keep Licensor adequately informed and involved as to all material information, material communications with governmental offices, material issues and decisions, and related matters applicable to prosecuting the applications for the Patent Rights and for maintaining the Patent Rights in good standing. Decisions for prosecuting the applications will be made so as to obtain as broad a scope of protection as is reasonable and practical under the circumstances. Licensee will ensure that copies of all material documents prepared by the intellectual property attorney(s) selected by Licensee be provided to Licensor for review and comment prior to filing unless to do so would be unreasonable under the circumstances. Licensee will promptly notify Licensor of its plans to file, revise or drop any application or claim which may adversely affect the Patent Rights or the rights of Licensor under this Agreement. Without prior written consent of Licensor, Licensee and the selected intellectual property attorney(s) shall not change any inventorship

designations and shall not drop or reduce any claim in a pending application which may adversely affect the Patent Right of Licensor.

ARTICLE 11. MARKING

Licensee shall, and agrees to require its Affiliates and Sublicensees to, comply with any marking requirements of the intellectual property laws of the applicable countries in the Licensed Territory to the extent any failure to do so would materially and adversely affect the Technology Rights or any Licensed Product or Licensed Services, or either party's ability to avail itself of all potential remedies for any infringement of the Technology Rights, and particularly agrees to permanently and legibly mark all Licensed Products and/or Licensed Services made, used, reproduced, or sold under the terms of this Agreement, or their respective containers, in accordance with the applicable provisions set forth in the patent-marking and notice provisions under Title 35, United States Code. Any sublicense agreement granting a third party rights to the Patent Rights shall impose on the Sublicensee obligations substantially similar to those imposed in this paragraph.

ARTICLE 12. REMEDIES OF LICENSOR

12.1 For Cause

If Licensee should: (i) fail to deliver to Licensor any statement or report required hereunder when due; (ii) reserved; (iii) violate or fail to perform any material covenant, condition, or undertaking of this Agreement to be performed by it hereunder; (iv) cease, for a period in excess of [***], active Commercially Diligent Efforts to develop or commercialize a Licensed Product or Licensed Service, or Actively Commercializing a Licensed Product or Licensed Service; (v) file a bankruptcy action (including any petition in bankruptcy or insolvency or for the appointment of a receiver), or have a bankruptcy action against it, that is not dismissed or otherwise resolved in Licensee's favor within [***] after Licensee's receipt of notice of such action; (vi) enter into an assignment of substantially all of its assets for the benefit of its creditors; or (vii) enter into a composition with creditors, or have a receiver appointed for it; then Licensor may give written notice of such default to Licensee. If Licensee should fail to cure such default within [***] of such notice; provided that if Licensee disputes the existence of such default in good faith by providing written notice to Licensor during such [***] period, Licensor shall not have the right to terminate this Agreement unless and until it has been determined in accordance with dispute resolution mechanism in Article 28 of this Agreement that such default actually occurred and Licensee fails to cure such default within [***] after any such determination, the rights, privileges, and any license granted hereunder shall automatically terminate.

12.2 Cessation of Business

If Licensee shall cease, for a period of [***], to carry on its business with respect to the rights granted in this Agreement, this Agreement shall terminate upon [***] written notice by Licensor.

12.3 *Reserved*

12.4 Survival of Terms

No termination of this Agreement by Licensor shall relieve Licensee of its obligation to pay any monetary obligation due or owing at the time of such termination and shall not impair any accrued right of Licensor. Articles 1 (Definitions), 6 (Equity Ownership), 7 (Confidentiality), 9 (Payments, Records and Audits), 11 (Marking), 14 (Disposition of Licensed Products and Licensed Product

Data), 15 (Obligations and Warranties of Licensor), 17 (Insurance), 18 (Waiver), 20 (Indemnification), 21 (Notices), 23 (Governing Law), 25 (Use of Names), 27 (Dispute Resolution), 29 (General Provisions), and Sections 2.6(iv) (Sublicensing), 12.4 (Survival of Terms), and 13.2 (Continuing Obligations) hereof shall survive the expiration or earlier termination of this Agreement.

ARTICLE 13. SURRENDER OF CERTAIN RIGHTS BY LICENSEE

13.1 Written Notice

Licensee may terminate this Agreement, in whole or as to any specified patent, as applicable, at any time and from time to time without cause, by giving written notice thereof to Licensor. Such termination shall be effective [***] after such notice and all Licensee's rights associated therewith shall cease as of that date.

13.2 Continuing Obligations

Any termination pursuant to Article 12 or Section 13.1 hereof shall not relieve Licensee of any obligation or liability accrued hereunder prior to such termination, or rescind or give rise to any right to rescind any payments made or other consideration given to Licensor hereunder prior to the time such termination becomes effective. Such termination shall not affect in any manner any rights of Licensor arising under this Agreement prior to the date of such termination.

ARTICLE 14. DISPOSITION OF LICENSED PRODUCTS AND LICENSED PRODUCT DATA

14.1 Licensed Product on Hand

Upon expiration or termination of this Agreement by either party, in whole or as to any specified patent, Licensee shall provide Licensor with a written inventory of all Licensed Products under the control of Licensee that are in process of manufacture, in use, in stock, or as applicable being publicly performed or displayed. Licensee may dispose of any such Licensed Products within the [***] period following such expiration or termination, provided, however, that Licensee shall render reports to Licensor thereon in the manner specified herein.

14.2 Licensed Product Data

A summary of all Licensed Product Data must be provided to Licensor within [***] following termination of this Agreement pursuant to Section 12.2. All Licensed Product Data (including the summary provided by Licensee hereunder) shall remain the Confidential Information of Licensee, subject to the protections of Article 7. Following any such termination, Licensee shall, subject to any rights any Affiliates, Sublicensees or other third parties may have with respect to any of the foregoing that survive such termination, grant to Licensor a right for Licensor to provide such summary to all Licensed Product Data to potential licensees of Licensor (under conditions of confidentiality consistent with Article 7), solely for use in Licensor's efforts to license the Technology Rights to such potential licensees of Licensor for the Licensed Technology Rights; Licensor shall not be entitled to license, grant, or transfer to any third party any rights in any Licensed Product Data. In the event Licensor agrees in writing to material economic terms with a third party concerning the grant of a license to such third party under the Technology Rights formerly licensed to Licensee hereunder, and Licensor desires to make Licensed Product Data available to the potential Licensee, Licensor shall provide written notice thereof to Licensee, and Licensee shall enter into good faith negotiations with such third party for a period of [***] following Licensee's receipt of such notice from Licensor concerning the granting of rights to, or transfer of title in, the Licensed Product

Data to such third party on commercially reasonable terms, subject to any rights that any Affiliates, Sublicensees or other third parties may have with respect to any of the foregoing that survive the termination of this Agreement; provided, however, if Licensee (having complied with the obligations of such Section) and such third party do not enter into a definitive agreement with thereto within such [***], Licensee shall have no further obligation under this Section.

ARTICLE 15. OBLIGATIONS AND WARRANTIES OF LICENSOR

15.1 Authority

Licensor warrants that it has the lawful right to grant the license set forth in this Agreement.

15.2 No Representations or Warranties

EXCEPT AS EXPRESSLY PROVIDED IN SECTION 15.1, THE PARTIES ACKNOWLEDGE AND AGREE THAT LICENSOR HAS MADE NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, REGARDING THE TECHNOLOGY RIGHTS OR THE LICENSES GRANTED HEREUNDER INCLUDING BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, TO THE EXTENT PERMITTED BY APPLICABLE LAW, LICENSOR ADDITIONALLY DISCLAIMS ALL OBLIGATIONS AND LIABILITIES ON THE PART OF LICENSOR, INVENTORS, AND AUTHORS FOR DAMAGES, INCLUDING BUT NOT LIMITED TO DIRECT, INDIRECT, SPECIAL AND CONSEQUENTIAL DAMAGES, ATTORNEYS' AND EXPERTS' FEES, AND COURT COSTS (EVEN IF LICENSOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, FEES OR COSTS), ARISING OUT OF OR IN CONNECTION WITH LICENSEE'S OR ITS AFFILIATES' OR SUBLICENSEES' MANUFACTURE, USE, SALE, DISTRIBUTION, REPRODUCTION, PREPARATION OF DERIVATIVES OF, PUBLIC DISPLAY, PUBLIC PERFORMANCE, OR OTHER PRACTICE OF THE PRODUCTS AND SERVICES LICENSED UNDER THIS AGREEMENT. LICENSEE, ITS AFFILIATES AND SUBLICENSEES ASSUME ALL RESPONSIBILITY AND LIABILITY FOR LOSS OR DAMAGE CAUSED BY A PRODUCT AND OR SERVICE MANUFACTURED, USED, SOLD, DISTRIBUTED, REPRODUCED, PUBLICLY DISPLAYED, PUBLICLY PERFORMED, OR OTHERWISE PRACTICED BY LICENSEE, ITS SUBLICENSEES AND AFFILIATES WHICH INCORPORATES A LICENSED PRODUCT OR LICENSED SERVICE AS DEFINED IN THIS AGREEMENT.

15.3 Disclaimer of Specific Warranties

Without limiting the generality of the foregoing, nothing in this Agreement shall be construed as:

i. a warranty or representation by Licensor as to the validity or scope of any Technology Rights.

ii. a warranty or representation by Licensor that anything made, used, sold, distributed, or as applicable publicly performed, publicly displayed, derived from, or otherwise disposed of pursuant to any license granted under this Agreement is or will be free from infringement of intellectual property rights of third parties.

iii. an obligation by Licensor to bring or prosecute actions or suits against third parties for infringement, misappropriation, or other similar causes of action related to the Technology Rights, except as expressly provided in Article 16 hereof.

iv. conferring by implication, estoppel or otherwise any license or rights under any intellectual property of Licensor other than Technology Rights.

v. conferring by implication, estoppel or otherwise any ownership interest or right in or to any intellectual property of Licensor.

15.4 Limitation of Liability

Notwithstanding any provision in this Agreement to the contrary, Licensor's aggregate liability under this Agreement shall not exceed [***]. Notwithstanding any provision in this Agreement to the contrary, except as it relates to any indemnification obligation of Licensee or its Affiliate or Sublicensee, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, CONSEQUENTIAL, EXEMPLARY, INCIDENTAL, STATUTORY OR PUNITIVE DAMAGES (INCLUDING LOST OR ANTICIPATED REVENUES OR PROFITS RELATING TO THE SAME), ARISING FROM ANY CLAIM RELATING TO THIS AGREEMENT, OR THE SUBJECT MATTER HEREOF, WHETHER SUCH CLAIM IS BASED ON CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, EVEN IF ADVISED OF THE POSSIBILITY OR LIKELIHOOD OF SAME.

ARTICLE 16. INFRINGEMENT

16.1 Claims of Infringement Against Licensee. Its Affiliates or Sublicensees

If any third party claims infringement or misappropriation against Licensee, any Affiliate or Sublicensee as a result of such party's use of the Technology Rights, then Licensee shall promptly notify Licensor thereof in writing, setting forth the facts of such claim in reasonable detail. As between the parties to this Agreement, Licensee shall have the first and primary right and responsibility at its own expense to defend and control the defense of any such claim against Licensee, an Affiliate or Sublicensee, by counsel of its own choosing. Licensee shall be free to enter into a settlement, consent judgment, or other voluntary disposition of any such claim, provided that any settlement, consent judgment or other voluntary disposition of any such claim which (i) materially limits the scope, validity, or enforceability of any portion of the Technology Rights or (ii) admits fault or wrongdoing on the part of Licensor must be approved by Licensor, in its sole discretion. Licensee's request for such approval shall include complete copies of final settlement documents, a detailed summary of such settlement, and any other information material to such settlement. Licensor shall provide Licensee notice of its approval or denial within [***] of any request for such approval by Licensee, provided that (i) in the event Licensor wishes to deny such approval, such notice shall include a written description of Licensor's reasonable objections to the proposed settlement, consent judgment or other voluntary disposition and (ii) Licensor shall be deemed to have approved of such proposed settlement, consent judgment or other voluntary disposition in the event it fails to provide such notice within such [***] period in accordance herewith. Subject to the policies of the University of Utah, to the extent applicable to Licensor, Licensor agrees to cooperate with Licensee in any reasonable manner deemed by Licensee to be necessary in defending any such action. Licensee shall promptly reimburse Licensor for any reasonable, documented out of pocket expenses incurred in providing such assistance.

16.2 Infringement of Technology Rights by Third Parties

i. Notice. If either party discovers the infringement by a third party of any of Licensor's Technology Rights licensed under this Agreement, that party shall give written notice of such claim to the other party. Licensor shall then use reasonable efforts to terminate such infringement. In the event Licensor fails to abate the infringing activity within [***]after such written notice, as between the parties, Licensee shall have the first right, at its sole option, to bring legal action against the third party infringer. In the event Licensee elects not to bring suit for patent infringement against a commercially significant infringement, Licensor may bring suit for infringement or misappropriation, as applicable. The Litigating Party (as defined below) shall be free to enter into a settlement, consent judgment, or other voluntary disposition of any such claim, provided that any settlement, consent judgment or other voluntary disposition of any such claim which (a) materially limits the scope, validity, or enforceability of any portion of the Technology Rights or (b) admits fault or wrongdoing on the part of the other Party (the "Non-Litigating Party") must be approved by the Non-Litigating Party, in its sole discretion. The Litigating Party's request for such approval shall include complete copies of final settlement documents, a detailed summary of such settlement, and any other information material to such settlement. The Non-Litigating Party shall provide the Litigating Party notice of its approval or denial within [***] of any request for such approval by Litigating Party, provided that (a) in the event the Non-Litigating Party wishes to deny such approval, such notice shall include a written description of its reasonable objections to the proposed settlement, consent judgment or other voluntary disposition and (b) the Non-Litigating Party shall be deemed to have approved of such proposed settlement, consent judgment or other voluntary disposition in the event it fails to provide such notice within such [***] period in accordance herewith. Subject to the policies of the University of Utah, to the extent applicable to Licensor, Licensor agrees to cooperate with Licensee in any reasonable manner deemed by Licensee to be necessary in connection with any such action.

ii. Expenses. Any such legal action shall be at the expense of the party by whom suit is filed, hereinafter referred to as the "Litigating Party". Any damages or costs recovered by the Litigating Party in connection with a legal action filed by it hereunder, and provided that the Litigating Party is reimbursed for its costs and expenses reasonably incurred in the lawsuit, and after any payments due to Licensor under Article 4 are paid, shall be equally divided between Licensee and Licensor.

iii. Mutual Cooperation. Licensee and Licensor shall reasonably cooperate with each other in litigation proceedings instituted hereunder (including without limitation, by joining as a nominal party plaintiff and executing such documents as the Litigating Party may reasonably request), provided that such cooperation shall be at the expense of the Litigating Party, and such litigation shall be controlled by the Litigating Party.

ARTICLE 17. INSURANCE

17.1 Insurance Requirements

Beginning at the time any Licensed Product and/or Licensed Service is being distributed or sold (including for the purpose of obtaining any required regulatory approvals) by Licensee, Affiliate, or a Sublicensee, Licensee will, at its sole cost and expense, procure and maintain commercial general liability insurance issued by an insurance carrier with an A.M. Best rating of "A" or better in amounts not less than [***] per incident and [***] annual aggregate. Licensee will use reasonable

efforts to have Licensor, the University of Utah, and their respective officers, employees and agents, named as additional insureds. All rights of subrogation will be waived against Licensor and its insurers. Such commercial general liability insurance will provide: (i) product liability coverage; (ii) broad form contractual liability coverage for Licensee's indemnification under this Agreement; and (iii) coverage for litigation costs. The specified minimum insurance amounts will not constitute a limitation on Licensee's obligation to indemnify Licensor, the University of Utah, and their respective officers, employees and agents, under this Agreement.

17.2 Evidence of Insurance and Notice of Changes

Licensee will provide Licensor with written evidence of such insurance upon request by Licensor. Licensee will provide Licensor with written notice of at least [***] prior to the cancellation, non-renewal, or material change in such insurance.

17.3 Continuing Insurance Obligations

Licensee will maintain such commercial general liability insurance beyond the expiration or termination of this Agreement during (i) the period that any Licensed Product(s) and/or Licensed Service(s) developed pursuant to this Agreement is being commercially used, distributed, reproduced, manufactured, sold, publicly performed, or publicly displayed by Licensee, any Affiliate, or any Sublicensee or agent of Licensee, and (ii) for [***] after such period.

ARTICLE 18. WAIVER

No waiver by either party hereto of any breach or default of any of the covenants or agreements herein set forth shall be deemed a waiver as to any subsequent and/or similar breach or default.

ARTICLE 19. ASSIGNABILITY

This Agreement is not assignable or otherwise transferable (including by operation of law, or asset purchase) by either party without the prior written consent of the other party; provided, however, that Licensee (without any requirement to obtain consent of Licensor) may (subject only to compliance with the following sentence) assign this Agreement (whether by assignment, merger, consolidation, or other transfer or by operation of law, to any wholly-owned subsidiary, or any person or entity that acquires (by any means) all or substantially all of the assets of Licensee to which this Agreement relates. As a condition to, or concurrently with, Licensee's assignment or other transfer of this Agreement in accordance with this Section, Licensee shall: (i) at all times prior to and at the time of such assignment have fully observed and complied with all rights of Licensor as a member in Licensee under applicable law; and (ii) give written notice to Licensor identifying the transferee, with contact information for such transferee's chief executive officer. Licensee may by written agreement with such transferee condition such assignment or other transfer on such transferee assuming in writing all of Licensee's obligations under this Agreement, upon delivery of which Licensee shall be deemed released from all obligations under this Agreement. Neither any (A) merger of Licensee with any other entity or entities, or (B) transfer or issuance of member interests in Licensee shall be deemed to be an assignment of this Agreement or any of Licensee's rights in this Agreement.

ARTICLE 20. INDEMNIFICATION

LICENSEE SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND LICENSOR, THE UNIVERSITY OF UTAH, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, TRUSTEES, EMPLOYEES AND AGENTS (COLLECTIVELY, "INDEMNIFEES") AGAINST ANY AND

ALL THIRD PARTY CLAIMS, SUITS, LOSSES, DAMAGES, COSTS, LIABILITIES, FEES AND EXPENSES (INCLUDING REASONABLE FEES OF ATTORNEYS) (COLLECTIVELY, "CLAIMS") BASED ON, RESULTING FROM OR ARISING OUT OF: (I) THE EXERCISE OF ANY LICENSE GRANTED UNDER THIS AGREEMENT, WHETHER BY LICENSEE, ANY AFFILIATE OR ANY SUBLICENSEE; OR (II) ANY ACT, ERROR, OR OMISSION OF LICENSEE, ANY AFFILIATE, OR SUBLICENSEE, OR ANY OF THE OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS OF THE FOREGOING, INCLUDING WITHOUT LIMITATION ANY BREACH OF THIS AGREEMENT, ANY CLAIM OF NEGLIGENT ACTS OR OMISSIONS OR MISCONDUCT, AND ANY PRODUCT LIABILITY CLAIM, ANY ASSERTED OR ESTABLISHED VIOLATION OF APPLICABLE LAW, REGULATION, RULE OR ORDER, AND ANY CLAIM OF INFRINGEMENT OF A THIRD PARTY'S INTELLECTUAL PROPERTY RIGHTS; *EXCEPT* TO THE EXTENT SUCH CLAIMS RESULT SOLELY FROM GROSSLY NEGLIGENT ACTS OR OMISSIONS, OR WILLFUL MISCONDUCT OF AN INDEMNI 11E; PROVIDED HOWEVER, THAT ANY INDEMNI LEE SEEKING INDEMNIFICATION HEREUNDER SHALL PROVIDE LICENSEE WITH: (I) PROMPT WRI1TEN NOTICE OF THE CLAIM FOR WHICH IT WISHES TO SEEK INDEMNIFICATION; (II) SOLE CONTROL AND AUTHORITY TO SE ITLE AND/OR DEFEND ANY SUCH CLAIM TO THE EXTENT ALLOWABLE UNDER THE LAWS OF THE STA 11, OF UTAH UNLESS, AND TO THE EXTENT, THE SE ITLEMENT INCLUDES THE ADMISSION OF FAULT OR WRONGDOING ON THE PART OF LICENSOR OR ITS AFFILIATES, IN WHICH EVENT SUCH SE FILEMENT SHALL BE SUBJECT TO LICENSOR'S PRIOR Vail:1EN CONSENT, WHICH CONSENT WILL NOT BE UNREASONABLY WITHHELD; AND (III) PROPER AND FULL INFORMATION AND ASSISTANCE TO SETTLE AND/OR DEFEND ANY SUCH CLAIM. LICENSEE SHALL GIVE LICENSOR TIMELY NOTICE OF ANY CLAIM OR SUIT INSTITUTED OF WHICH LICENSEE HAS KNOWLEDGE THAT IN ANY WAY, DIRECTLY OR INDIRECTLY, AFFECTS OR MIGHT AFFECT LICENSOR, AND LICENSOR SHALL HAVE THE RIGHT AT ITS OWN EXPENSE TO PARTICIPATE IN THE DEFENSE OF THE SAME. NOTWITHSTANDING THE FOREGOING, LICENSEE SHALL HAVE NO OBLIGATIONS FOR ANY CLAIM IF THE INDEMNIIEE SEEKING INDEMNIFICATION MAKES ANY ADMISSION, SE1TLEMENT OR OTHER COMMUNICATION REGARDING SUCH CLAIM WITHOUT THE PRIOR WRI 1 I EN CONSENT OF LICENSEE, WHICH CONSENT SHALL NOT BE UNREASONABLY WITHHELD.

ARTICLE 21. NOTICES

Any payment, notice or other communication required or permitted to be given to either party hereto shall be in writing and shall be deemed to have been properly given and effective: (i) on the date of delivery if delivered in person during recipient's normal business hours; or (ii) on the date of attempted delivery if delivered by courier, express mail service or first-class mail, registered or certified. Such notice shall be sent or delivered to the respective addresses given below, or to such other address as either party shall designate by written notice given to the other party as follows:

In the case of Licensee:

Recursion Pharmaceuticals, LLC
[***]
Attn: CEO

In the case of Licensor:

UNIVERSITY OF UTAH RESEARCH FOUNDATION
Technology Commercialization Office
[***]
Salt Lake City, UT 84108

With a copy to:

OFFICE OF GENERAL COUNSEL
University of Utah
[***]
Salt Lake City, Utah 84112

ARTICLE 22. REGULATORY COMPLIANCE

22.1 Registration

When required by local/national law, Licensee shall register this Agreement, pay all costs and legal fees connected therewith, and otherwise ensure that the local/national laws affecting this Agreement are fully satisfied.

22.2 Export Controls

Licensee shall comply with all applicable U.S. laws dealing with the export and/or management of technology or information. Licensee understands that the Arms Export Control Act (AECA), including its implementing International Traffic In Arms Regulations (ITAR,) and the Export Administration Act (EAA), including its Export Administration Regulations (EAR), are some (but not all) of the laws and regulations that comprise the U.S. export laws and regulations. Licensee further understands that the U.S. export laws and regulations include (but are not limited to): (i) ITAR and EAR product/service/data-specific requirements; (ii) ITAR and EAR ultimate destination-specific requirements; (iii) ITAR and EAR end user-specific requirements; (iv) ITAR and EAR end use-specific requirements; (v) Foreign Corrupt Practices Act; and (vi) anti-boycott laws and regulations. Licensee will comply with all then-current applicable export laws and regulations of the U.S. Government (and other applicable U.S. laws and regulations) pertaining to the Licensed Product(s) and/or Licensed Service(s) (including any associated products, items, articles, computer software, media, services, technical data, and other information). Licensee certifies that it will not, directly or indirectly, export (including any deemed export), nor re-export (including any deemed reexport) the Licensed Product(s) and/or Licensed Service(s) (including any associated products, items, articles, computer software, media, services, technical data, and other information) in violation of U.S. export laws and regulations or other applicable U.S. laws and regulations. Licensee will include an appropriate provision in its agreements with its authorized Sublicensees to assure that these parties comply with all then-current applicable U.S. export laws and regulations and other applicable U.S. laws and regulations.

ARTICLE 23. GOVERNING LAW

This Agreement shall be interpreted and construed in accordance with the laws of the State of Utah, without application of any principles of choice of laws, and the courts within Salt Lake County in the State of Utah shall have exclusive jurisdiction and venue for all disputes arising out of this Agreement.

ARTICLE 24. RELATIONSHIP OF PARTIES

In assuming and performing the respective obligations under this Agreement, Licensee and Licensor are each acting as independent parties and neither shall be considered or represent itself as a joint venture, partner, franchisee, agent or employee of the other.

ARTICLE 25. USE OF NAMES

25.1 By Licensee

Licensee may use the name "The University of Utah Research Foundation" in factually based materials related to the Licensed Products and/or Licensed Service(s) and the business of Licensee; provided, however, that Licensee may not use the name of Licensor, the University of Utah, and their respective officers, employees and agents, in connection with any name, brand or trademark related to Licensed Products or Licensed Services. For example, Licensee may include a statement in promotional materials that refers to the fact that a product or service is based on technology developed at The University of Utah; Licensee may not include the name of the University of Utah, University of Utah Research Foundation, or like designation in a product or service name. Without the prior written consent of the Licensor or University of Utah, as applicable, neither Licensee nor any Affiliate or Sublicensee will use any trademark, trade name, logo, service mark or other mark of the Licensor or University of Utah or any affiliate of the Licensor or University of Utah.

25.2 By Licensor

Licensor may use Licensee's name, but only in connection with Licensor's publicity related to Licensor's intellectual property and commercialization achievements.

ARTICLE 26. ARMS LENGTH TRANSACTION

The parties acknowledge and agree that this Agreement has been negotiated at arm's length between the parties, and each party and its counsel have participated fully in the review and revision of this Agreement At Licensee's request, the Agreement has been integrated to include Technology Rights including one or more patents or patent applications and, as set forth herein if applicable, copyrights and/or trademarks; however, all terms relative to the individual parties have been independently negotiated. No rights or obligations with respect to the Patent Rights are dependent upon acceptance by Licensee of terms relative to other of the Patent Rights, or of terms relative to unpatented products or services, including trademarks and/or copyrights, as applicable. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting this Agreement. The language in this Agreement shall be interpreted as to its fair meaning and not strictly for or against any party.

ARTICLE 27. CERTAIN ADDITIONAL COVENANTS OF LICENSOR

In consideration of Licensee's assignment of the Patent Rights to Licensor as provided in Appendix 1, Licensor:

(a) hereby grants Licensee the exclusive, irrevocable, assignable option to purchase all of the Patent Rights for the price of [***] payable at the closing referred to in the next sentence. Such option may be exercised by Licensee at any time after [***] by written notice to Licensor by delivery of a purchase agreement in customary commercially reasonably form signed by Licensee providing for closing within [***] after

Licensee's execution and delivery thereof and Licensor's execution and delivery of an assignment of the Patent Rights in recordable form without representation or warranty of any kind except that Licensor then has exclusive ownership of the Patent Rights, Licensor then has the power and authority to sell the Patent Rights and that the officer of Licensor executing such purchase agreement and assignment has the legal power and authorization to execute and deliver them; and

(b) hereby grants Licensee the right to compel Licensor to sell the Patent Rights, on terms and conditions acceptable to both Licensor and such buyer, in any transaction in which: (i) the buyer is a bona fide independent party unaffiliated with Licensee; (ii) the buyer agrees in writing to pay a stated purchase price in cash greater than [***]; (iii) in such transaction Licensee or an Affiliate of Licensee are to receive a specified share [***] of the Licensor's net proceeds of the price paid to Licensor by the buyer; and (iv) the minimum compensation to Licensor will be no less than specified in Section 27(a).

ARTICLE 28. DISPUTE RESOLUTION

28.1 Discussion. Except as otherwise provided in this Agreement, prior to either party initiating any arbitration under Section 28.2 concerning any dispute arising out of or relating to this Agreement, the relationships created by it, the transactions occurring under it (other than actions for injunctive relief), or the making, interpretation, construction, performance or breach hereof, the parties shall attempt in good faith to resolve such disputes promptly by negotiation as follows: a party may provide written notice that a dispute exists (a "Notice of Dispute") to the other party, which Notice of Dispute shall make specific reference to the resolution requirements set forth in this Article 28 and shall include a brief statement of such party's position. Within [***] of the delivery of the Notice of Dispute, [***] at a mutually acceptable time and place meet to discuss and attempt to resolve such dispute. Within [***] of the meeting between [***], if the dispute has not been resolved by negotiation, [***] will meet to discuss and attempt to resolve such dispute.

28.2 Arbitration. The parties agree that if such a dispute has not been resolved by negotiation within [***] of the delivery of a Notice of Dispute, or if the parties to such dispute have failed to meet within [***]of the Notice of Dispute, then such dispute shall be finally settled by binding arbitration in [***] under the then-current rules of the Judicial Arbitration and Mediation Services (JAMS) by one (1) arbitrator appointed in accordance with such rules. The arbitrator may grant injunctive or other relief in such dispute or controversy. The decision of the arbitrator shall be final, conclusive and binding on the parties to the arbitration. Judgment may be entered on the arbitrator's decision in any court of competent jurisdiction. The parties agree that, any provision of applicable law notwithstanding, they will not request and the arbitrator shall have no authority to award, punitive or exemplary damages against either party. The costs of the arbitration, including administrative and arbitrator's fees, [***]. Each party shall bear the cost of its own attorneys' fees and expert witness fees. Nothing in this Section 28(b) shall preclude either party from seeking interim or provisional relief in the form of a temporary restraining order, preliminary injunction, or other interim relief concerning a dispute prior to or during an arbitration pursuant to this Section 28(b) necessary to protect the interests of such party.

ARTICLE 29. GENERAL PROVISIONS

29.1 Headings

The headings of the several sections are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

29.2 Binding Effect

This Agreement shall not be binding upon the parties until it has been signed below by or on behalf of each party.

29.3 Amendment; Modification

No amendment or modification of this Agreement shall be valid or binding upon the parties unless made in writing and signed by both parties hereto.

29.4 Entire Agreement

This Agreement includes and incorporates all Exhibits referenced herein, unless such Exhibit specifically excludes incorporation. This Agreement, including all incorporated Exhibits, embodies the entire understanding of the parties and supersedes all previous communications, representations or understandings, either oral or written, between the parties relating to the subject matter thereof, including but not limited to the Original Agreement.

29.5 Severability

The covenants, obligations and provisions of this Agreement are severable, and in the event that any covenant, obligation or provision of this Agreement shall be determined to be invalid or unenforceable under any controlling body of the law, such invalidity or unenforceability shall not in any way affect the validity or enforceability of the remaining covenants, obligations, or provisions hereof.

29.6 Counterparts

This Agreement may be signed in counterparts, each of which when taken together shall constitute one fully executed document. Each individual executing this Agreement on behalf of a legal Entity does hereby represent and warrant to each other person so signing that he or she has been duly authorized to execute this Agreement on behalf of such Entity.

29.7 Attorney Fees

In the event of any litigation, arbitration, judicial reference or other legal proceeding involving the parties to this Agreement to enforce any provision of this Agreement, to enforce any remedy available upon default under this Agreement, or seeking a declaration of the rights of either party under this Agreement, the prevailing party shall be entitled to recover from the other such attorneys' fees and costs as may be reasonably incurred, including the costs of reasonable investigation, preparation and professional or expert consultation incurred by reason of such litigation, arbitration, judicial reference, or other legal proceeding.

29.8 Confidential Terms

Except as required by law, neither party may disclose the financial terms of this Agreement without the prior written consent of the other party; provided that Licensee may disclose the terms of this Agreement (i) to its existing and potential investors, partners, acquirers, Sublicensees, consultants, advisors (including financial advisors, lawyers and accountants) and others on a need to know basis, in each case under appropriate confidentiality provisions substantially equivalent to those of this Agreement, or (ii) to comply with applicable laws or regulations, including securities laws or rules of any recognized stock exchange.

IN WITNESS WHEREOF, Licensor and Licensee have executed this Agreement by their respective officers hereunto duly authorized, on the day and year hereinafter written.

"Licensee"		"Licensor"	
By	*/s/ Christopher C. Gibson*	By:	*/s/ Thomas N. Parls*
Name	Christopher C. Gibson	Name:	Thomas N. Parks
Title	Chief Executive Officer	Title:	President
Date	February 9, 2016	Date:	February 29, 2016

APPENDIX "1"

ASSIGNMENT AGREEMENT

ASSIGNMENT

WHEREAS, Christopher C. Gibson and Dean Y. Li, (each hereinafter "INVENTOR"), has made inventions described in United States Provisional Patent Application No. 62/014,540 filed on June 19, 2014 and entitled METHODS OF TREATING AND PREVENTING VASCULAR INSTABILITY DISEASES; United States Patent Application No. 14/728,800 filed on June 2, 2015 and entitled METHODS OF TREATING AND PREVENTING VASCULAR INSTABILITY DISEASES; and/or in International Patent Application No. PCT/US15/36062 filed on June 16, 2015 and entitled METHODS OF TREATING AND PREVENTING VASCULAR INSTABILITY DISEASES; and

WHEREAS, each INVENTOR believes himself to be an original inventor or an original joint inventor of said inventions disclosed and/or claimed in the foregoing patent applications;

WHEREAS, each INVENTOR was obligated to assign said inventions to the University of Utah, a Utah corporation, having a place of business at [***], Salt Lake City, Utah 84122 ("UNIVERSITY") pursuant to University of Utah Policy;

WHEREAS, the UNIVERSITY had agreed that its rights to said inventions were transferred to Recursion Pharmaceuticals, LLC, a Delaware limited liability company, having its principal pace of business at [***]., Salt Lake City, UT 84108 ("RECURSION") pursuant to a Recursion Know-How License dated June 17th, 2014;

WHEREAS, RECURSION and the University of Utah Research Foundation, a Utah non-profit corporation, having its principal place of business at [***], Salt Lake City, UT 84108 ("ASSIGNEE") concurrent with this ASSIGNMENT are entering into an Amended and Restated License Agreement; and

WHEREAS, ASSIGNEE desires to acquire the entire interest in said patent applications:

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, RECURSION, hereby assigns and transfers to ASSIGNEE the full and exclusive right, title, and interest in and to said inventions, said patent applications, and any and all patent rights and letters patent for said inventions in the United States of America and elsewhere throughout the world, including provisional rights, foreign patent priority rights, right to claim priority to said patent applications in any international patent application, and the right to apply for patents in RECURSION' s name or in the name of ASSIGNEE and further including all divisions and continuations of said applications and of any foreign patent applications, and all reissues and extensions of patent rights and letters patent for said inventions, all to be held and enjoyed by ASSIGNEE for its own use and benefit, and by its successors and assigns for their own use and benefit, for the full duration of the terms for which patent rights and letters patent may be granted in this or any foreign country;

ADDITIONALLY, to any extent that each INVENTOR had retained any rights in said inventions and said patent applications, for good and valuable consideration, the receipt of which is hereby acknowledged, each INVENTOR, hereby assigns and transfers to UNIVERSITY and UNIVERSITY hereby assigns and transfers to ASSIGNEE the full and exclusive right, title, and interest in and to said inventions, said patent applications, and any and all patent rights and letters patent for said inventions in the United States of America and elsewhere throughout the world, including provisional rights, foreign patent priority rights, right to claim priority to said patent applications in any international patent application, and the right to apply for patents in INVENTOR' s name or in the name of ASSIGNEE and further including all divisions and continuations of said applications and of any foreign patent applications, and all reissues and extensions of patent rights and letters patent for said inventions, all to be

held and enjoyed by ASSIGNEE for its own use and benefit, and by its successors and assigns for their own use and benefit, for the full duration of the terms for which patent rights and letters patent may be granted in this or any foreign country; and

LIKEWISE, to any extent that the UNIVERSITY had retained any rights in said inventions and said patent applications, for good and valuable consideration, the receipt of which is hereby acknowledged, the UNIVERSITY hereby assigns and transfers to ASSIGNEE the full and exclusive right, title, and interest in and to said inventions, said patent applications, and any and all patent rights and letters patent for said inventions in the United States of America and elsewhere throughout the world, including provisional rights, foreign patent priority rights, right to claim priority to said patent applications in any international patent application, and the right to apply for patents in UNIVERSITY' s name or in the name of ASSIGNEE and further including all divisions and continuations of said applications and of any foreign patent applications, and all reissues and extensions of patent rights and letters patent for said inventions, all to be held and enjoyed by ASSIGNEE for its own use and benefit, and by its successors and assigns for their own use and benefit, for the full duration of the terms for which patent rights and letters patent may be granted in this or any foreign country.

EXHIBIT "A"

PATENT RIGHTS

U No.	Matter	Application No. Date of Filing	Title	Inventor(s)
		USPTO No. 62/014.540 — filed June 19th, 2014.	Methods of Treating and Preventing Vascular Instability Diseases	Christopher C. Gibson, Dean Y. Li
		USPTO No. 14/728,000 — filed June 2.d, 2015	Methods of Treating and Preventing Vascular Instability Diseases	Christopher C. Gibson, Dean Y. Li
		PCT/US15/36062 — Filed June 16, 2015	Methods of Treating and Preventing Vascular Instability Diseases	Christopher C. Gibson, Dean Y. Li

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED. OMISSIONS ARE DESIGNATED AS "[***]".

All provisions are subject to addition, elimination or revision by either Party. All provisions, communications and discussions are tentative until execution of a written agreement by both Parties.

EXCLUSIVE LICENSE AGREEMENT
AGT. NO. [***]

This Exclusive License Agreement (the "**Agreement**") is made this 21st day of December, 2018 (the "**Effective Date**") by and between the Ohio State Innovation Foundation, with an address at 1524 North High Street, Columbus, OH 43201 (hereinafter, "**OSIF**") and Recursion Pharmaceuticals, Inc., with an address at 41 S. Rio Grande Street, Salt Lake City, UT 84101 (hereinafter, "**Licensee**"); collectively, "**Parties**", or singly, "**Party**".

WHEREAS, OSIF, the technology transfer function for The Ohio State University ("**OSU**"), owns, or has the right to license, or controls the Licensed Subject Matter;

WHEREAS, OSIF desires to have the Licensed Subject Matter developed and used for the benefit of the public; and

WHEREAS, Licensee desires to license the Licensed Subject Matter to develop and commercialize Licensed Products under the terms and conditions of this Agreement.

NOW, **THEREFORE**, in consideration of the mutual covenants and promises herein contained, the Parties hereby agree as follows:

1. Definitions.

"**Affiliate**" means, with respect to a Party, any entity that: (a) directly or indirectly owns or controls; (b) is owned or controlled by; or (c) is under common ownership or control with such Party, for so long as such ownership or control exists; where "ownership" and

"control" mean: (i) possession, or the right to possession, of at least fifty percent (50%) of the voting stock of the entity; (ii) the power to direct the management and policies of the entity; (iii) the power to appoint or remove a majority of the board of directors of the entity; or (iv) the right to receive fifty percent (50%) or more of the profits or earnings of the entity. While an entity is an Affiliate, entitled to the benefits of an Affiliate under this Agreement, for only the period of time the entity qualifies as an Affiliate under this definition, all obligations under this Agreement that accrued to the entity while an Affiliate shall survive until fulfilled even though the entity no longer qualifies as an Affiliate**.**

"Assigned Assets" means all of OSIF's right, title, and interest in and to the following non-patent assets owned by it and relating to the pharmaceutical composition known as AR-42: (i) the IND (as defined below) and all other regulatory permits held by OSIF and relating to AR-42, (ii) any AR-42 drug substance or drug product, whether clinical or research grade, owned by OSIF, as set forth on Appendix 5, (iii) the agreements set forth in Appendix 5.

"Clinical Trial" means use of a Licensed Product in humans as part of an investigation or study approved by an IRB in accordance with 21 C.F.R. §312 or equivalent rules or regulations outside of the United States.

"Confidential Information" means any information, whether provided orally, in writing or through tangible materials, that is provided by one Party ("**Discloser**") to the other Party ("**Recipient**") under this Agreement and designated as confidential or would under the circumstances of disclosure be reasonably expected to be treated as confidential; unless the information: (a) was already rightfully in possession of Recipient (or when Recipient is OSIF, in its possession or that of OSU) when provided by Discloser, as shown by competent evidence; (b) is now, or becomes in the future, public knowledge other than through a violation of this Agreement; (c) is independently developed by Recipient without use of or reference to the Confidential Information of Discloser, as shown by contemporaneously written records; or (d) is lawfully obtained without restriction from a Third Party who did not obtain the information directly or indirectly from Discloser (or when the Discloser is OSIF, from OSIF or OSU). The Assigned Assets and any reports provided by Licensee to OSIF pursuant to Section 4 hereof shall be considered the Confidential Information of Licensee.

"**Contract Period**" means each of the three-month periods ending on June 30, September 30, March 31, or December 31 of each Contract Year.

"**Contract Year**" means each 12-month period ending on December 31.

"**FDA**" means the United States Food and Drug Administration, or any successor agency thereto.

"**Field of Use**" means all fields.

"**Government**" means any agency, department or other unit of the United States of America or the State of Ohio.

"**including**" means including, but without limitation.

"**IND**" means investigational new drug application no.103279.

"**IRB**" means an institutional review board, independent review board or ethics committee.

"**Licensed Know-How**" means OSIF's rights in all unpatented subject matter, know-how, data, results, reports, tangible materials and Confidential Information that are listed in Appendix 1 or otherwise related to or disclosed in the Patent Rights or Assigned Assets.

"**Licensed Product**" means any product, the manufacture, use, sale or importation of which would, but for the licenses granted herein, infringe a Valid Claim within the Patent Rights.

"Licensed Subject Matter" means Patent Rights and/or Licensed Know-How.

"**Net Sales**" means the gross amount of consideration received by Licensee, Affiliates, and/or Sublicensees for Licensed Products sold, leased, or otherwise transferred, less the amounts for the following items directly attributable to the Licensed Products and borne by Licensee, Affiliates, or Sublicensees as the provider: [***]. Net Sales on Licensed Products transferred as part of a non-cash exchange shall be calculated at the average amount invoiced to third parties for such Licensed Products in the same country in the applicable Contract Period. Net Sales shall not include sales or other transfers between or among Licensee or its Affiliates or Sublicensees, provided that if the applicable buying party or transferee further sells such Licensed Product to a Third Party, Net Sales shall include the amounts received by such selling party for such sale of Licensed Product.

If more than one product, component or service are combined for sale with a Licensed Product at a single offering price (e.g. as a kit including as separate items both a Licensed Product and a device or other freestanding product that is not a Licensed Product, or a Licensed Product combined with another active pharmaceutical ingredient) (a "**Combination Product**"), the total gross amount received for purposes of determining Net Sales shall be calculated by [***]. In the event that the Licensed Product or other product, component or service included in such Combination Product is not sold separately, Net Sales for royalty determinations shall be determined by Licensee in good faith based on the relative value of the Licensed Product, on the one hand, and the other products, components or services included in such Combination Product, on the other.

“Non-Royalty Sublicensing Consideration” means the gross amount of consideration, excluding royalties or profit shares based on Net Sales, received directly or indirectly by Licensee or its Affiliate(s) from a Sublicensee in consideration of a grant of a sublicense under the Patent Rights pursuant to a Sublicense Agreement, including any: [***]. Non-Royalty Sublicensing Consideration shall exclude: (1) funding for bona fide costs, including those relating to Licensee’s or such Sublicensee’s performing the prospective research and development or reimbursement for out-of-pocket costs incurred by Licensee, and (2) consideration for (i) the issuance of equity securities in Licensee or its Affiliate to the extent the amount paid for such securities does not exceed its fair market value or (ii) a sale of all or substantially all of the business or assets of Licensee or its Affiliates (whether by merger, sale of stock, sale of assets or otherwise) to which the final agreement relates. To the extent that Non-Royalty Sublicensing Consideration includes payments for both a sublicense under the Patent Rights as well as other intellectual property, undertakings or subject matter, such Non-Royalty Sublicensing Consideration from such sublicensing arrangement for calculating payments due to OSIF will be reasonably allocated by Licensee between such Patent Rights, on the one hand, and such other intellectual property, undertakings or subject matter, on the other, based on their relative value.

“**Patent Rights**” means OSIF’s rights in all: (a) patents and/or patent applications listed in Appendix 1; (b) patent applications that claim priority thereto, including all divisionals, continuations and continuations-in-part (but only to the extent of the subject matter that is fully disclosed and enabled by (a) to satisfy 35 U.S.C. §112); (c) patents issuing on (a) and/or (b); (d) reissues, reexaminations, extensions and supplementary protection certificates referencing any of the foregoing; and (e) any foreign counterparts of any of the foregoing.

“**Payment Deadline**” means each day that is [***] after the last day of any particular Contract Period.

“**Sublicense Agreement**” means any agreement or arrangement pursuant to which Licensee directly or indirectly through intermediaries grants a Third Party a sublicense, or option to obtain a sublicense, to practice the Patent Rights to develop, manufacture, offer for sale, or sell a Licensed Product. For clarity, a Sublicense Agreement shall not include a distribution agreement pursuant to which a Third Party receives the right to resell Licensed Product that is manufactured by or on behalf of Licensee or its Affiliate.

“**Sublicensee**” means any Third Party that is party to a Sublicense Agreement.

“**Termination Effective Date**” means November 16, 2017.

“Territory” means worldwide.

"Third Party" means any person or entity other than OSU, OSIF, Licensee or their respective Affiliates.

"Valid Claim" means a claim in an unexpired patent or pending patent application so long as such claim shall not have been irrevocably abandoned or held invalid in an unappealable decision of a court or other authority of competent jurisdiction in the relevant country; provided, however, that if a claim of a pending patent application has not issued as a claim of an issued patent within [***] after the earliest filing date from which such claim takes priority, such pending claim shall not be a Valid Claim for purposes of this Agreement, unless and until such pending claim issues as a claim of an issued patent.

2. License Grant and Assignment of Assigned Assets.

2.1 **Grant.** Subject to the terms and conditions of this Agreement and Licensee's compliance therewith, OSIF hereby grants and Licensee accepts a sublicensable (under multiple tiers), non-transferable, except as provided in Section 15:

(a) royalty-bearing exclusive license under the Patent Rights to make, have made, use, sell, offer for sale, import, and otherwise exploit Licensed Product in the Field of Use in the Territory; and

(b) fully-paid up, royalty free non-exclusive license under the Licensed Know-How to develop, make, have made, use, sell, offer for sale, import Licensed Products, and otherwise exploit Licensed Know-How, in the Field of Use in the Territory.

On behalf of itself and OSU, OSIF reserves the right to practice, have practiced and transfer the Licensed Subject Matter for teaching, education, public service, and non-commercial, non-clinical, clinical research purposes and to publish in connection therewith (subject to Section 9.6), including to grant rights to, and transfer material embodiments of, the Licensed Subject Matter to OSU, other academic institutions, non-profit research institutions and governmental entities for these purposes; provided that OSIF shall not practice, have practiced or transfer such reserved rights for any clinical purpose other than completion of the Existing Clinical Trials without Licensee's prior written consent. The Parties acknowledge that OSIF may have granted certain rights under the Licensed Subject Matter prior to the Effective Date to certain academic institutions and/or non-profit research institutions for the purpose of performing the investigator-initiated clinical trials specified in Appendix 7 ("**Existing Clinical Trials**").

Nothing contained in this Agreement or a Party's performance hereunder shall be construed as conferring, by implication, estoppel or otherwise, upon Licensee,

Affiliates, Sublicensees, any party in privity therewith or any customer thereof, any right, title or interest under any intellectual or tangible property right at any time, except for those rights under the Licensed Subject Matter and Assigned Assets expressly granted herein, including the licenses and assignments set forth in Section 2.1 and Section 2.5, respectively. OSIF reserves all rights, titles and interests in and to its intellectual property not expressly granted herein.

2.2 **Sublicensing.** Subject to the terms and conditions of this Agreement and Licensee's therewith, Licensee may grant and authorize sublicenses under the Licensed Subject Matter provided:

(a) Any Sublicense Agreement: (i) is in writing; (ii) has restrictions consistent with and terms that do not exceed the scope of rights granted to Licensee hereunder; and (iii) includes a right of termination by Licensee in the event that Sublicensee acts in any manner that would constitute a material breach of this Agreement if such action or inaction were that of Licensee.

(b) Licensee shall deliver to OSIF a copy of each Sublicense Agreement granted and all modifications or terminations thereof, within [***] following the applicable execution, modification or termination, provided that such copies may be redacted of information not necessary for OSIF to determine compliance hereunder.

(c) Notwithstanding any Sublicense Agreement, Licensee shall remain liable to OSIF for all of Licensee's duties and obligations contained in this Agreement and Sublicensee's breach of its Sublicense Agreement to the extent it causes Licensee to breach this Agreement.

(d) Licensee shall be and remain responsible for the acts or omissions of its Affiliates pursuant to any such sublicense.

2.3 **Government Rights.** Licensee understands that Licensed Subject Matter may have been conceived or first actually reduced to practice, or during the Term may be first actually reduced to practice, under a funding agreement with a Government and, if so, that Government has certain rights relative thereto. This Agreement is limited by and made subject to the Government's rights under any such agreement and under any applicable Government's law or regulation, including 35 U.S.C. §200 et seq. ("**Bayh-Dole Act**"). To the extent that there is a conflict between any such agreement, such applicable law or regulation and this Agreement, the terms and conditions of such Government agreement, and/or applicable law or regulation, shall prevail. Licensee agrees to comply and permit OSIF to comply with the Bayh-Dole Act, including to provide the reporting required, and unless waived pursuant to the Bayh-Dole Act to

substantially manufacture Licensed Products and products produced through the use of Licensed Products in the United States.

2.4 **Diligent Commercialization.** Licensee, by itself or through its Affiliates or Sublicensees, shall use commercially reasonable efforts to commercialize Licensed Products in the Field of Use within the Territory. Without limiting the foregoing, Licensee shall, at a minimum: (a) use commercially reasonable efforts to maintain a bona fide, funded, ongoing and active research, development, manufacturing, marketing, or sales program to make, offer for sale and sell Licensed Products so that Licensed Products are commercially available to the public as soon as commercially practicable; and (b) fulfill the milestone events stated below (the "**Diligence Milestones**"):

Diligence Milestone	Date to be Completed/Achieved
Re-qualify existing drug substance and/or drug product within the Assigned Assets or manufacture sufficient GMP material of Licensed Product to initiate a Clinical Trial.	Within [***] of the Effective Date
Initiate or reinitiate a Clinical Trial. Such trial shall be deemed to have been initiated or reinitiated, as applicable, when such Licensed Product is first administered to any patient enrolled in such clinical trial	Within [***] of the Effective Date
Initiate a subsequent Clinical Trial. Such trial shall be deemed to have been initiated when such Licensed Product is first administered to any patient enrolled in such clinical trial.	Within [***] of the completion of the Clinical Trial in the previous Diligence Milestone

Licensee will have the right to extend the dates set forth above by making a payment of [***] per [***] extension. Licensee will have the right to make up to [***] such extensions. In the event of any such extension, any later occurring diligence milestones dates will be similarly extended without any payment by Licensee.

Without limiting the foregoing, if any of the obligations under this Section 2.4 are not fulfilled, OSIF may treat such failure as a breach in accordance with Section 8.3(b).

Licensee shall provide written notification of the completion of each Diligence Milestone to OSIF within thirty (30) days of completion.

2.5 **Assignment of Assigned Assets.** OSIF hereby transfers and assigns to Licensee all of its right, title, and interest in and to, and all of OSIF's burdens, obligations and liabilities arising after the Effective Date in connection with, the Assigned Assets; provided that, any burdens, obligations or liabilities associated with the Assigned Assets that arose prior to, or result from facts or circumstances existing prior to, the Effective Date (including the Existing Clinical Trials) shall be and remain, as between the Parties, the responsibility of OSIF ("**Retained Liabilities**"). OSIF further agrees that it will execute all such other letters, documents, or instruments to memorialize the transfers and assignments herein, including but not limited to those letters, documents, or instruments to be furnished to the FDA in order to effect the transfer of the IND in accordance with the terms of this Agreement, as Licensee shall reasonably request and at Licensee's expense. Licensee hereby accepts the assignment and assumes and agrees to observe and perform all of the duties, obligations, terms, provisions and covenants, and to pay and discharge all of the liabilities of OSIF to be observed, performed, paid or discharged from and after the Effective Date, in connection with the Assigned Assets, other than the Retained Liabilities. OSIF shall defend and indemnify Licensee, its Affiliates and Sublicensees from and against any and all Retained Liabilities incurred by Licensee, its Affiliates or Sublicensees. OSIF shall promptly (but in any event upon Licensee's request) transfer to Licensee copies of all data, reports and know-how within the Licensed Know-How and Assigned Assets, to the extent OSIF has actual possession of or access to such Licensed Know-How and Assigned Assets.

3. Compensation.

3.1 **Initial Fee**. In consideration for the rights, licenses and assignments granted to Licensee herein, Licensee shall pay to OSIF a non-refundable, up-front Initial Fee in the amount of two million dollars ($2,000,000) ("**Initial Fee**") within [***] of the Effective Date. The Initial Fee shall not be credited against any other amounts due under this Agreement.

3.2 **Royalties.** By each Payment Deadline, Licensee shall pay OSIF non-refundable and non-creditable running royalties as follows:

[***]

(collectively the "**Royalties**"). For clarity, Net Sales of Licensed Product up to [***] during each Contract Year will bear royalties at the [***] rate and any incremental Net Sales of Licensed Product during such Contract Year exceeding [***] will bear royalties at the [***] rate.

Royalties will be payable, on a Licensed Product-by-Licensed Product and country-by-country basis, on Net Sales of Licensed Products until the last to expire Valid Claim within the Patent Rights covering the sale of such Licensed Product in the Field of Use in the country of sale.

In the event it becomes necessary for Licensee or its Affiliate or Sublicensee, in the reasonable opinion of its counsel, to obtain a license from a Third Party in order to make, have made, develop, import, use, sell, offer for sale, have sold or otherwise exploit any Licensed Product to avoid infringing an intellectual property right of a Third Party in that country, Licensee or its Affiliate or Sublicensee may offset the running royalties payable to OSIF on a Licensed Product-by-Licensed Product and country-by-country basis by up to [***] of the royalties paid to such Third Party for such license in any Contract Period.

Notwithstanding the foregoing, however, in no event, including the sale of a Combination Product, shall the Royalties payable by Licensee to OSIF be lower than [***] of Net Sales of a Licensed Product.

3.3 **Reserved.**

3.4 **Milestone Fees.** Licensee shall pay OSIF the following one-time milestone payments within (60) days of the first achievement of each corresponding Milestone with respect to a Licensed Product by Licensee, its Affiliate or Sublicensee, according to the following (collectively the "**Milestone Fees**"):

Milestone	Milestone Payment Amount (USD)
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

3.5 **Sublicense Fees.** For clarity, Net Sales by Sublicensees shall be subject to royalties payable to OSIF as provided in Section 3.2. Within [***] of receiving any Non-Royalty Sublicensing Consideration, Licensee shall pay to OSIF an amount equal to the percentage of such Non-Royalty Sublicensing Consideration as follows, based on when the sublicense is granted to such Sublicensee (collectively the "**Sublicensee Fees**"); provided that any Milestone Fees paid or payable by Licensee shall be creditable against the Sublicensee Fees:

If such Sublicense is granted:	% Non-Royalty Sublicensing Consideration
[***]	[***]
[***]	[***]

4. **Reports and Plans.** Utilizing the report forms in Appendices 2 and 3, incorporated herein by reference, Licensee shall provide to the attention of OSIF's payment and reporting contact stated in Appendix 4: (a) an annual written summary progress report by [***] of each Contract Year; (b) a payment and royalty report each Contract Period by the applicable Payment Deadline. If no payments are due in any Contract Period, then Licensee shall submit the report so stating. The obligations in this Section 4 are in addition to and not in lieu of the other reporting obligations in this Agreement.

5. **Payment, Records, and Audits.**

5.1 **Payments.** All amounts referred to in this Agreement are expressed in U.S. dollars without deductions for taxes, assessments, fees, or charges of any kind. All payments to OSIF shall be made in U.S. dollars by check or wire transfer (Licensee to pay all wire or other transfer fees) payable to Ohio State Innovation Foundation as stated in Appendix 4. Except to the extent required by law, Licensee may not make any tax withholdings from payments to OSIF.

5.2 **Sales Outside the U.S.** If any currency conversion shall be required in connection with the calculation of payments hereunder, such conversion shall be made using the rate used by Licensee for its financial reporting purposes in accordance with U.S. Generally Accepted Accounting Principles (or foreign equivalent).

5.3 **Late Payments.** Amounts that are not paid when due shall accrue a late charge from the due date until payment is received by OSIF, at a rate equal to 0.5% per month (or the maximum allowed by law, if less). Acceptance of late payments does not negate or waive any other right or remedy to which OSIF may be entitled.

5.4 **Records.** For a period of [***] after the Contract Period to which the records pertain, Licensee agrees that it, Affiliates and Sublicensees shall keep complete and accurate records pertaining to any consideration owed pursuant to this Agreement, including Net Sales, Royalty payment calculations, Milestone Fees, and Non-Royalty Sublicensing Consideration, in sufficient detail to enable payments to be determined and audited.

5.5 **Auditing.** OSIF or its representatives, shall be permitted, at OSIF's expense, to periodically examine and/or audit the records required by Section 5.4 ("**Examination**") during regular business hours, at Licensee's and/or its Sublicensee's place of business, on at least [***] advance notice, to verify any payment or report made pursuant to this Agreement. For each Sublicensee, Licensee shall obtain similar Examination rights for itself. If Licensee conducts

an Examination of Sublicensee's records, Licensee shall furnish to OSIF a copy of the findings from such Examination. No more than one Examination of Licensee shall be conducted under this Section 5.5 in any Contract Year. If any amounts due OSIF have been underpaid as of the date of the Examination, then Licensee shall immediately pay OSIF the amount of such underpayment plus accrued interest due in accordance with Section 5.3. If the amount of underpayment is equal to or greater than [***] of the total amount due for the records so examined, Licensee shall also reimburse OSIF the costs of such Examination and any collection actions taken. Such Examinations may, at OSIF's sole discretion, consist of a self-audit conducted by Licensee at OSIF's expense and certified in writing by an authorized officer of Licensee. All information examined pursuant to this Section 5.5 shall be the Confidential Information of Licensee.

6. Intellectual Property Management.

6.1 *Reserved.*

6.2 **Ongoing Patent Expenses.** Licensee shall reimburse OSIF for all costs and expenses that it incurs in the prosecution and maintenance of the Patent Rights on or after the Effective Date within [***] after Licensee's receipt of each invoice. Notwithstanding the foregoing, OSIF may require Licensee to pre-pay such costs and expenses predicted for certain Patent Rights upon not less than thirty (30) days' prior written request, in the event of extraordinary expenses to be incurred, including for nationalization of the Patent Rights. Any such predicted amounts that are in excess of OSIF's actual costs in prosecuting and maintaining the Patent Rights will be promptly refunded to Licensee or credited against future prosecution and maintenance cost with respect to the Patent Rights, at Licensee's direction. Without limitation, failure to strictly comply with Sections 6.1 or 6.2 shall be considered a payment default under Section 8.3(a).

6.3 **Responsibility & Coordination.** OSIF shall control the preparation, prosecution, defense and maintenance of the Patent Rights using counsel of its choosing. So long as Licensee is not in default of Section 6.2, OSIF shall instruct such patent counsel to provide copies of all material documents it receives from or submits to (at least [***] prior to submission) patent offices regarding the Patent Rights in the Field of Use and Territory and OSIF shall reasonably consider Licensee's comments when timely provided. OSIF shall pay under large entity designation unless the Licensee and each of its Sublicensees are entitled to claim small entity designation with the USPTO and Licensee has provided OSIF written notice thereof. Licensee shall promptly notify OSIF upon loss of entitlement to small entity designation and, without limitation, pay all costs and expenses associated therewith.

6.4 **Foreign Filings.** In addition to the U.S., the Patent Rights shall, subject to applicable bar dates and Licensee's compliance with Section 6.2, be pursued in such foreign countries as Licensee so designates in writing to OSIF in sufficient time to reasonably enable the preparation of such additional filings (in no event less than [***] prior to any deadline), and in those foreign countries in which OSIF has filed applications prior to the Effective Date.

6.5 **Withdrawal from Paying Patent Costs.** If at any time Licensee wishes to cease paying for any costs for a particular Patent Right, including for patent prosecution, in a particular jurisdiction, Licensee must give OSIF at least [***] prior written notice and Licensee shall continue to be obligated under Section 6.2 for costs and expenses incurred during said notice period. Thereafter, said patent application or patent in such jurisdiction shall no longer be included in the Licensed Subject Matter and Licensee shall have no further rights thereto.

6.6 **Challenge**. In the event Licensee, its Affiliate and/or any Sublicensee intends to challenge the validity or enforceability of any of the Patent Rights, whether through a declaratory judgment action, opposition, post-grant proceeding or otherwise, then Licensee shall: (a) use reasonable efforts to give OSIF [***] days prior written notice; (b) continue to make all payments due hereunder directly to OSIF; and (c) have no right to pay into escrow or other account any amounts due OSIF hereunder; provided that, OSIF's sole remedy for Licensee's breach of Section 6.6(a) shall be termination in accordance with Section 8.3(c), if such challenge is made. For purposes of clarity, no payment made to OSIF pursuant to this Section 6.6 is refundable or may be offset, including any amounts paid under this Agreement prior to or during the period of the challenge, even if the challenge is successful or it is otherwise determined that the Patent Rights are invalid or unenforceable.

7. Infringement and Litigation.

7.1 **Licensee's Enforcement Rights.** If either Party becomes aware of any threatened or actual infringement of the Patent Rights, then such Party shall notify the other Party thereof and Licensee shall have the first right, in its discretion, to abate the infringement in the Field of Use and in the Territory, within a period of [***] from its receipt of notice of such infringement, provided OSIF is kept fully informed and given the opportunity to advise and comment thereon. Licensee shall take into account all comments offered from or on behalf of OSIF. Licensee shall be responsible for payment of all costs and expenses associated with such abatement, including those costs and expenses incurred by OSIF in providing cooperation or joining an enforcement action as a party as provided in Section 7.3. Notwithstanding Section 3.5, amounts received, including for lost profits, in excess of Licensee's costs and third-party expenses in enforcing the Patent Rights and amounts actually reimbursed by

Licensee to OSIF under this Section 7.1, shall be shared with OSIF by Licensee within [***] of receipt at a payment rate of: [***].

7.2 **OSIF's Enforcement Rights.** After the [***] period described in Section 7.1, or earlier if Licensee provides written notice to OSIF that Licensee does not intend to initiate abatement, then OSIF shall have the right, at its sole discretion and expense, to abate the infringement, or potential infringement, provided that (a) Licensee is kept fully informed and given the opportunity to advise and comment on any such abatement action taken by OSIF and (b) OSIF will not grant a release, settle or otherwise compromise any such abatement action in a manner that adversely affects Licensee's interests without Licensee's prior written consent, which shall not be unreasonably withheld. OSIF shall take into account all comments offered from or on behalf of Licensee. OSIF shall be responsible for payment of all costs and expenses associated with such abatement action, including those costs and expenses incurred by Licensee in providing cooperation or joining an enforcement action as a party as provided in Section 7.3. Any amounts received, including for lost profits, in excess of OSIF's costs and third-party expenses in enforcing the Patent Rights, shall be shared with Licensee by OSIF within [***] of receipt at a payment rate of: [***].

7.3 **Cooperation between OSIF and Licensee.** In any infringement suit or dispute regarding the Patent Rights, the Parties agree to cooperate fully with each other in a reasonable manner provided costs and expenses are being reimbursed as allocated in this Section 7. If it is necessary to name OSIF as a party in such action, then Licensee must first provide OSIF with prior written notice of such requirement, and OSIF shall join as a party to such action at Licensee's expense. Regardless, OSIF shall have the right to be represented by counsel selected by OSIF.

8. Term and Termination.

8.1 **Term.** Unless earlier terminated as provided herein, the term of this Agreement shall commence on the Effective Date and continue until the last to expire Valid Claim within the Patent Rights ("**Term**"). Upon expiration (but not earlier termination) of this Agreement, the licenses granted to Licensee in Section 2.1 shall become fully paid-up, perpetual, irrevocable and non-exclusive.

8.2 **Termination by Licensee.** Licensee, at its option and for any reason, may terminate this Agreement by providing OSIF written notice, and such termination shall become effective [***] after receipt of such notice by OSIF.

8.3 **Termination by OSIF.** OSIF, at its option, may immediately terminate this Agreement, in whole or in part, upon delivery of written notice to Licensee of OSIF's decision to terminate, if any of the following occur:

(a) Licensee has failed to make any payment when due under this Agreement, and does not make the required payment within [***] after delivery of written notice of such failure from OSIF;

(b) Licensee is in material breach of any non-payment provision of this Agreement, and does not cure such breach within [***] after delivery of written notice from OSIF; or

(c) To the extent not prohibited by applicable law, Licensee or its Affiliate or Sublicensee initiates any proceeding or action to challenge the validity, enforceability, ownership or scope of one or more Valid Claims of the Patent Rights, or assist a Third Party in pursuing such a proceeding or action; provided that such challenge is, in the case of such a challenge brought by Licensee or its Affiliate, directed to subject matter within the scope of the licenses granted to Licensee hereunder or, in the case of such an action brought by a Sublicensee, is directed to subject matter (and is brought in the territory) within the scope of the sublicense granted to such Sublicensee pursuant to the applicable Sublicense Agreement. Such termination shall be effective, with respect to the initiating party, after [***] written notice by OSIF to Licensee, unless (i) Licensee, or such Affiliate or Sublicensee (as applicable), within such [***], withdraws from such patent challenge, or (ii) in the case of a challenge by a Sublicensee, Licensee terminates the Sublicense Agreement with such Sublicensee. Notwithstanding anything herein to the contrary, termination by OSIF under this Section 8.3(c) is not permitted for any counterclaim or defense made by Licensee, an Affiliate or Sublicensee as a defendant in any patent infringement claim made by or on behalf of OSIF, based on activities that are outside of the scope of the applicable license or sublicense granted hereunder;

provided, in the event of termination by OSIF under subsections (a) and (b) above, that OSIF may not terminate this Agreement if before the expiration of the [***], as applicable, Licensee has cured the breach or default and provides OSIF with written evidence of such cure; and further provided that if such breach cannot be cured within such [***] period (as determined in good faith by Licensee and communicated to OSIF in writing prior to the expiration of such [***] period), so long as Licensee is using good faith efforts to and can demonstrate reasonable steps to cure any default that could not reasonably be cured within the [***] time period, Licensee shall not be deemed in material breach of this Agreement due to such alleged material breach (and, for clarity, OSIF may not terminate this Agreement due to such alleged material breach) and OSIF agrees to work with Licensee in good faith to develop a plan to accomplish such cure, which plan shall be submitted in writing to OSIF.

8.4 **Other Conditions of Termination.** This Agreement shall terminate:

(a) Upon written notice thereof by OSIF to Licensee, unless prohibited by applicable law, without the necessity of any additional action being taken by OSIF or Licensee if: (i) Licensee files a bankruptcy action or is finally adjudicated bankrupt or insolvent; (ii) Licensee's Board of Directors elects to liquidate its assets or dissolve its business; (iii) Licensee ceases its business operations; (iv) Licensee makes an assignment for the benefit of creditors; or (v) if the business or assets of Licensee are otherwise placed in the hands of a receiver, assignee or trustee, whether by voluntary act of Licensee or otherwise, and such act is not reversed within [***] of its institution; provided that, in each case (i)-(v), Licensee shall provide notice to OSIF within [***] of the occurrence of any of the events set forth in subsections (i)-(v) herein; or

(b) At any time by mutual written agreement between Licensee and OSIF.

8.5 **Effect of Termination.** If this Agreement:

(a) Is terminated, then all Sublicense Agreements in compliance with this Agreement where the Sublicensee is in compliance as of the date of such termination with such Sublicense Agreement shall remain in effect and such Sublicensee shall become a direct licensee of OSIF, except that OSIF shall not be bound by terms or conditions set forth in any Sublicense Agreement that extend beyond the duties and obligations of OSIF set forth in this Agreement and such Sublicensee's financial obligation to OSIF shall be equal to the amount that OSIF would otherwise be entitled to receive as a result of such Sublicensee's activities if this Agreement had remained in effect;

(b) Is terminated, then, except as expressly set forth herein, all rights and obligations under this Agreement shall terminate, provided that for [***] following the date of such termination, Licensee may sell any remaining inventory of Licensed Products that it holds as of the effective date of such termination, subject to its royalty obligations hereunder;

(c) Is terminated or expires, then Licensee shall tender payment of all accrued payments due to OSIF as of the effective date of termination or expiration within [***] of such termination or expiration, including payment of all unreimbursed costs and expenses incurred under Section 6 prior to the effective date of termination or expiration upon receipt of invoice therefor, and render a final report covering the subject matter described in Section 4;

(d) Is terminated or expires, then nothing in this Agreement shall be construed to release either Party from any right or obligation that matured prior to the effective date of termination or expiration; and

(e) Is terminated or expires, then this Section 8.5 (Effects of Termination) and Sections 1 (Definitions), 2.5 (Assignment of Assigned Assets), 7.1 (Licensee's Enforcement Rights), 7.3 (Cooperation between OSIF and Licensee), 8.1 (Term), 9 (Confidentiality), 11.2 (OSIF Disclaimers), 12 (Limit of Liability), 13 (Indemnification Obligation), 14 (Insurance Requirements), 15 (Assignment), 17 (Use of Name), 18 (Notices), and 19 (General Provisions) shall survive any termination or expiration of this Agreement. In addition, the provisions of Sections 3 (Compensation), 4 (Reports and Plans), 5 (Payment, Records and Audits), 6 (Intellectual Property Management) and 8 (Term and Termination) shall survive with respect to all activities and payment obligations accruing prior to the termination or expiration of this Agreement.

9. Confidentiality.

9.1 **Treatment of Confidential Information**. Recipient shall use reasonable care to safeguard the confidentiality of the Confidential Information of Discloser and shall not provide any such Confidential Information to third parties or use other than as permitted below without Discloser's prior written consent.

9.2 **Right to Disclose**.

(a) Licensee consents to OSIF disclosing Confidential Information of Licensee to OSU, and other third parties to the extent it is reasonably necessary to fulfill its obligations or exercise its rights under this Agreement, on the condition OSIF has confidentiality obligations and non-use restrictions at least as stringent as those on OSIF hereunder with OSU and/or such third parties.

(b) To the extent it is reasonably necessary to fulfill its obligations or exercise its rights under this Agreement, Licensee may disclose Confidential Information of OSIF on the condition that the party to whom it provides the Confidential Information has agreed to terms and conditions of confidentiality and non-use at least as stringent as those on Licensee herein.

(c) If Recipient is required by law, regulation, or court order to disclose any of the Confidential Information of Discloser, then it may do so provided it had promptly notified Discloser in advance and had reasonably assisted Discloser, if needed, for Discloser to try to obtain a protective order or other remedy of Discloser's election and expense. Any Confidential Information of Discloser so disclosed shall maintain its confidentiality protection for all purposes other than such legally required disclosure.

(d) Notwithstanding anything to the contrary, neither Party is obligated to maintain the existence of this Agreement as Confidential Information.

9.3 **Press Release**. The Parties mutually agree that the press release substantially in the form of the attached hereto as Appendix 6 with respect to this Agreement does not disclose either party's Confidential Information. Further, the Parties agree to work in good faith to obtain any requisite approvals of the press release and in no case later than January 7, 2019.

9.4 **Surviving Obligations**. All Confidential Information of the Discloser shall be returned or destruction certified by Recipient at the end of the Term, at Discloser's election, provided that Recipient shall be permitted to retain one copy of such Confidential Information in its legal function solely in order to verify its compliance hereunder and exercise any surviving rights hereunder, and electronic records maintained for archival purposes need not be destroyed. The Parties' confidentiality and non-use obligations under this Agreement shall survive the expiration or termination of this Agreement, and shall continue for a period of seven (7) thereafter.

9.5 **Injunctive Relief**. In addition to and not in lieu of any other rights or remedies, Discloser may seek specific performance, injunctive and other equitable relief as a remedy for any breach or threatened breach of this Section 9 without showing actual monetary damages in connection therewith.

9.6 **Publication**. To avoid loss of patent rights as a result of premature public disclosure of inventions or data, OSIF, on behalf of OSU, shall submit to Licensee as promptly as practicable under the circumstances:

(i) all invention disclosure forms received by OSIF from OSU personnel that directly relate to the pharmaceutical composition known as AR-42 ("AR-42"),

(ii) any publication, presentation or other disclosure of any information directly relating to AR-42 that OSIF, through OSU's technology transfer office, becomes aware of ("Relevant Publications"), and

(iii) advance copy of any manuscript for the proposed publication or disclosure in (ii) above.

The Parties acknowledge the mutual goal of avoiding loss of patent rights and protection of Licensee's Confidential Information and shall endeavor in good faith to provide Licensee with advance notice of Relevant Publication (including a copy of such Relevant Publication) and delay such Relevant Publication so that (a) a patent application may be filed on any invention directly relating to AR-42 which is disclosed in such publications, presentation, or other disclosure and/or (b) Licensee's Confidential Information may be deleted. To assist in achieving this mutual goal, OSIF shall, promptly after execution of this Agreement, notify OSU personnel of this Agreement who are known to OSIF to be interested in conducting future or ongoing research relating to AR-42 of the existence of this Agreement and the

Parties' mutual goal of avoiding loss of patent rights and Licensee's Confidential Information relating to Licensed Subject Matter.

10. **Export Compliance.** Without limiting Section 11.3(i), Licensee shall observe all applicable United States and foreign laws and regulations with respect to the research, development, manufacture, marketing and transfer of Licensed Products and related technical data, including, without limitation, the International Traffic in Arms Regulations (ITAR) and the Export Administration Regulation and hereby represents and covenants that Licensee: (a) is neither a national of, nor controlled by a national of, any country to which the United States prohibits the export or re-export of goods, services, or technology; (b) is not a person specifically designated as ineligible to export from the United States or deal in U.S. origin goods, services, or technologies; (c) shall not export or re-export, directly or indirectly, any goods, services, or technology to any country or person (including juridical persons) to which the United States prohibits the export of goods, technology or services; and (d) in the event that a United States government license or authorization is required for an export or re-export of goods, services, or technology (including technical information acquired from OSIF under this Agreement and/or any products created by using such technical information or any part thereof), shall obtain any necessary United States government license or other authorization prior to undertaking the export or re-export. Without limitation, Licensee shall include a provision in Sublicense Agreements, substantially similar to this Section 10, requiring that Sublicensees comply with all then-current applicable export laws and regulations and other applicable laws and regulations.

11. **Representations and Disclaimers.**

11.1 **OSIF Representations.** Except for the rights, if any, of the Government, OSIF represents and warrants to Licensee that to the knowledge of OSIF: (a) OSIF is the owner or agent of the entire right, title, and interest in and to Patent Rights (other than the right, title and interest of any joint owner); (b) OSIF has the right to grant the license(s) hereunder; and, (c) OSIF has not knowingly granted and shall not knowingly grant licenses or other rights under the Patent Rights and Assigned Assets that are in conflict with the terms and conditions in this Agreement. OSIF further represents and warrants to Licensee that, since the Termination Effective Date: (a) OSIF has maintained the IND in compliance with all applicable laws and (b) OSIF has not initiated, conducted or otherwise resumed any clinical trial activities pursuant to the IND. OSIF further represents and warrants that the INDs are scientifically valid and in compliance with FDA regulations and guidelines.

11.2 **OSIF Disclaimers.** EXCEPT AS SPECIFICALLY SET FORTH IN SECTION 11.1, LICENSEE UNDERSTANDS AND AGREES THAT OSIF MAKES NO

OTHER REPRESENTATIONS OR WARRANTIES AND OSIF, ON BEHALF OF ITSELF AND OSU, EXPRESSLY DISCLAIM ALL OTHER REPRESENTATIONS AND WARRANTIES, WHETHER EXPRESS, STATUTORY, IMPLIED OR OTHERWISE, INCLUDING AS TO THE LICENSED PRODUCTS AND ASSIGNED ASSETS, THE OPERABILITY OR FITNESS FOR ANY USE OR PARTICULAR PURPOSE, MERCHANTABILITY, SAFETY, EFFICACY, APPROVABILITY BY REGULATORY AUTHORITIES, TIME AND COST OF DEVELOPMENT, PATENTABILITY, NONINFRINGEMENT, BREADTH OF PATENT RIGHTS, WHETHER ANY CLAIM WILL ISSUE OR IS VALID, AND AS TO WHETHER THERE ARE ANY PATENTS NOW HELD, OR WHICH MAY BECOME HELD, BY ANY ENTITY THAT MIGHT BE REQUIRED FOR THE PRACTICE OF LICENSED SUBJECT MATTER AND ASSIGNED ASSETS.

11.3 **Licensee Representations, Warranties and Covenants.** Licensee represents and warrants that: (a) Licensee has not been unlawfully induced in any way by OSIF or its representatives to enter into this Agreement and (b) it is a duly organized and validly existing entity in good standing under the laws of its jurisdiction of organization, and has all necessary corporate or other appropriate power and authority to execute, deliver and perform its obligations hereunder. Licensee shall: (i) comply with all applicable international, national, or local laws and regulations in its performance under this Agreement, including export control laws; (ii) shall exercise commercially reasonable efforts to pursue the development, manufacture, and sale of Licensed Products throughout the Term; and (iii) shall continue to maintain throughout the Term and beyond insurance coverage as set forth in Section 14.

12. Limit of Liability. IN NO EVENT SHALL EITHER PARTY OR THEIR RESPECTIVE AFFILIATES, OR THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, STUDENTS, TRUSTEES, AGENTS OR INDEPENDENT CONTRACTORS IN THEIR CAPACITY FOR SUCH PARTY OR SUCH AFFILIATE, BE LIABLE FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL, INCIDENTAL, EXEMPLARY, OR PUNITIVE DAMAGES, INCLUDING DAMAGES FOR LOSS OF PROFITS OR REVENUE ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR LICENSED SUBJECT MATTER, REGARDLESS OF WHETHER ANY SUCH PARTY KNOWS OR SHOULD KNOW OF THE POSSIBILITY OF SUCH DAMAGES, OTHER THAN FOR LIABILITIES AGAINST SUCH PARTY FOR WHICH IT PROVIDES INDEMNIFICATION IN ACCORDANCE WITH THIS AGREEMENT OR, WITH RESPECT TO LICENSEE, FOR MISUSE, MISAPPROPRIATION OR INFRINGEMENT OF OSIF'S INTELLECTUAL PROPERTY RIGHTS, OR FOR BREACH OF ARTICLE 9 (CONFIDENTIALITY).

13. Indemnification Obligation. Licensee agrees to hold harmless, defend and indemnify OSIF, OSU, their respective Affiliates, and their respective officers,

directors, employees, students, inventors, trustees, agents, and independent contractors **("Indemnified Parties**") from and against any liabilities, damages, causes of action, suits, judgments, liens, penalties, fines, losses, costs and expenses, including reasonable attorneys' fees and other expenses of litigation, resulting from claims or demands brought by third parties (collectively "**Liabilities**") against an Indemnified Party on account of any injury or death of persons, damage to property, or any other damage or loss arising out of or in connection with this Agreement, and/or the exercise or practice of the rights granted hereunder by or under authority of Licensee and/or Sublicensee; provided, however, Licensee shall have no responsibility or obligation under this Section to the extent of Liabilities caused solely by the gross negligence or willful misconduct by OSIF or breach of this Agreement by OSIF.

14. **Insurance Requirements.** Prior to any Licensed Product being used in humans, including for the purpose of obtaining regulatory approval, or offered for sale by Licensee or Sublicensee, and for a period of five (5) years after this Agreement expires or is terminated, Licensee shall, at its sole cost and expense, procure and maintain commercial general liability insurance in commercially reasonable and appropriate amounts for the Licensed Product to ensure its obligations under this Agreement. Licensee shall use commercially reasonable efforts to have OSIF, OSU and their respective Affiliates, officers, directors and employees named as additional insureds. Such commercial general liability insurance shall provide, without limitation: (a) product liability coverage; (b) broad form contractual liability coverage for Licensee's indemnification under this Agreement; and (c) coverage for abatement and/or litigation costs. Upon request by OSIF, Licensee shall provide OSIF with written evidence of such insurance. Additionally, Licensee shall provide OSIF with advance written notice of at least sixty (60) days prior to Licensee cancelling, not renewing, or materially changing such insurance.

15. **Assignment.** This Agreement is not assignable or otherwise transferable, including by operation of law, merger or other business combination, by Licensee without the prior written consent of OSIF, which consent shall not be unreasonably withheld, provided that Licensee may assign this Agreement without such consent to an Affiliate or to a successor to all or substantially all of its business or assets to which this Agreement pertains (whether by merger, acquisition, operation of law or otherwise). For any permitted assignment or transfer to be effective, Licensee must be in good standing under this Agreement and the assignee must assume in writing all of Licensee's interests, rights, duties, liabilities and obligations under this Agreement and agree to comply with all terms and conditions of this Agreement as if assignee were an original Party to this Agreement. OSIF shall be notified of such assignment within thirty (30) days of its execution.

16. **Patent Markings.** To the extent required by law, Licensee agrees that all Licensed Products shall be marked as permitted in accordance with each country's patent marking laws, including Title 35, U.S. Code, in the United States.

17. **Use of Name.** Except as set forth in Section 9.3 and as otherwise reasonably necessary to describe the relationship between Licensee and OSIF, neither Party shall use the name, trademarks or other marks of the other Party (or in the case of OSIF, OSU) without the advance written consent of such other Party and, in the case of OSU, OSU's Office of Trademarks and Licensing. OSIF and OSU may use Licensee's name solely for purposes of listing Licensee in annual reports, brochures, website and internal reports without prior consent.

18. **Notices.** Any notice or other communication of the Parties required or permitted to be given or made under this Agreement shall be in writing and shall be deemed effective on the date received when sent in a manner that provides confirmation or acknowledgement of delivery and received at the applicable address set forth in Appendix 4, incorporated herein by reference. Notices required under this Agreement may be delivered via E-mail (receipt confirmed). Late payment notices are sufficiently delivered via E-mail only.

19. **General Provisions.**

19.1 **Binding Effect**. This Agreement is binding upon the Parties hereto, their respective executors, administrators, heirs, assigns and successors in interest and inures to the benefit of the Parties and their permitted successors and assigns. Conveyances made in contravention with the terms of this Agreement shall be null and void.

19.2 **Construction of Agreement.** Both Parties agree that any ambiguity in this Agreement shall not be construed more favorably toward one Party than the other Party, regardless of which Party primarily drafted this Agreement. Headings are for the convenience of the Parties and do not impart independent meaning to this Agreement.

19.3 **Counterparts and Signatures.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. A Party may evidence its execution and delivery of this Agreement by transmission of a signed copy of this Agreement via facsimile or email.

19.4 **Registration of Licenses**. Licensee agrees to register and give required notice concerning this Agreement, at its expense, in each country where an obligation exists under law to so register or give notice and shall reasonably consider OSIF's comments regarding redaction.

19.5 **Governing Law; Jurisdiction.** This Agreement shall be construed and enforced in accordance with laws of the State of Ohio, without regard to choice of law and conflicts of law principles. The Parties agree that any claim or cause of action regarding this Agreement shall be brought in a court of competent jurisdiction in [***].

19.6 **Modification.** Any modification of this Agreement shall be effective only if it is in writing and signed by duly authorized representatives of both Parties unless provided under Sections 2.2, 2.3, 6.4 or 6.5.

19.7 **Severability.** If any provision hereof is invalid, illegal or unenforceable in any jurisdiction, the Parties hereto shall negotiate in good faith a valid, legal and enforceable substitute provision that most nearly reflects the original intent of the Parties, and all other provisions hereof shall remain in full force and effect in such jurisdiction and shall be construed in order to carry out the intentions of the Parties hereto as nearly as may be possible. Such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of such other provisions in any other jurisdiction, so long as the essential essence of this Agreement remains enforceable.

19.8 **Third Party Beneficiaries.** Nothing in this Agreement shall be interpreted as placing the Parties in an employment, partnership, joint venture or agency relationship and neither Party shall have the right or authority to obligate or bind the other Party on its behalf. Nothing in this Agreement, express or implied, is intended to confer any benefits, rights or remedies on any entity, other than the Parties, OSU, and their permitted successors and assigns.

19.9 **Waiver.** Neither Party shall be deemed to have waived any of its rights under this Agreement unless the waiver is in writing and signed by such Party. No delay or omission of a Party in exercising or enforcing a right or remedy under this Agreement shall operate as a waiver thereof.

19.10 **Entire Agreement.** This Agreement constitutes the entire agreement between the Parties regarding the subject matter hereof, and supersedes all prior written or verbal agreements, representations and understandings relative to such matters.

IN WITNESS WHEREOF, the Parties hereto have caused their duly authorized representatives to execute this Agreement as of the Effective Date.

Ohio State Innovation Foundation	Recursion Pharmaceuticals:
BY: */s/ R. Scott Osborne*	BY: */s/ Chris Gibson*
NAME: R. Scott Osborne	NAME: Chris Gibson
TITLE: President	TITLE: Co-Founder & CEO
DATE: December 22, 2018	DATE: December 21, 2018

Appendix 1
Description of Licensed Subject Matter

Patent Rights

Country	Title	Application No.	Filing Date	Patent No.
United States	Methods and Compositions for Treating Multiple Myeloma	15/254,900	9/1/2016	
Australia	Hdac Inhibitors for Suppressing Cancer-Related Cachexia	2014353070	11/19/2014	
Canada	Hdac Inhibitors for Suppressing Cancer-Related Cachexia	2930606	11/19/2014	
China	Hdac Inhibitors for Suppressing Cancer-Related Cachexia	2014800636797	11/19/2014	
European Patent Office	Hdac Inhibitors for Suppressing Cancer-Related Cachexia	14824959.2	11/19/2014	
Hong Kong	Hdac Inhibitors for Suppressing Cancer-Related Cachexia	171034759	11/19/2014	
India	Hdac Inhibitors for Suppressing Cancer-Related Cachexia	201617019838	11/19/2014	
Japan	Hdac Inhibitors for Suppressing Cancer-Related Cachexia	2016530241	11/19/2014	
Republic of Korea	Hdac Inhibitors for Suppressing Cancer-Related Cachexia	1020167016307	11/19/2014	
Mexico	Hdac Inhibitors for Suppressing Cancer-Related Cachexia	MXA2016006058	11/19/2014	
Russian Federation	Hdac Inhibitors for Suppressing Cancer-Related Cachexia	2016118228	11/19/2014	
United States	Methods for Suppressing Cancer-Related Cachexia	14/547,771	11/19/2014	
United States	Zn2+-chelating motif-tethered short-chain fatty acids as a novel class of histone deacetylase inhibitors	10/597,022	12/1/2004	9,115,090
United States	Zn2+chelating motif-tethered short-chain fatty acids as a novel	12/361,626	1/29/2009	8,318,808

	class of histone deacetylase inhibitors			
Australia	Zn2+-chelating motif-tethered short-chain fatty acids as a novel class of histone deacetylase inhibitors	2004296764	12/1/2004	2004296764
Canada	Zn2+-chelating motif-tethered short-chain fatty acids as a novel class of histone deacetylase inhibitors	2552279	12/1/2004	2552279
Switzerland	Zn2+-chelating motif-tethered short-chain fatty acids as a novel class of histone deacetylase inhibitors	04812666.8	12/1/2004	1696898
Denmark	Zn2+-chelating motif-tethered short-chain fatty acids as a novel class of histone deacetylase inhibitors	04812666.8	12/1/2004	1696898
Spain	Zn2+-chelating motif-tethered short-chain fatty acids as a novel class of histone deacetylase inhibitors	04812666.8	12/1/2004	1696898
Finland	Zn2+-chelating motif-tethered short-chain fatty acids as a novel class of histone deacetylase inhibitors	04812666.8	12/1/2004	1696898
Ireland	Zn2+-chelating motif-tethered short-chain fatty acids as a novel class of histone deacetylase inhibitors	04812666.8	12/1/2004	1696898
Luxembourg	Zn2+-chelating motif-tethered short-chain fatty acids as a novel class of histone deacetylase inhibitors	04812666.8	12/1/2004	1696898
Netherlands	Zn2+-chelating motif-tethered short-chain fatty acids as a novel class of histone deacetylase inhibitors	04812666.8	12/1/2004	1696898
Belgium	Zn2+-chelating motif-tethered short-chain fatty acids as a novel class of histone deacetylase inhibitors	04812666.8	12/1/2004	1696898
Germany	Zn2+-chelating motif-tethered short-chain fatty acids as a novel	04812666.8	12/1/2004	1696898

	class of histone deacetylase inhibitors			
France	Zn2+-chelating motif-tethered short-chain fatty acids as a novel class of histone deacetylase inhibitors	04812666.8	12/1/2004	1696898
United Kingdom	Zn2+-chelating motif-tethered short-chain fatty acids as a novel class of histone deacetylase inhibitors	04812666.8	12/1/2004	1696898
Hungary	Zn2+-chelating motif-tethered short-chain fatty acids as a novel class of histone deacetylase inhibitors	04812666.8	12/1/2004	1696898
Italy	Zn2+-chelating motif-tethered short-chain fatty acids as a novel class of histone deacetylase inhibitors	04812666.8	12/1/2004	1696898
Liechtenstein	Zn2+-chelating motif-tethered short-chain fatty acids as a novel class of histone deacetylase inhibitors	04812666.8	12/1/2004	1696898
Monaco	Zn2+-chelating motif-tethered short-chain fatty acids as a novel class of histone deacetylase inhibitors	04812666.8	12/1/2004	1696898
Japan	Zn2+-chelating motif-tethered short-chain fatty acids as a novel class of histone deacetylase inhibitors	2006-542704	12/1/2004	5107579
Japan	Zn2+-chelating motif-tethered short-chain fatty acids as a novel class of histone deacetylase inhibitors	2011-144993	6/29/2011	5702681
PCT	METHODS AND COMPOSITIONS FOR THE TREATMENT OF CANCER CACHEXIA	PCT/US2018/050928	9/13/2018	

Licensed Know-How

[***]

Appendix 6
Press Release

Recursion Signs Global Licensing Agreement with the Ohio State Innovation Foundation to Develop REC-2282 to Treat Neurofibromatosis Type 2

SALT LAKE CITY, December XX, 2018 — Recursion, a clinical-stage biotechnology company combining artificial intelligence (AI), experimental biology and automation to discover and develop drugs at scale, today announced it has entered into a licensing agreement with the Ohio State Innovation Foundation (OSIF), the technology transfer function of The Ohio State University, gaining rights to OSU-HDAC42, a clinical stage compound that will be developed by Recursion as REC-2282. Recursion plans to develop the compound in neurofibromatosis type 2 (NF2), a devastating rare tumor syndrome.

“We leveraged our unique discovery platform to identify potential therapies for NF2 from among known compounds with the potential for accelerated development,” said Chris Gibson, Ph.D., co-founder and CEO of Recursion. “We found a strong signal in our data for REC-2282 as a potential treatment for NF2, and upon further diligence, discovered the drug was already being pursued in the treatment of this disease. The universe of experimental treatments is vast, but the data arbitrage generated empirically on our platform gave us the confidence to move forward quickly.”

Under the terms of this agreement, Recursion obtains exclusive worldwide rights to develop and commercialize REC-2282. OSIF receives an initial upfront payment and is eligible to receive additional payments if the program achieves predetermined development and regulatory milestones, along with royalties on sales. Full financial terms have not been disclosed.

“Adding REC-2282 to our clinical pipeline and driving to a rapid determination of its efficacy and safety for NF2 patients marks another important step in Recursion’s growth and more importantly may offer a better treatment option for this terribly underserved patient population,” said Tim Considine, Senior Vice President, Strategic Development at Recursion. “We are excited to build on existing clinical data to advance this program to human proof of concept in NF2 as rapidly as possible.”

Earlier this year, Recursion announced that its Investigational New Drug (IND) application for another disease of unmet need, cerebral cavernous malformation (CCM), was cleared by the Food and Drug Administration (FDA), and that program is currently enrolling subjects in Phase 1.

About Neurofibromatosis Type 2

Neurofibromatosis type 2 is a genetic condition most commonly associated with bilateral vestibular schwannomas, also known as acoustic neuromas. These are benign (noncancerous) tumors that occur on the nerves responsible for balance and hearing in the inner ear. Patients can also have meningiomas, a slow-growing tumor that usually develops on the surface of the brain. Although these tumors are benign, they can cause loss of hearing and balance problems, and in severe cases can be life-threatening. It is estimated that about one in 40,000 people has NF2. Approximately 50% of people with NF2 do not have a family history of the condition. Current treatment involves surgical removal of the tumors, which provides temporary relief of symptoms but bears a significant risk of hearing loss and other complications.

About REC-2282 (OSU-HDAC42)

REC-2282 is a pan-histone deacetylase (HDAC) inhibitor. There are multiple lines of evidence that REC-2282 exhibits both histone-independent and acetylation-independent mechanisms, at both epigenetic and cellular levels. The compound was previously in clinical development by Arno Therapeutics (as AR-42) for various solid and liquid tumors. Exploratory investigator-initiated studies have been conducted in patients with vestibular schwannomas and meningiomas. Rights to the compound were returned to OSIF in December 2017.

About Recursion

Recursion is a clinical-stage biotechnology company combining experimental biology and automation with artificial intelligence methods in a massively parallel system to efficiently discover potential drugs for diverse indications, including genetic disease, inflammation, immunology, and infectious disease. Recursion applies causative perturbations to human cells to generate disease models and associated microscopic image data. Recursion's rich, relatable database of more than a petabyte of biological images generated in-house on the company's robotics platform enables advanced computer vision and machine learning approaches to reveal drug candidates, mechanisms of action, and potential toxicity, with the eventual goal of decoding biology and advancing new therapeutics to radically improve lives. Recursion is headquartered in Salt Lake City. Learn more at https://recursionpharma.com/, or connect on Twitter, Facebook, and LinkedIn.

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Source: Recursion

Exhibit 10.17

CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THIS DOCUMENT BECAUSE IT IS NOT MATERIAL AND (I) WOULD BE COMPETITIVELY HARMFUL TO THE REGISTRANT IF PUBLICLY DISCLOSED OR (II) IS INFORMATION THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. SUCH INFORMATION HAS BEEN MARKED WITH "[***]" TO INDICATE WHERE OMISSIONS HAVE BEEN MADE.

LICENSE AGREEMENT

BY AND BETWEEN

TAKEDA PHARMACEUTICAL COMPANY LIMITED

AND

RECURSION PHARMACEUTICALS, INC.

Dated as of May 1, 2020

LICENSE AGREEMENT

This License Agreement ("**Agreement**") is dated as of May 1, 2020 (the "**Effective Date**") by and between Takeda Pharmaceutical Company Limited having a business address at 1-1, Doshomachi 4-chome, Chuo-ku, Osaka 540-8645, Japan ("**Takeda**") and Recursion Pharmaceuticals, Inc., having a business address at 41 S. Rio Grande Street, Salt Lake City, UT 84101, USA ("**Recursion**"). Each hereunder may be referred to separately as a "**Party**" or collectively as the "**Parties**".

RECITALS

WHEREAS, Takeda owns or controls certain intellectual property, including patents, know-how and data, and certain materials relating to Takeda's MEK-1 and MEK-2 inhibitor known as TAK-733, and the research and development thereof;

WHEREAS, Recursion desires to exclusively license from Takeda and Takeda desires to exclusively license to Recursion, the right to use and otherwise exploit such intellectual property to develop, manufacture and commercialize the Compound and Products in the Field in the Territory (as such terms are defined below).

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE 1
DEFINITIONS

Unless otherwise defined elsewhere in the Agreement, all capitalized terms shall have the following meanings:

1.1 "**Action**" shall have the meaning set forth in Section 6.5(b).

1.2 "**Adverse Event**" means any serious untoward medical occurrence in a patient or subject who is administered any Product, including any serious untoward medical occurrence, that is required under Laws to be reported to applicable Regulatory Authorities.

1.3 "**Affiliate**" means with respect to a particular Party, a Person that controls, is controlled by or is under common control with such Party. For the purposes of this definition, the word "control" (including, with correlative meaning, the terms "controlled by" or "under the common control with") means the actual power, either directly or indirectly through one or more intermediaries, to direct or cause the direction of the management and policies of such entity, whether by the ownership of fifty percent (50%) or more of the voting stock of such entity, or by contract or otherwise.

1.4 "**Anti-Corruption Laws**" means Laws, regulations, or orders prohibiting the provision of a financial or other advantage for a corrupt purpose or otherwise in connection with the improper performance of a relevant function, including without limitation, the U.S. Foreign Corrupt Practices Act (FCPA) and similar laws governing corruption and bribery, whether public, commercial or both, to the extent applicable.

1.5 "**Bankruptcy Event**" means: (a) voluntary or involuntary proceedings by or against a Party are instituted in bankruptcy under any insolvency Law, which proceedings, if involuntary, shall not have been dismissed within **[***]** after the date of filing; (b) a receiver or custodian is appointed for a Party; (c) proceedings are instituted by or against a Party for corporate reorganization, dissolution, liquidation or winding-up of such Party, which proceedings, if involuntary, shall not have been dismissed within **[***]** after the date of filing; or (d) substantially all of the assets of a Party are seized or attached and not released within **[***]** thereafter.

1.6 "**Calendar Quarter**" means each three (3) month period commencing January 1, April 1, July 1 or October 1 of any year; *provided*, *however*, that (a) the first Calendar Quarter of the Term shall extend from the Effective Date to the end of the first full Calendar Quarter thereafter, and (b) the last Calendar Quarter of the Term shall end upon the expiration or termination of this Agreement.

1.7 "**Calendar Year**" means the period beginning on January 1 and ending on December 31 of the same year; *provided*, *however*, that (a) the first Calendar Year of the Term shall commence on the Effective Date and end on December 31 of the same year and (b) the last Calendar Year of the Term shall commence on January 1 of the Calendar Year in which this Agreement terminates or expires and end on the date of termination or expiration of this Agreement.

1.8 "**Commercialization**" or "**Commercialize**" means any and all activities undertaken for any Product(s) that relate to the marketing, commercial strategy, pricing, promoting, distributing, physician targeting, reimbursement, branding, importing or exporting for sale, offering for sale and selling of the Product, and interacting with Regulatory Authorities regarding the foregoing.

1.9 "**Commercially Reasonable Efforts**" means: (a) with respect to the efforts to be expended by a Party with respect to any objective, such reasonable and good faith efforts as are reasonable and customary in the United States pharmaceutical and biotechnology industry for companies engaged in comparable activities to accomplish a similar objective under similar circumstances; and (b) with respect to any objective relating to Development or Commercialization of a Product by a Party, the application by such Party, consistent with the exercise of its prudent scientific and business judgment, of such efforts and resources to fulfill the obligation in issue, consistent with the level of efforts as are reasonable and customary in the United States pharmaceutical and biotechnology industry for companies engaged in comparable activities for a product at a similar stage in its product life as a Product and having profit potential and strategic value comparable to that of such Product, taking into account, without limitation, commercial, legal and regulatory factors, target product profiles, product labeling, past performance, the regulatory environment and competitive market conditions in the therapeutic area, safety and efficacy of such Product, the strength of its proprietary position and such other factors as such Party may reasonably consider, all based on conditions then prevailing. For clarity, Commercially Reasonable Efforts will not mean that a Party guarantees that it will actually accomplish the applicable task or objective.

1.10 "**Competitive Program**" shall have the meaning set forth in Section 2.7.

1.11 "**Compound**" means (a) Takeda's mitogen-activated protein kinase (MEK)-1 and MEK-2inhibitor known as "TAK-733" having chemical structure set forth on **Exhibit A**, (b) any metabolites, polymorphs, salts, esters, free acid forms, free base forms, pro drug forms, racemates and all optically active forms of TAK-733 and (c) any other chemical structure the Exploitation of which would infringe the Takeda Patent.

1.12 "**Confidential Information**" of a Party means information relating to the business, operations or products of a Party or any of its Affiliates, including any Know-How, that such Party discloses to

the other Party under this Agreement, or otherwise becomes known to the other Party by virtue of this Agreement without regard as to whether any of the foregoing is marked "confidential" or "proprietary," or disclosed in oral, written, graphic, or electronic form. Confidential Information of a Party shall include "Information" that is relating to the Compound and is disclosed by such Party or any of its Affiliates pursuant to the **[***]**. The terms and conditions of this Agreement shall be deemed as the Parties' Confidential Information. Confidential Information does not include information that: (a) is or becomes generally available to the public other than as a result of improper disclosure by the recipient; (b) is already known by or in the possession of the recipient at the time of disclosure by the disclosing Party hereunder; (c) is independently developed by the recipient without use of or reference to the disclosing Party's Confidential Information; or (d) is obtained by recipient on a non-confidential basis from a Third Party that has not breached any obligations of confidentiality; provided that any combination of individual items of information shall not be deemed to be within any of the foregoing exceptions merely because one or more of the individual items are within such exception, unless the combination as a whole is within such exception.

1.13 "**Control**", "**Controlling**" or "**Controlled**" means, with respect to (a) Patent Rights, (b) Know-How, or (c) biological, chemical or physical material, that a Party owns or has a license or sublicense or other right to such Patent Rights, Know-How or material (or in the case of material, has the right to physical possession of such material) and has the ability to grant access, a license or sublicense to, or assign its right, title and interest in and to, such Patent Rights, Know-How or material as provided for in this Agreement without violating the terms of any agreement or other arrangement with any Third Party.

1.14 "**Defending Party**" shall have the meaning set forth in Section 6.6.

1.15 "**Development**" or "**Develop**" means, with respect to any Compound or Product, (a) the performance of all research, non-clinical development (including toxicology, pharmacology, test method development, formulation development, delivery system development, stability testing, process development, quality control development, and statistical analysis), (b) clinical trials, (c) clinical manufacturing and labelling activities, and (d) regulatory activities, in each case, that are required to obtain Regulatory Approval of a Product in the Territory.

1.16 "**Exploit**" or "**Exploitation**" means to research, Develop, make, have made, register, modify, enhance, improve, import, export, distribute, use, have used, sell, have sold, offer for sale, or otherwise dispose of or Commercialize.

1.17 "**FAP/APC Field**" means the diagnosis, treatment, and prevention of (a) Familial Adenomatous Polyposis (FAP), including prevention of FAP progression (whether pre or post colectomy), or (b) any cancer caused by or otherwise linked or related to mutations in the adenomatous polyposis coli (APC) gene, including treatment of FAP-related colorectal cancer.

1.18 "**FDA**" means the United States Food and Drug Administration or a successor federal agency thereto.

1.19 "**Field**" means the diagnosis, treatment, and prevention of any and all diseases.

1.20 "**First Commercial Sale**" means, on a country-by-country basis, the first commercial transfer or disposition for value of any Product in such country to a Third Party by Recursion or any of its Sublicensees. Transfers or dispositions of Product at or below cost: (a) in connection with patient assistance programs; (b) for charitable or promotional purposes; (c) for preclinical, clinical,

regulatory or governmental purposes or under so-called "named patient" or other limited access programs; or (d) for use in any tests or studies reasonably necessary to comply with any Law, regulation or request by a Regulatory Authority shall not, in each case of (a) through (d), be deemed commercial transfers or dispositions for value.

1.21 "**Force Majeure**" shall have the meaning set forth in Section 12.4.

1.22 "**Generic Competition Percentage**" means, with respect to each Product in a given country in the Territory in a given Calendar Quarter, the total number of units of all Generic Products sold divided by the sum of: (a) the total number of units of the applicable Product sold, and (b) the total number of units of all Generic Products sold, in each case to end users in such country in such Calendar Quarter.

1.23 "**Generic Product**" means, other than Product sold under authority from Recursion, (a) in respect of a Product in the United States, a product sold by a Third Party that is determined by FDA to be pharmaceutically and therapeutically equivalent to the Product sold by or on behalf of Recursion, its Affiliate or Sublicensee, which may, but is not required to be, evidenced by a Generic Product relying on such Product as the reference drug product; and (b) in respect of a Product outside the United States, a product sold by a Third Party pursuant to an approval under a similar pathway to (a) if such pathway exists and, if such pathway does not exist, pursuant to a Marketing Approval granted by a Regulatory Authority to such Third Party with reference to such Product or the Marketing Approval therefor owned or held by or on behalf of Recursion, its Affiliate or Sublicensee.

1.24 "**Governmental Authority**" means any: (a) nation, principality, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign or other government; (c) governmental or quasi-governmental authority of any nature (including any governmental division, subdivision, department, agency, bureau, branch, office, commission, council, board, instrumentality, officer, official, representative, organization, unit, body or entity and any court or other tribunal); (d) multi-national or supranational organization or body; or (e) individual, entity, or body exercising, or entitled to exercise, any executive, legislative, judicial, administrative, regulatory, police, military or taxing authority or power of any nature.

1.25 "**IND**" means, in the United States, a Claimed Investigational New Drug Application filed with the FDA as more fully defined in 21 C.F.R. §312.3, and, with respect to every other country in the Territory, the clinical trial notification, clinical trial application or other equivalent application (i.e., a filing that must be made prior to commencing clinical testing of any Product in humans) filed with the applicable Regulatory Authority in such country.

1.26 "**Indication**" means an entirely separate and distinct disease or medical condition in humans (i.e., a separate and distinct histotype) that a pharmaceutical or biological product: (a) that is in clinical trials is intended to treat; or (b) has received, or will be subject to, a separate and distinct Regulatory Approval from the FDA with an approved label claim to treat such disease or condition, as applicable, as set forth in the a New Drug Approval Application as defined in the U.S. Federal Food, Drug and Cosmetic Act, (21 U.S.C. §301 et seq.), as amended from time to time. For clarity: (i) moving from one line of therapy to another within an Indication (e.g., moving from second-line therapy to first-line therapy) shall not be considered to be a new Indication; (ii) a single Indication would include the primary disease and all variants or sub-divisions or sub-classifications within such primary disease, and regardless of prophylactic or therapeutic use, pediatric or adult use and irrespective of different formulation(s), dosage forms, dosage strengths, or delivery system(s) used;

(iii) initiating a clinical trial or obtaining Regulatory Approval for use of a pharmaceutical or biological product in combination with another pharmaceutical or biological product, where a clinical trial had been initiated or Regulatory Approval obtained for such first pharmaceutical or biological product for use as monotherapy or in combination with a different pharmaceutical or biological product, shall not be considered to be a new Indication; and (iv) initiating a clinical trial or obtaining Regulatory Approval for use of a pharmaceutical or biological product in a specific patient population where such clinical trial is initiated or Regulatory Approval is obtained without reference to such specific patient population or for a different patient population, shall not be considered a new Indication.

1.27 "**Know-How**" means any: (a) scientific or technical information, results and data of any type whatsoever, in any tangible or intangible form whatsoever, that is not in the public domain or otherwise publicly known, including discoveries, inventions, trade secrets, devices, databases, practices, protocols, regulatory filings, methods, processes (including manufacturing processes, specification and techniques), techniques, concepts, ideas, specifications, formulations, formulae, data (including pharmacological, biological, chemical, toxicological, clinical and analytical information, quality control, trial and stability data), case reports forms, medical records, data analyses, reports, studies and procedures, designs for experiments and tests and results of experimentation and testing (including results of research or development), summaries and information contained in submissions to and information from ethical committees or Regulatory Authorities, and manufacturing process and development information, results and data, whether or not patentable, all to the extent not claimed or disclosed in a patent or patent application; and (b) compositions of matter, assays, animal models and physical, biological or chemical material, including drug substance samples, intermediates of drug substance samples, drug product samples and intermediates of drug product samples. The fact that an item is known to the public shall not be taken to exclude the possibility that a compilation including the item, and/or a development relating to the item, is (and remains) not known to the public. "Know-How" includes any rights including copyright, database or design rights protecting such Know-How. "Know-How" excludes Patent Rights.

1.28 "**Law**" or "**Laws**" means all applicable laws, statutes, rules, regulations, ordinances and other pronouncements having the binding effect of law of any Governmental Authority.

1.29 "**Marketing Approval**" shall mean approval from the relevant Regulatory Authority in a given country necessary to market and sell a pharmaceutical product in such country, which for the sake of clarity, shall not include any such pricing and reimbursement approvals.

1.30 "**Milestone Event**" shall have the meaning set forth in Section 5.2.

1.31 "**NDA**" means a New Drug Application, submitted pursuant to the requirements of the FDA, as more fully defined in 21 US C.F.R. § 314.3 et seq., and any equivalent application (e.g., a Marketing Authorization Application filed with the EMA) submitted in any country in the Territory, including all additions, deletions or supplements thereto, and as any and all such requirements may be amended, or supplanted, at any time.

1.32 "**Net Sales**" means the gross amounts received by Recursion or any of its Sublicensees for sales of Products to independent or unaffiliated Third Party purchasers of such Product, less the following deductions with respect to such sales that are either included in the billing as a line item as part of the gross amount invoiced, or otherwise taken with reasonable documentation as a deduction in accordance with United States generally accepted accounting principles ("**US GAAP**") or International Financial Reporting Standards ("**IFRS**"), as applicable, to be specifically attributable

to actual sales of such Product: **[***]**. For clarity, a particular deduction may only be accounted for once in the calculation of Net Sales.

Transfers or dispositions of Product: (A) in connection with patient assistance programs; (B) for charitable or promotional purposes; (C) for preclinical, clinical, regulatory or governmental purposes or under so-called "named patient" or other limited access programs; or (D) for use in any tests or studies reasonably necessary to comply with any Law, regulation or request by a Regulatory Authority shall not, in each case of (A) through (D), be deemed sales of such Product for purposes of this definition of "Net Sales."

In the event a Product is sold as a component of a combination or bundled product that consists of a Product together with another therapeutically active product (a "**Combination Product**"), the Net Sales from the Combination Products, for the purposes of determining Royalty Payments, will be determined by **[***]**. In the event that the weighted average per unit sale price of the Product can be determined but the weighted average per unit sale price of the other product(s) included in the Combination Product cannot be determined, Net Sales for purposes of determining Royalty payments will be calculated by **[***]**.

In the event that the weighted average per unit sale price of the other product(s) included in the Combination Product can be determined but the weighted average per unit sale price of the Product in similar volumes and of the same class purity, potency and dosage form as in the Combination Product cannot be determined, Net Sales for purposes of determining Royalty Payments will be calculated by **[***]**.

In the event that such average per unit sale price cannot be determined for the Product, on the one hand, and all other product(s) included in the Combination Product, on the other, Net Sales for the purposes of determining Royalty Payments will be determined by **[***]**. The weighted average per unit sale price for both the Product, on the one hand, and all other product(s) included in the Combination Product, on the other, will be calculated once each Calendar Year and such price will be used during all applicable Royalty reporting periods for the entire following Calendar Year. When determining the weighted average per unit sale price of a Product, other product(s) or Combination Product, the weighted average per unit sale price will be calculated by dividing sales dollars by the units sold during the 12 months (or the number of months in which sales occurred in a partial Calendar Year) of the preceding Calendar Year for the respective Product, other product(s) or Combination Product. In the initial Calendar Year, a forecasted weighted average per unit sale price will be used for the Product, other product(s), or Combination Product. Any over- or under-payment due to a difference between the forecasted and actual weighted average per unit sale price will be paid or credited in the first Royalty payment of the following Calendar Year.

1.33 "**Non-Escalatable Disputes**" shall have the meaning set forth in Section 11.1.

1.34 "**Other Field**" means any Field other than FAP/APC Field.

1.35 "**Patent Rights**" means any: (a) issued or granted patent, including any extension, supplemental protection certificate, registration, confirmation, reissue, reexamination or renewal; (b) pending patent applications, including, but not limited to, any continuation, divisional, continuation-in-part, substitute or provisional application; and (c) counterparts or foreign equivalents of any of the foregoing filed or issued in any country or jurisdiction.

1.36 "**Person**" means any individual, sole proprietorship, partnership, corporation, limited liability company, joint stock company, unincorporated association, trust, or any other entity that has legal

capacity to own property in their own name or to sue or be sued, including a government or political subdivision, department, or agency of a government.

1.37 "**Phase II Clinical Trial**" means any human clinical trial of the Product conducted mainly to test the effectiveness and to determine the common short-term side effects and risks associated with the Product for purposes of identifying the appropriate dose for a Phase III Clinical Trial for a particular indication or indications that would satisfy the requirements of 21 CFR § 312.21(b) or its non-U.S. equivalents.

1.38 "**Phase III Clinical Trial**" means any human clinical trial of the Product designed to: (a) gather additional information about the effectiveness and safety of the Product that is needed to evaluate the overall benefit-risk relationship of the Product for its intended use; (b) provide the clinical basis of commercial labeling; and (c) support regulatory approval of the Product, that would satisfy the requirements of 21 CFR § 312.21(c) or its non-U.S. equivalents. A "Phase II/III Clinical Trial" shall be deemed to be a Phase III Clinical Trial (and not a Phase II Clinical Trial) for the purpose of this Agreement.

1.39 "**Product**" means any product containing a Compound, as its active ingredient, including all forms, presentations, strengths, doses and formulations (including any method of delivery). For purposes of this Agreement, Product shall include Combination Product. For clarity, for the purposes of this Agreement: different dosage strengths of a given Product using the same formulation shall be considered the same Product; any Product which has a specific formulation shall be considered a different Product when it has a different formulation, even if the two Products are used for the treatment of the same Indication; and, for purposes of Section 5.3 only, any Product with a specific formulation which is used for the treatment of a particular Indication shall be considered a different Product when it is used for the treatment of a different Indication.

1.40 "**Recursion Patents**" shall have the meaning set forth in Section 6.4(d).

1.41 "**Recursion Technology**" means any and all Know-How and Patent Rights, in each case that is/are (a) generated by or on behalf of Recursion, its Affiliate or their respective Sublicensees by the activities contemplated under this Agreement, (b) Controlled by Recursion or its Affiliates, and (c) necessary for the Development, Commercialization or other Exploitation of the Products for the Field in the Territory. For clarification, Recursion Technology includes any and all Regulatory Filings that are (i) made by or on behalf of Recursion, its Affiliates or their respective Sublicensees with any Regulatory Authority in the Territory with respect to any Compounds or Products, and (ii) Controlled by Recursion or its Affiliates, including any such IND, NDA (and any amendments and supplements thereto) or any other application for regulatory consultations or consideration, including sponsorship thereof.

1.42 "**Regulatory Approval**" means any and all approvals, licenses, registrations, or authorizations of the relevant Regulatory Authority, including any pricing and/or pricing reimbursement approval or determination, necessary for the Development, manufacture, use, storage, import, transport or Commercialization of Product in a particular country or jurisdiction.

1.43 "**Regulatory Authority**" means (a) in the US, the FDA or (b) in any other jurisdiction anywhere in the world, any regulatory body with similar regulatory authority over pharmaceutical products (including without limitation, the European Medicines Agency (EMA), Japan's Pharmaceuticals and Medical Devices Agency (PMDA) or any successor agency or authority thereto).

1.44 "**Regulatory Documents**" means any and all applications, registrations and filings that are made, prior to the Effective Date, by or on behalf of Takeda or its Affiliates with any Regulatory Authority in the Territory with respect to any Compounds or Products, if any, including any IND, NDA (and amendments and supplements thereto) or any other application for regulatory consultations or consideration, including sponsorship thereof and that are listed in **Exhibit B**. **[***]**.

1.45 "**Regulatory Exclusivity**" means, with respect to a Product, any exclusive marketing rights or data exclusivity rights conferred by any Regulatory Authority with respect to such Product, other than Patent Rights, that prohibits a Person from (a) relying on pivotal safety or efficacy data generated by or on behalf of the Parties with respect to such Product in an application for Regulatory Approval, (b) Commercializing such Product, including rights conferred in the US under the Hatch Waxman Act or the FDA Modernization Act of 1997 (including pediatric exclusivity and orphan drug exclusivity), or in each case ((a) and (b)), rights similar thereto outside the US.

1.46 "**Regulatory Filing**" means any and all (a) submissions, non-administrative correspondence, notifications, registrations, licenses, authorizations, applications and other filings with any Governmental Authority with respect to the research, clinical investigation, development, manufacture, distribution, pricing, reimbursement, marketing or sale of the Product and (b) Marketing Approvals for the Product. [***].

1.47 "**Representatives**" shall have the meaning set forth in Section 7.1.

1.48 "**Royalty Payments**" shall have the meaning set forth in Section 5.3.

1.49 "**Royalty Report**" shall have the meaning set forth in Section 5.6.

1.50 "**Royalty Term**" means, on a Product-by-Product and country-by-country basis, the period from the First Commercial Sale of such Product in such country until the latest of (a) the expiration of the last to expire Valid Claim in a Takeda Patent in such country that would be infringed by the sale of such Product in such country if not for the exclusive license granted by Takeda under this Agreement, (b) the expiration of any applicable Regulatory Exclusivity period for such Product in such country or (c) ten (10) years after the First Commercial Sale of such Product in such country.

1.51 "**Sublicensee**" means a Person, which is granted any sublicense rights under any of the license rights granted under Section 2.1; *provided*, that "Sublicensee" shall exclude distributors who are instead considered independent contractors of Recursion.

1.52 **[***]**.

1.53 "**Takeda Clinical Trial**" means Takeda's clinical trial entitled "*A Multicenter, Open-Label, Dose-Escalation, Phase 1 Study of TAK-733, an Oral MEK Inhibitor, in Adult Patients With Advanced Nonhematologic Malignancies*", coded by Takeda Trial ID as C20001.

1.54 "**Takeda Know-How**" means any Know-How that is reasonably necessary for, or was otherwise used or generated by Takeda or its Affiliates in connection with, the Exploitation of Compound or a Product and that is Controlled by Takeda or any of its Affiliates as of the Effective Date and that is listed on **Exhibit B**. **[***]**.

1.55 "**Takeda Indemnitees**" shall have the meaning set forth in Section 9.1.

1.56 "**Takeda Patents**" means (a) the patents and patent applications that are Controlled by Takeda or

any of its Affiliates as of the Effective Date and that are listed in **Exhibit C** together with (b) any and all provisionals, substitutions, extensions, divisionals, continuations, continuations-in-part, and foreign counterparts of any such patent applications described in (a) and (c) any and all patents which issue or are granted on any of the foregoing described in (a) or (b) anywhere in the world, including any extension, supplemental protection certificate, registration, confirmation, renewal and reexamined and reissued patents.

1.57 "**Takeda Technology**" means, collectively, the Takeda Patents and the Takeda Know-How.

1.58 "**Tax**" or "**Taxes**" means any federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

1.59 "**Term**" shall have the meaning set forth in Section 10.1.

1.60 "**Terminated Country**" shall have the meaning set forth in Section 10.3(a)(iii).

1.61 "**Terminated Product**" shall have the meaning set forth in Section 10.3(a)(iii).

1.62 "**Territory**" means all the countries of the world.

1.63 "**Third Party**" means any Person other than Takeda, Recursion or any of their respective Affiliates.

1.64 "**Third Party Infringement**" shall have the meaning set forth in Section 6.5(a).

1.65 "**United States**" or "**US**" means the United States of America, its territories and possessions.

1.66 "**USD**" or "**$**" means the lawful currency of the United States.

1.67 "**Valid Claim**" means with respect to a patent or patent application in a country, any claim of an (a) issued patent that has not (i) expired, irretrievably lapsed or been abandoned, revoked, dedicated to the public or disclaimed or (ii) been found to be unpatentable, invalid or unenforceable by an unreversed and unappealable final decision of a governmental authority in such country or (b) application for a patent that (1) has been pending for less than **[***]** from the first date to which such application claims priority, is being prosecuted in good faith, and has not been abandoned or finally disallowed without the possibility of appeal or re-filing and (2) has not been admitted to be invalid or unenforceable through reissue, reexamination, or disclaimer.

1.68 "**VAT**" means, within the EU, such Tax as may be levied in accordance with (but subject to derogations from) Directive 2006/112/EC and, outside the EU, value added tax or any form of consumption tax levied by a relevant tax authority, as well as all other forms of consumption taxes levied by the relevant tax authority on the purchase of a good or a service, including but not limited to sales tax and good and service tax.

ARTICLE 2
LICENSES AND OTHER RIGHTS

2.1 **Grant of Licenses to Recursion**. Subject to the terms and conditions of this Agreement, Takeda

hereby grants to Recursion an exclusive (even as to Takeda and its Affiliates, except as expressly provided in Section 2.2 or in Section 10), royalty-bearing and transferable (subject to the provisions of Section 12.2) right and license (with the right to sublicense through multiple tiers, subject to the provisions of Section 2.3) under the Takeda Technology to Exploit the Compounds and Products in the Territory in the Field.

2.2 **Reservation of Rights; License to Takeda**. Recursion hereby grants to Takeda and its Affiliates, a non-exclusive, royalty-free, irrevocable, fully paid up, license to use the Compounds under the Takeda Technology for non-clinical research purposes, with the right to have a third party collaborator, contractor or other service provider who engages in non-clinical research activities with, for or on behalf of Takeda or its Affiliate use the Compound for the purpose of such research.

2.3 **Grant of Sublicenses by Recursion**. Recursion may not grant sublicenses (with or without the right to grant further sublicenses through multiple tiers), in whole or in part, under the licenses granted in Section 2.1 without the prior written consent of Takeda, such approval not to be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Recursion has the right to grant and authorize sublicenses under the licenses granted in Section 2.1 without the prior written consent of Takeda to its Affiliates (with the right to grant further sublicenses through multiple tiers to other Affiliates). Notwithstanding the first sentence of this Section 2.3, only after the top-line data is obtained from the first clinical trial of Product in any Indication conducted by Recursion in accordance with the Development Plan or three (3) years have passed following the Effective Date, whichever occurs earlier, Recursion and its Affiliates shall have the right to grant and authorize sublicenses under the licenses granted in Section 2.1 without the prior written consent of Takeda to any pharmaceutical or biotechnology company with [***]. For the purpose of this Section 2.3, the top-line data means, with respect to a clinical trial, a summary of demographic data, the data for the primary endpoint and a summary of safety data, which are based on an unblinded, locked database. Any sublicense granted by Recursion (with or without the prior consent of Takeda) shall not relieve Recursion of any of its obligations hereunder. Any sublicense shall be in writing and subject to, and consistent with, the applicable terms and conditions of this Agreement. Any sublicense shall contain terms at least as protective of Takeda's rights as those contained in this Agreement. Recursion shall provide Takeda with a copy of any sublicense agreement, and any amendment thereto, within [***] after its execution; ***provided*** that Recursion shall have the right to redact from such copy of the sublicense agreement any (a) financial terms and (b) other technical or business information which Recursion determines in good faith to be necessary to protect any of its or its Sublicensee's confidential or proprietary information unrelated to Recursion's obligations under this Agreement and (c) any other information not necessary for Takeda to determine compliance with this Agreement. For the avoidance of any doubt, this Section 2.3 shall not be construed as limiting Recursion's right of subcontracting as permitted in Section 3.5.

2.4 **Technology Transfer**. Promptly after the Effective Date, in accordance with the transfer plan set forth on **Exhibit D**, Takeda shall transfer to Recursion or its designee, at Recursion's cost and expense, a copy or embodiment of all Takeda Know-How and, as applicable, the Takeda Technology, each in their current form and in their current language. The Parties shall use Commercially Reasonable Efforts to complete the transfer activities within [***] of the Effective Date. If, within [***] following the completion of the transfer of the Takeda Know-How in accordance with this Section 2.4, Recursion reasonably identifies specific items within such Takeda Know-How which were not transferred to Recursion, Recursion shall notify Takeda, and Takeda shall use Commercially Reasonable Efforts to promptly transfer such items to Recursion, at Recursion's cost and expense.

2.5 **Regulatory Documents Transfer**. In accordance with the transfer plan set forth on Exhibit D, within [***] after the Effective Date, Takeda shall (to the extent allowed by Law), at Recursion's cost and expense, assign to Recursion the Regulatory Documents. As part of such assignment, Takeda will transfer to Recursion a complete, accurate and current copy of the IND (No. [***]) for the Compound and any amendments thereto filed by or on behalf of, or otherwise owned or Controlled by, Takeda or its Affiliates. To the extent any of the Regulatory Documents cannot be assigned to Recursion, Takeda hereby grants to Recursion an exclusive (even as to Takeda and its Affiliates) and transferable (subject to the provisions of Section 12.2) license and right of reference (with the right to sublicense and grant further rights of reference, subject to the provisions of Section 2.3) under the Regulatory Documents as necessary or used by Takeda or its Affiliates to Exploit any Compound or Product(s) in the Territory in the Field. In addition, Takeda shall provide the appropriate notices and authorizations to Regulatory Authority(ies) to effect the foregoing assignments and rights of reference, where applicable.

2.6 **Confirmatory License.** Takeda shall, if requested to do so by Recursion, promptly enter into a confirmatory license in a form reasonably requested by Recursion for purposes of recording the licenses granted under this Agreement with such patent offices or other Regulatory Authorities as Recursion considers appropriate.

2.7 **Non-Compete**. During the Term, Takeda shall not, directly or indirectly, Develop or Commercialize any compound that directly and selectively inhibits both MEK-1 and MEK-2, whether alone or in combination with another active pharmaceutical ingredient, for the diagnosis, treatment, and prevention of Familial Adenomatous Polyposis (FAP) (a "Competitive Program"). For clarification, the foregoing non-compete does not prevent Takeda from using the Compounds for the purposes expressly permitted in Section 2.2. Notwithstanding anything to the contrary in this Agreement, the foregoing non-compete shall not apply to an acquirer of Takeda if that acquirer had a Competitive Program prior to such acquisition of Takeda, nor shall it apply to Takeda if Takeda acquires a business that owns or controls a Competitive Program as long as the Competitive Program represents less than one-third of the acquired businesses assets or value, and then solely with respect to that acquired program; provided that, the acquirer or Takeda, as applicable, implements and enforces effective walls and screens between personnel having access to Takeda Know-How and Confidential Information of Recursion, on the one hand, and personnel working on, supervising work on or making decisions regarding a Competitive Program, on the other hand. For the avoidance of doubt, nothing in this Section 2.7 will prevent Takeda or any of its Affiliates from investing in companies which may be direct or indirect competitors of Recursion; *provided* that the principal line of business of the target investment is not a Competitive Program.

ARTICLE 3
DEVELOPMENT, MANUFACTURE AND COMMERCIALIZATION OF PRODUCT

3.1 **Development of Products by Recursion**. Recursion shall have the sole right and decision-making authority to Develop the Compounds and Products and to conduct (either itself or through its Affiliates, agents, subcontractors and/or Sublicensees) all clinical trials and non-clinical studies Recursion believes appropriate to obtain Regulatory Approval for such Products in the Territory in the Field. Recursion shall be solely responsible for all costs and expenses associated with such Development. Recursion's Development of the Compounds and Products shall be performed in accordance with its development plan (the "**Development Plan**"). The initial version of the Development Plan is attached to this Agreement as **Exhibit E**. From time to time during the Term, subject to Section 3.4, Recursion may amend the Development Plan; *provided*, if Recursion amends

the Development Plan, Recursion shall provide Takeda with such amended Development Plan in timely manner. As between the Parties, Recursion shall provide a written update to Takeda summarizing the current Development status and progress of the Compound(s) and/or Product(s) being Developed by or on behalf of Recursion, with reasonable details for Takeda to determine Recursion's compliance of this Agreement. Such written update shall be provided semi-annually during **[***]** following the Effective Date and annually thereafter so long as Recursion conducts (either itself or through its Affiliates, agents, subcontractors and/or Sublicensees) any Development activities with respect to the Compounds and Products in the Field in the Territory. The Development Plan and each such written update shall be the Confidential Information of Recursion.

3.2 **Commercialization of Products by Recursion**. Recursion shall have the sole right and decision-making authority to Commercialize Products itself or through one or more Affiliates, Sublicensees or other Third Parties selected by Recursion in accordance with this Agreement and shall have the sole decision-making authority in all matters relating to the Commercialization of Products in the Territory in the Field. Recursion shall be solely responsible for all costs and expenses associated with such Commercialization. As between the Parties, Recursion shall provide a written update to Takeda summarizing the current Commercialization status and progress of the Product(s) being Commercialized by or on behalf of Recursion, with reasonable details for Takeda to determine Recursion's compliance of this Agreement. On a Product-by-Product basis, and a country-by-country basis with respect to the following countries: the US; the United Kingdom; France; Germany; Italy; Spain; and Japan, such written update shall be provided semi-annually until [***] following First Commercial Sale of each Product being Commercialized by or on behalf of Recursion and annually thereafter until the end of Royalty Term for such Product. Each such written update shall be the Confidential Information of Recursion.**3.3 Clinical and Commercial Manufacturing**. Recursion shall have sole right and decision-making authority for all manufacturing and labeling of the Compound and/or Product(s), including clinical and commercial manufacturing and labeling. Recursion has the right to manufacture the Compound and Products itself or through one or more Sublicensees or subcontractors selected by Recursion in accordance with this Agreement. Recursion shall be solely responsible for all costs and expenses associated with such activities.

3.4 **Diligence by Recursion**. Recursion shall use Commercially Reasonable Efforts to Develop and Commercialize at least one (1) Product in each of (a) the US, (b) at least three of the following European countries: the United Kingdom, France, Germany, Italy and Spain, and (c) Japan. Activities conducted by Recursion's Affiliates or Sublicensees with respect to the Products shall be considered as Recursion's activities under this Agreement for purposes of determining whether Recursion has complied with its obligation to use Commercially Reasonable Efforts.

3.5 **Subcontracting**. Recursion may exercise any of its rights, or perform any of its obligations, under this Agreement by subcontracting (including for example, fee-for-service or commercial service providers, such as contract research, development or manufacturing organizations or clinical sites performing clinical trials) the exercise or performance of all or any portion of such rights and obligations on Recursion's behalf. For the avoidance of doubt, this provision shall permit the granting of the sublicenses granted in section 2.1 to sub-contractors for purposes of conducting such subcontracted activities, but any sub-contractors shall not be considered Sublicensees. Any subcontract entered into by Recursion as contemplated by this Section 3.5 shall be in writing, shall specify the activity or activities subcontracted, and shall impart on the subcontractor obligations at least as protective of Takeda's rights as provided hereunder (in each case as applicable to the subcontracted activities). Subcontracting shall not relieve Recursion from any of its obligations under this Agreement. As between the Parties, Recursion shall be responsible for the performance

of and any breaches of this Agreement by its subcontractors. Recursion shall ensure that any subcontractors are aware of, and shall use Commercially Reasonable Efforts to ensure and oversee that any subcontractors comply with, the provisions of this Agreement applicable to the work being performed by such subcontractor.

3.6 **Trademarks**. As between Takeda and Recursion, Recursion shall have the sole right and authority to select trademarks for the Products and shall own all such trademarks in the Territory. Without limiting the foregoing but subject to Section 2.2, Takeda is not receiving and is not entitled to receive any license or right in, under or to any intellectual property rights or intellectual property, including any data, information, trademarks or Patent Rights, of Recursion or any of its Affiliates under this Agreement, whether by implication, estoppel or otherwise, and all such rights are hereby reserved by Recursion. Throughout the Term of this Agreement and thereafter, Recursion shall not adopt or use, register or attempt to register in the Territory any trademark, trade name, domain name, or similar commercial symbol that includes, or is confusingly similar to, Takeda's or any of its Affiliates trademarks or service marks.

3.7 **No Takeda Involvement**. Except as otherwise provided in this Agreement, Takeda shall have no responsibility or obligation with respect to Recursion's activities regarding the Compound or Product(s), including Development and Commercialization support. Except as otherwise expressly provided in this Agreement or otherwise agreed by the Parties in writing, Takeda shall not be obligated to provide any Know-How (other than Takeda Know-How), other materials, support, resources, funding or FTEs to support any of the activities of Recursion or any of its Sublicensees or subcontractors. If Recursion uses or relies on the results of the Takeda Clinical Trial, except as otherwise expressly provided in this Agreement, Takeda shall have no obligation to provide additional information or support, including with respect to regulatory filings, and shall have no liability for the use of the Takeda Clinical Trial results by or on behalf of Recursion.

3.8 **Abandonment**. If Recursion decides to permanently abandon all Development and Commercialization of all Compounds and all Products containing any Compound, it shall promptly notify Takeda within [***] of such decision. Upon receipt of such notice of abandonment, Takeda shall have the right, but not the obligation, to terminate this Agreement and take back Development or Commercialization responsibility for the Compound, *provided* Takeda notifies Recursion of its decision within [***] after receipt of such notice. If Takeda does not elect to take back such Development or Commercialization responsibility within such [***] period as set forth above, Recursion shall be solely responsible, at its own cost and expense, for the wind down of any such of its Development or Commercialization activities, including any clinical trials, and Takeda shall have no responsibility or liability therefor unless otherwise expressly provided in this Agreement. If Takeda elects to take back Development or Commercialization of the Compound during such [***] period as set forth above, the Parties shall work in good faith to determine which Party shall continue any ongoing research activities, including clinical trials in process and Section 10.3(b)(v) shall apply. Notwithstanding the foregoing, even if Takeda takes over Development or Commercialization, it shall have no liability for any activities of Recursion during the license period hereunder, including, without limitation, any products liability claims or claims resulting from Recursion's activities, unless otherwise agreed upon by the Parties in a separate written agreement.

ARTICLE 4
REGULATORY MATTERS

4.1 **Regulatory Filings**. As between the Parties, Recursion shall be solely responsible for and control

all regulatory activities, including (a) developing regulatory plans and strategies for the Compounds and the Product(s), (b) making Regulatory Filings with respect to the Compounds and the Product(s), and (c) obtaining and maintaining regulatory approvals for the Product(s). As between Recursion and Takeda, Recursion shall own and maintain all Regulatory Filings and Regulatory Approvals for the Products, including all INDs and NDAs, in the Territory. Recursion shall be solely responsible for all costs associated with such activities. Recursion has the sole right to select the countries where the Compounds and Product(s) will be maintained or submitted for Regulatory Approval.

4.2 **Communications with Authorities**. Recursion shall be responsible, and act as the sole point of contact, for communications with Regulatory Authorities in connection with the Development, Commercialization and manufacturing of Compounds and Products in the Territory. Following the Effective Date, Takeda shall not initiate (or permit any of its Affiliates to initiate), with respect to any Compound or Product, any meetings or contact with Regulatory Authorities in the Territory, or make any Regulatory Filings with respect to the Compound or the Product, without Recursion's prior written consent, except as necessary to accomplish the Regulatory Document transfer pursuant to Section 2.5, in which case Takeda shall keep Recursion informed of the status of such transfer. To the extent Takeda or any Affiliate receives any written or oral communication from any Regulatory Authority in the Territory relating to any Compound or Product, to the extent not prohibited by Law, Takeda shall (a) refer such Regulatory Authority to Recursion, and (b) as soon as reasonably practicable (but in any event within [***]), notify Recursion and provide Recursion with a copy of any written communication received by Takeda or such Affiliate or, if applicable, accurate minutes of such oral communication.

4.3 **Adverse Event Reporting.** Takeda and Recursion agree to comply with any and all Laws applicable during the Term in connection with Product safety data collection and reporting, including reporting of Adverse Events. If Takeda or any Affiliate has or receives any information regarding any Adverse Event which may be related to the use of any Product, then Takeda shall promptly provide Recursion with all such information in English within such reasonable timelines which enable Recursion to comply with all Laws and relevant regulations and requirements.

4.5 **Recalls**. As between the Parties, Recursion shall have the sole responsibility and decision-making authority to determine whether and how to implement a recall or other market withdrawal of Product(s) in the Territory.

ARTICLE 5
FINANCIAL PROVISIONS

5.1 **Upfront Payment.** In consideration for the exclusive license to the Takeda Technology granted under this Agreement, Recursion shall pay to Takeda, within [***] after Recursion's receipt of an invoice issued by Takeda upon the Effective Date, a one-time upfront payment of one million and five hundred thousand USD ($1,500,000).

5.2 **Milestone Payments.** In consideration for the exclusive license to the Takeda Technology granted under this Agreement, upon its first achievement of each milestone event below (a "**Milestone Event**"), Recursion shall pay to Takeda the applicable one-time, non-refundable, non-credible milestone payments; [***]. Recursion shall notify Takeda in writing its achievement of each Milestone Event within [***] thereafter. Takeda shall submit to Recursion an invoice for the corresponding Milestone Event payment after receipt of such notice and Recursion shall make the

Milestone Event payment within [***] after receipt of any such invoice. The milestone amount associated with each Milestone Event shall be payable only once, regardless of how many times, or by how many Products, they are achieved.

#	Milestone Event	Amount
1.	**[***]**	**[***]**
2.	**[***]**	**[***]**
3.	**[***]**	**[***]**
4.	**[***]**	**[***]**
5.	**[***]**	**[***]**
6.	**[***]**	**[***]**

In the event a Product bypasses an earlier Milestone Event in the table above and achieves a later Milestone Event in the table, the Milestone Event is bypassed by a later upon the achievement of such later Milestone Event, the milestone payments shall be payable both for the Milestone Event achieved and the earlier Milestone Event that was bypassed; *provided* that, (a) Milestone Event #3 shall not be deemed achieved upon the achievement of Milestone Event #4, Milestone Event #5 or Milestone Event #6; (b) Milestone Event #4 shall not be deemed achieved upon the achievement of Milestone Event #5 or Milestone Event #6; and (c) Milestone Event #5 shall not be deemed achieved upon the achievement of Milestone Event #6.

5.3 **Royalties**. In consideration for the exclusive license to the Takeda Technology granted under this Agreement, during the applicable Royalty Term, Recursion shall make tiered, non-refundable, non-creditable royalty payments on a Product-by-Product and country-by-country basis to Takeda in respect of Net Sales of the Product in the Territory during each Calendar Year, as set forth below ("**Royalty Payments**"). Royalties shall be payable on a quarterly basis; any such payments shall be made within [***] after the end of the Calendar Quarter during which the applicable Net Sales occurred.

Calendar Year Net Sales of a Product	Royalties (%)
On the portion of Calendar Year Net Sales less than or equal to **[***]**	[***]
On the portion of Calendar Year Net Sales greater than **[***]** and less than or equal to **[***]**	[***]
On the portion of Calendar Year Net Sales greater than **[***]**	[***]

5.4 **Reductions.**

(a) Anti-Stacking. If it is necessary for Recursion or any of its Sublicensees to enter into any Third Party license agreements in order to Develop or Commercialize Product, Recursion will be entitled to deduct [***] of the amounts paid by Recursion or its Sublicensee pursuant to the applicable Third Party license agreement from any amounts due to Takeda pursuant to Section 5.3. Notwithstanding the foregoing, under no circumstances shall the deductions under this Section 5.4(a) result in the amount payable to Takeda being reduced by more than [***] compared with the amount otherwise payable under Section 5.3. In the event that Recursion is not able to deduct the full amount of the permitted deduction from the amount due to Takeda due to [***] minimum amount, Recursion shall be entitled to deduct any undeducted excess amount from subsequent amounts owed to Takeda under Section 5.3 (subject always to Takeda receiving a minimum of [***] of the amount owed). A Third Party license agreement shall be deemed "necessary" under this Section only if Recursion is advised pursuant to an opinion by its counsel that such rights are

necessary for avoiding infringement or misappropriation of Third Party intellectual property rights in connection with, or otherwise actually required for, the Development or Commercialization of the applicable Product in the Field in the Territory.

(b) Generic Competition. If, with respect to a particular Product in a particular country in the Territory during a particular Calendar Quarter, the Generic Competition Percentage in such country is at least [***], then the royalty rates set forth in Section 5.3 for Net Sales of such Product in such country for such Calendar Quarter shall be reduced by [***]. If, with respect to a particular Product in a particular country in the Territory during a particular Calendar Quarter, the Generic Competition Percentage in such country is at least [***], then the royalty rates set forth in Section 5.3 for Net Sales of such Product in such country during such Calendar Quarter shall be reduced by [***]).

(c) Minimum Royalty. Notwithstanding anything in this Agreement to the contrary, none of the reductions to Royalty Payments provided in Section 5.3 or Section 5.4(a) and (b) above, will, individually or in the aggregate, reduce the Royalty Payments payable with respect to Net Sales of any Product sold by Recursion and its Sublicensees in any country during the Term by more than [***] of the Royalty Payments otherwise owed to Takeda (for a minimum total royalty rate of [***] as applicable of the Net Sales of the applicable Product in the applicable country of the Territory).

5.5 Mode of Payment and Currency; Invoices. All payments to Takeda hereunder shall be made by deposit of USD in the requisite amount to such bank account as Takeda may from time to time designate sufficiently in advance by written notice to Recursion. With respect to amounts payable hereunder not denominated in USD, Recursion shall convert applicable amounts in foreign currency into USD by using an exchange rate equal to the monthly average exchange rate between each currency of origin and USD as reported by [***]. The monthly average exchange rate shall be the average of (a) the exchange rate published on the last day of the calendar month and (b) the exchange rate published on the last day of the preceding calendar month. Based on the resulting sales in USD, the then-applicable royalties shall be calculated. The Parties may vary the method of payment set forth herein at any time upon mutual written agreement, and any change shall be consistent with the local Law at the place of payment or remittance.

5.6 Reports and Records Retention. Within [***] after the end of each Calendar Quarter during which any payment under Section 5.3 becomes payable, Recursion shall deliver to Takeda, together with the applicable payment of the associated Royalty Payment, a written report ("Royalty Report"), on a Product-by-Product, country-by-country basis, summarizing the total amount of Net Sales during such Calendar Quarter, the exchange rates used in converting Net Sales to USD, and detailed on a country-by-country basis of any deductions or reductions and the calculation of the Royalty Payment. Each Royalty Report shall be deemed Confidential Information of Recursion subject to the obligations of Article 7 of this Agreement. For at least [***] after the end of the Calendar Year in which any such Royalty Report is submitted, Recursion shall keep complete and accurate records of such Net Sales in sufficient detail to confirm the accuracy of the calculations hereunder.

5.7 Late Payments. All payments under this Agreement which are not disputed in good faith by Recursion shall earn interest from the date due until paid at a rate equal to the lesser of (a) the maximum rate permissible under Law and (b) LIBOR, effective for the date that payment was due, plus an additional two hundred basis points. For the purposes of the foregoing, "LIBOR" means the U.S. Dollar London inter-bank offered rate as published by **[***]** or, if that rate is no longer published, such replacement rate as may be generally adopted by the market.

5.8 Audits.

(a) Audits Generally. During the Term and for **[***]** thereafter, Recursion shall permit an independent certified public accounting firm of nationally recognized standing selected by Takeda and reasonably acceptable to Recursion to have access to and to review, during normal business hours upon reasonable prior written notice (but not less than **[***]**), the applicable records of Recursion solely to verify the accuracy of the Royalty Reports and payments under this Article 5. Such review may cover the records for sales made in any Calendar Year ending not more than **[***]** prior to the date of such request. Such audits may occur no more often than once each Calendar Year by Takeda unless an audit results in a reasonably supported and significant findings requiring corrective action, in which case Takeda may conduct a reasonable number of additional audit to review any corrective action. The accounting firm shall disclose to Takeda and Recursion only whether the Royalty Reports are correct or incorrect and the specific details concerning any discrepancies. No other information shall be provided to Takeda.

(b) Audit-Based Reconciliation. If such accounting firm concludes that additional amounts were owed during such period, and absent any manifest error in such conclusion, Recursion shall pay the additional undisputed amount plus interest (at a rate set forth in Section 5.7) within **[***]** days after the date Takeda delivers to Recursion such accounting firm's written report. If such accounting firm concludes that an overpayment was made, such overpayment shall be fully creditable against amounts payable in subsequent payment periods or promptly refunded to Recursion, as directed by Recursion. If Recursion disagrees with such calculation, it may, at its own cost, retain its own independent certified public accounting firm of recognized standing and reasonably acceptable to Takeda, to conduct a review, and if such firm concurs with the other accounting firm, Recursion shall make the required payment within **[***]** after the date Recursion receives the report of its accounting firm. Takeda shall pay for the cost of its auditor, unless Recursion has underpaid Takeda by **[***]** or more for the audited period, in which case Recursion shall reimburse Takeda for all out-of-pocket costs and expenses associated with the audit.

(c) Audit Confidentiality. The results of such audit shall be the Confidential Information of Recursion. Takeda shall treat all information that it receives under this Section 5.8 in accordance with the confidentiality provisions of Article 7 of this Agreement, and shall cause its accounting firm to enter into an acceptable confidentiality agreement with Recursion obligating such firm to retain all such financial information in confidence and keep confidential all information reviewed during the audit, including any reports or summaries of such information prepared by such accounting firm, pursuant to such confidentiality agreement, except to the extent disclosure is necessary for Takeda to verify the accuracy of the Royalty Reports or the amounts of payments to Takeda under this Agreement.

5.9 Taxes.

(a) Withholding Tax. Takeda shall be responsible for the payment of any and all Taxes levied on account of the payments paid to Takeda by Recursion or Sublicensees under this Agreement. If Law requires that Taxes be deducted and withheld from payments paid under this Agreement, Recursion shall (i) deduct those Taxes or other payment owed by Recursion hereunder; (ii) pay the Taxes to the proper Governmental Authority; (iii) send evidence of the obligation together with proof of Tax payment to Takeda within **[***]** following such payment; (iv) remit the net amount, after deductions or withholding made under this Section 5.9(a); and (v) cooperate with Takeda in any way reasonably requested by Takeda, to obtain available reductions, credits or refunds of such Taxes; *provided*, *however*, that Takeda shall reimburse Recursion for Recursion's out-of-pocket expenses incurred in providing such assistance.

(b) Value Added Tax. It is understood and agreed between the Parties that any payments made by Recursion under this Agreement are inclusive of any value added or similar Tax imposed upon such payment and that Takeda shall be responsible for the payment of any and all Taxes levied on account of any payments paid to Takeda by Recursion. Recursion is entitled to receive a proper tax invoice where any value added tax amount is shown separately.

ARTICLE 6
INVENTIONS AND PATENTS

6.1 **No Diminution of Takeda Patent**. Without limiting Section 6.4, Recursion shall not do, or omit to do, anything that would substantially diminish or impair the rights of Takeda or its Affiliates in the Takeda Patents. For clarification, the foregoing shall not be construed as restraining Recursion's decision-making authority as to the Development, Commercialization and other Exploitation of the Compound or the Products so long as Recursion complies with its obligations set forth in Article 3.

6.2 **Drug Price Competition and Patent Restoration Act**. Each Party shall immediately give written notice to the other Party of any certification of which it becomes aware filed pursuant to 21 U.S.C. Section 355(b)(2)(A) (or any amendment or successor statute thereto) claiming that any Takeda Patents covering any Compound or any Product, or the manufacture or use of any of the foregoing, are invalid or unenforceable, or that infringement will not arise from the manufacture, use or sale of a Product by a Third Party.

6.3 **Listing of Patents**. Recursion shall have the sole right to determine which of the Takeda Patents, if any, shall be listed for inclusion in the Approved Drug Products with Therapeutic Equivalence Evaluations pursuant to 21 U.S.C. Section 355, or any successor Law in the United States, together with any comparable Laws in any other country in the Territory.

6.4 **Patent Prosecution and Maintenance**.

(a) Takeda Patents. Recursion shall have the first right, but not the obligation (subject to Section 6.1 and Section 6.4(b)), to file, prosecute and maintain Takeda Patents in Takeda's name, on a worldwide basis. Recursion shall bear all costs and expenses of filing, prosecuting and maintaining Takeda Patents. Recursion shall keep Takeda reasonably informed, in person or by telephone or email, regarding the status of such prosecution and maintenance activities in timely manner. Without limiting the generality of the foregoing, Recursion shall promptly upon receipt forward to Takeda copies of any significant office actions, communications, and correspondence relating to Takeda Patents. Takeda shall have the right to comment on and to discuss prosecution and maintenance activities with Recursion, and Recursion shall consider the same in good faith and shall provide Takeda with copies of all proposed filings and correspondence to give Takeda the opportunity to review and comment. Upon Recursion's reasonable request, Takeda shall reasonably cooperate with Recursion's requests for data, affidavits, and other information and assistance to support prosecution and maintenance of Takeda Patents; *provided*, that Recursion shall reimburse Takeda for Takeda's costs and expenses with respect to such cooperation, within **[***]** of receiving a written invoice therefor.

(b) Election Not to File and Prosecute Takeda Patents. If Recursion elects not to continue to prosecute or maintain a Takeda Patent in Takeda's name in any country of the Territory, then it shall notify Takeda in writing at least **[***]** before any deadline applicable to the prosecution or

maintenance of such Takeda Patent, as the case may be, or **[***]** before any other date by which an action must be taken to establish or preserve such Takeda Patent in such country or possession, or if a decision not to continue prosecution or maintenance is responsive to an official communication from a governmental agency that is received by Recursion less than **[***]** prior to a deadline for taking action in response to such communication, then the deadline for giving such notice to Takeda shall be **[***]** of the time remaining for response after such communication is received by Recursion. In such case, Takeda shall have the right, but not the obligation, to support the continued prosecution or maintenance of such Takeda Patent in that country, at Takeda's sole cost and expense. If Takeda elects to continue prosecution or maintenance of any such Patent Rights, then (i) Recursion shall promptly deliver to Takeda all prosecution files associated with such Patent Rights in such country and shall reasonably cooperate with Takeda's requests for data, affidavits, and other information and assistance to support prosecution and maintenance of such Takeda Patents and (ii) such Takeda Patent (in the country(ies) in which Takeda continues prosecution and maintenance) shall be excluded from the license granted by Takeda to Recursion under Section 2.1; *provided*, that Takeda shall reimburse Recursion for Recursion's costs and expenses with respect to such cooperation, within **[***]** of receiving a written invoice therefor.

(c) Patent Term Extension. Recursion shall be responsible, in Takeda's name, on a worldwide basis, for making decisions regarding and obtaining patent term extensions wherever available for Takeda Patents. In the event that any election with respect to obtaining patent term extensions is to be made, Recursion shall have the right to make such elections, and Takeda shall abide by all such elections. Recursion shall keep Takeda reasonably informed of the status of any efforts regarding patent term extensions in a reasonably timely manner.

(d) Recursion Patents. Recursion, its Affiliates and its Sublicensees shall own any Know-How developed solely by them or a Third Party on behalf of them and shall have the right, but not the obligation, to file, prosecute and maintain Patent Rights covering or claiming any such Know-How (collectively, "**Recursion Patents**"). Recursion shall bear all costs and expenses of filing, prosecuting and maintaining Recursion Patents and Takeda shall have no rights with respect thereto, subject to Section 10.3(b)(v) (in the case of termination under the conditions specified therein).

6.5 Enforcement of Patents.

(a) Notice. If either Party believes that an infringement or ownership claim or threatened infringement claim is, in such Party's reasonable judgment, likely with respect to the Takeda Patents, or if a Third Party claims that any Takeda Patent is invalid or unenforceable (any such activity, a "**Third Party Infringement**"), the Party possessing such belief or knowledge shall promptly notify the other Party and provide it with details of such Third Party Infringement that are known by such Party.

(b) Right to Bring an Action. Recursion shall have the exclusive right to attempt to resolve any Third Party Infringement, including by filing an infringement suit, defending against such claim or taking other similar action (each, an "**Action**") and to compromise or settle any such infringement or claim. At Recursion's request, Takeda shall promptly provide Recursion with all relevant documentation (as may be reasonably requested by Recursion) evidencing that Recursion is validly empowered by Takeda to take such an Action. Takeda shall be obligated to join Recursion in such Action if Recursion determines that it is necessary to demonstrate "standing to sue," *provided* that Takeda will have the right, at its own expense, to retain its own counsel with respect to such Action. In addition, Takeda shall have the right to join any Action relating to the Takeda Patents, at its own expense. If Recursion does not intend to prosecute or defend an Action,

Recursion shall inform Takeda within **[***]** of becoming aware of or receiving a notice from Takeda of a Third Party Infringement (or such shorter period as may be necessary to prevent exhaustion of a statute of limitations (or laches) applicable to such Third Party Infringement) and Takeda shall have the right, but not the obligation, to control such Action. The Party controlling the Action (i) shall keep the other Party reasonably informed with respect to such Action, (ii) shall, in good faith, consult with, and give reasonable consideration to, any comments made by the other Party related to such Action, and (iii) shall provide the other Party with copies of all material documents (e.g., complaints, answers, counterclaims, material motions, orders of the court, memoranda of law and legal briefs, interrogatory responses, depositions, material pre-trial filings, expert reports, affidavits filed in court, transcripts of hearings and trial testimony, trial exhibits and notices of appeal) filed in, or otherwise relating to, such Action. The Parties shall cooperate in good faith to ensure that each Person that participates in, or receives any information about, any Action in accordance with this Section 6.5(b) shall use reasonable efforts to protect all applicable confidential information and preserve all applicable attorney-client privilege and work product protections.

(c) Costs of an Action. Without limiting the respective indemnity obligations of the Parties set forth in Article 9, and except for the fees associated with Takeda retaining its own counsel, or Takeda pursuing an Action that Recursion has informed Takeda it will not pursue, Recursion shall pay all costs associated with any Action.

(d) Settlement. Neither Party shall settle or otherwise compromise any Action by admitting that any Takeda Patent is invalid or unenforceable, and neither Party shall settle or otherwise compromise an Action in a way that (i) adversely affects or would be reasonably expected to materially adversely affect the validity or enforceability of the Takeda Patents or the rights or benefits of the other Party hereunder or (ii) results in or would be reasonably expected to result in any financial liability on the part of the other Party or requires or would be reasonably expected to require an admission of liability, wrongdoing or fault on the part of the other Party, in each case, without the other Party's prior written consent, not to be unreasonably withheld.

(e) Distribution of Amounts Recovered. Any amounts recovered by the Party taking an Action pursuant to this Section 6.5, whether by settlement or judgment, shall be allocated in the following order: **[***]**.

(f) Recursion Patents. Recursion shall have the sole right and authority, but not the obligation, to enforce Recursion Patents against any Third Party infringer.

(g) Delegation of Enforcement Rights. Subject to Section 2.3, Recursion shall have the right, in its sole discretion, to delegate its rights under this Section 6.5, in whole or in part, to one or more Affiliates or Sublicensees.

6.6 Defense of Third Party Claim. If either (a) any Product Exploited by or under authority of Recursion becomes the subject of a Third Party's claim or assertion of infringement of a patent relating to the Exploitation of such Product in the Field in the Territory, or (b) a declaratory judgment action is brought naming either Party as a defendant and alleging invalidity or unenforceability of any of Takeda Patents, the Party first having notice of the claim or assertion shall promptly notify the other Party, and the Parties shall promptly confer to consider the claim or assertion and the appropriate course of action. Unless the Parties otherwise agree in writing, subject to Article 9 (Indemnification), each Party shall have the right to defend itself against a suit that names it as a defendant (the "**Defending Party**"). If Takeda is named in such legal action but not Recursion, then Recursion shall have the right to join, at its own expense, any such legal action

and to be represented in such action by its own counsel. Neither Party shall enter into any settlement of any claim described in this Section 6.6 that admits to the invalidity, narrowing of scope or unenforceability of Takeda Patents or this Agreement, incurs any financial liability on the part of the other Party, requires an admission of liability, wrongdoing or fault on the part of the other Party, without such other Party's prior written consent, in each case, such consent not to be unreasonably withheld, conditioned or delayed. In any event, the other Party shall reasonably assist the Defending Party and cooperate in any such litigation at the Defending Party's request and the Defending Party shall reimburse the other Party's reasonable out-of-pocket costs associated therewith.

6.7 **Challenge.** Takeda may terminate this entire Agreement upon written notice to Recursion with respect to a Product in the applicable country of the Territory at any time upon providing written notice to Recursion, if Recursion, or any of Recursion's Sublicensees, directly, or indirectly through assistance provided by a Third Party, commences any interference or opposition proceeding, challenges the validity or enforceability of, or opposes any extension of or the grant of a supplementary protection certificate, in each case, with respect to any Takeda Patent and Recursion does not either (a) withdraw (to the extent permitted by applicable Law) such interference or opposition proceeding, challenge or opposition (by Recursion or any of Recursion's Sublicensees) or (b) terminate the applicable sublicense agreement, where such interference or opposition proceeding, challenge or opposition is brought by a Sublicensee, in either case (a) or (b), within [***] after receipt of written notice thereof from Takeda. Notwithstanding the foregoing, termination by Takeda under this Section 6.7 is not permitted for any counterclaim made, filed or maintained by Recursion or its Affiliates as defendants in any patent infringement claim, demand, lawsuit, cause of action or other action made, filed or maintained by Takeda, its Affiliates or licensees, including where such counterclaim challenges the scope, validity or enforceability of any Patent Rights within Takeda Patents.

6.8 **Patent Marking.** Recursion shall, and shall require its Sublicensees to mark, the Products with all Takeda Patents in accordance with applicable Law, which marking obligation will continue for as long as (and only for as long as) required under applicable Law.

ARTICLE 7
CONFIDENTIALITY

7.1 **Confidentiality Obligations**. For the Term and for [***] thereafter, the recipient Party shall, and shall require that its Affiliates and its and its Affiliates' officers, directors, employees, consultants, Sublicensees, contractors, advisors and agents (collectively, "Representatives"), hold in confidence all Confidential Information of the other Party. The recipient Party shall not disclose any of the Confidential Information of the other Party, except to Representatives of the recipient who need to know the Confidential Information for the purpose of performing the recipient's obligations, or to assist recipient in exercising its rights, under this Agreement and who are bound by obligations of non-use and non-disclosure substantially similar to those set forth herein. The recipient Party shall be responsible for any disclosure or use of the Confidential Information by such Representatives. The recipient Party shall protect Confidential Information using not less than the same care with which it treats its own confidential information of similar nature, but at all times shall use at least reasonable care.

7.2 **Limited-Use**. The recipient Party shall not use or disclose the Confidential Information of the other Party, except for the purpose of performing its obligations, or exercising its rights, under this

Agreement, including for purposes of:

(a) filing, prosecuting, maintaining and enforcing Patent Rights, pursuant to the terms of Section 6.4;

(b) prosecuting or defending litigation or any arbitration proceedings as contemplated by this Agreement;

(c) in the case of Recursion as recipient Party, conducting pre-clinical studies or clinical trials pursuant to this Agreement;

(d) in the case of Recursion as recipient Party, seeking or maintaining Regulatory Approval of any Product; or

(e) complying with Law, including securities Law and the rules of any securities exchange or market on which a Party's securities are listed or traded.

In addition to the foregoing, Recursion may disclose Confidential Information of Takeda to its and its Affiliates' (i) actual and potential Sublicensees (if such Sublicensee has been engaged in compliance with Section 2.2) or (ii) actual and potential investors, acquirers or financing sources, each of whom prior to disclosure must be bound by similar obligations of confidentiality and non-use as those set forth in this Article 7. Recursion may also provide on a "need-to-know" basis a redacted version of this Agreement to biopharmaceutical industry or strategic investors (each of whom prior to disclosure must be bound by similar obligations of confidentiality and non-use as those set forth in this Article 7). Furthermore, Takeda may disclose Confidential Information of Recursion to its Affiliates, employees, consultants, agents and partners who have a need to know such Confidential Information for purposes of this Agreement, and to its actual or potential acquirers and financing sources, each of whom prior to disclosure must be bound by similar obligations of confidentiality and non-use as those set forth in this Article 7. The receiving Party shall be responsible for any disclosure or use of the Confidential Information by such Persons to whom it discloses Confidential Information pursuant to this paragraph.

If either Party is required to file with the SEC or the securities regulators of any state or other jurisdiction a registration statement or any other disclosure document that describes or refers to the terms and conditions of this Agreement under the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or any other applicable securities law, such Party will notify the other Party of such intention and will provide such other Party with a copy of relevant portions of the proposed filing a reasonable time (but at least **[***]**) prior to such filing (and any material revisions to such portions of the proposed filing a reasonable time (but at least **[***]**) prior to the filing thereof), including any exhibits thereto disclosing terms or conditions of this Agreement, and will use reasonable and diligent efforts to obtain confidential treatment of the terms and conditions of this Agreement that such other Party requests be kept confidential, and will only disclose such terms and conditions of this Agreement that it is advised by counsel are legally required to be disclosed. No such notice will be required under this Section 7.2 if the description of or reference to this Agreement contained in the proposed filing has been included in any previous filing made by the other Party hereunder or otherwise approved by the other Party.

7.3 **Required Disclosure**. The recipient Party may disclose the Confidential Information to the extent required by Law or court order; *provided*, *however*, that the recipient Party promptly provides to the disclosing Party prior written notice of such disclosure and provides reasonable assistance to the disclosing Party in obtaining an order or other remedy protecting the Confidential Information

from public disclosure.

7.4 **Publications**. Takeda shall submit to Recursion for Recursion's written approval (which approval may be granted or denied in Recursion's sole discretion) any publication or presentation (including in any seminars, symposia or otherwise) of information related directly to the Compound or any Product for review and approval at least [***] prior to submission for the proposed date of publication or presentation. Recursion shall have the right to make such publications regarding Development or Commercialization of Compound or Product as it chooses, in its sole discretion, without the approval of Takeda, *provided* such publication containing any Confidential Information of Takeda shall require Takeda's approval with respect to the disclosure of such Confidential Information. If approval of Takeda is required pursuant to this Section 7.4, Takeda shall not unreasonably withhold, delay or condition such approval, and shall provide such approval or rejection of the applicable publication within [***] after receipt thereof. If Takeda rejects the applicable publication, then in connection with such rejection, Takeda shall specify what Confidential Information of Takeda is included in such publication and where such Confidential Information is included. Upon removal of such Confidential Information so specified by Takeda, Recursion shall be free to make publish or publicly present such publication or presentation.

7.5 **Public Disclosures**. Takeda hereby gives its consent to a press release to be made solely by Recursion attached hereto as Exhibit F with respect to this Agreement, and either Party may make subsequent public disclosure of the contents of such press release. Subject to the foregoing, neither Party may issue a press release or other public statement, whether oral or written, disclosing the existence of this Agreement, the terms hereof, or any information relating hereto without the prior written consent of the other Party, such consent not to be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, each Party may make any disclosures required of it to comply with any duty of disclosure it may have under relevant Laws. In the event of a disclosure required by Law, the Parties shall promptly coordinate with each other with respect to the timing, form and content of such required disclosure. Subject to the foregoing sentence, Recursion shall have the right to make press releases or public announcements regarding the Development and/or Commercialization of any Compounds and Products, and in connection with which acknowledge (subject to Section 12.5) that the Compound and/or Product(s) were licensed in from an unaffiliated entity (without naming Takeda), without the prior written consent of Takeda.

ARTICLE 8
REPRESENTATIONS AND WARRANTIES

8.1 **Mutual Representations and Warranties**. Each Party represents and warrants that, as of the Effective Date:

(a) such Party is duly organized and validly existing under the Laws of the jurisdiction of its incorporation or organization;

(b) such Party has taken all action necessary to authorize the execution and delivery of this Agreement and the performance of its obligations under this Agreement;

(c) this Agreement is a legal and valid obligation of such Party, binding upon such Party and enforceable against such Party in accordance with the terms of this Agreement, except as enforcement may be limited by applicable bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and

by general equitable principles;

(d) the execution, delivery and performance of this Agreement by such Party does not conflict with, breach or create in any Third Party the right to accelerate, terminate or modify any agreement or instrument, including any policy, procedure or rule, to which such Party (or any officer or director of such Party) is a party or by which such Party (or such individual) is bound, and does not violate any Law of any Governmental Authority having authority over such Party (or such individual);

(e) such Party has all right, power and authority to enter into this Agreement and to perform its obligations under this Agreement; and

(f) such Party and its Affiliates are not, and have not been, debarred or disqualified by any Regulatory Authority; and none of such Party or its Affiliates' employees or contractors who are or have been involved in the development, manufacture or commercialization of Compound or Product have been, debarred or disqualified by any Regulatory Authority.

8.2 Representations and Warranties of Takeda. Takeda represents and warrants to Recursion as of the Effective Date that:

(a) to Takeda's knowledge of the Effective Date, the Patent Rights listed in **Exhibit C** are the only Patent Rights that, as of the Effective Date, are Controlled by Takeda that are reasonably necessary to Exploit Compounds or Products;

(b) it has the right under the Takeda Technology to grant the licenses granted under Section 2.1 and other rights set forth herein to Recursion, and it has not granted any license or other right under the Takeda Technology that is inconsistent with the licenses granted under Section 2.1 or such other rights granted herein to Recursion;

(c) there is no pending litigation, nor has Takeda received any notice from any Third Party, asserting or alleging that the development, manufacture or commercialization of Compounds prior to the Effective Date infringed or misappropriated the intellectual property rights of such Third Party and, to Takeda's knowledge of the Effective Date, the development, manufacture and commercialization of Compound or Product does not infringe or misappropriate any Patent Right or other intellectual property of a Third Party;

(d) the Takeda Patents are not the subject of any interference proceeding, inter partes review or post-grant review and there is no pending or threatened action, suit, proceeding or claim by a Third Party challenging Takeda's ownership rights in, or the validity or scope of, any Takeda Patents;

(e) to Takeda's knowledge of the Effective Date, all development activities, including clinical trials and regulatory activities, conducted by or under the authority of Takeda or its Affiliates in relation to Compounds or Product have been conducted in compliance with Laws that were then-applicable to such respective activities in all material respects;

(f) Takeda and its Affiliates have not made an untrue statement of a material fact to any Regulatory Authority or intentionally failed to disclose a material fact required to be disclosed to any Regulatory Authority, in each case in connection with any IND transferred to Recursion, or to which Recursion is granted a right of reference, pursuant to Section 2.5; and

(g) to Takeda's knowledge of the Effective Date, Takeda has provided to Recursion all material information with respect to safety of the Compound or any Product Controlled as of the Effective Date by Takeda or its Affiliates.

8.3 **Representation and Warranties of Recursion**. Recursion represents and warrants to Takeda as of the Effective Date that there are no legal claims, judgments or settlements against or owed by Recursion or any of its Affiliates, or pending or, to Recursion's actual knowledge, threatened, legal claims or litigation, in each case, relating to antitrust, anti-competition, anti-bribery or corruption violations.

8.4 **Covenants of Takeda**. Takeda covenants to Recursion that:

(a) if either Party identifies any Patent Right Controlled by Takeda or its Affiliates as of the Effective Date that is reasonably necessary to Exploit Compounds or Products and which was not listed on **Exhibit C**, Takeda will update the list of Takeda Patents in **Exhibit C** to set forth such additional Patent Right, and such Patent Rights will be included in the Takeda Patents;

(b) Takeda shall not grant any mortgage, pledge, claim, security interest, lien or other encumbrance of any kind on the Takeda Technology in the Territory except for encumbrances that are expressly subject to the licenses granted Recursion under this Agreement; and

(c) except as otherwise expressly permitted in this Agreement, commencing on the Effective Date and continuing until the end of the Term, Takeda and its Affiliates will not (i) assign or otherwise transfer ownership of any Takeda Technology in the Territory, except to the extent such assignment or transfer does not conflict with or adversely affect the licenses or other rights granted to Recursion hereunder, or (ii) grant to any Third Party any license or rights to any Takeda Technology in the Territory.

8.5 **WAIVER OF ALL OTHER REPRESENTATIONS AND WARRANTIES.** EXCEPT AS PROVIDED IN THIS ARTICLE 8, THE TAKEDA TECHNOLOGY IS PROVIDED AS IS. EXCEPT AS PROVIDED IN THIS ARTICLE 8, NEITHER PARTY MAKES ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, OF ANY KIND. IN PARTICULAR AND EXCEPT AS PROVIDED IN THIS ARTICLE 8, TAKEDA DISCLAIMS ANY WARRANTY WITH RESPECT TO THE TAKEDA TECHNOLOGY, THE INVENTIONS CLAIMED IN THE TAKEDA PATENTS OR WITH RESPECT TO THE TAKEDA PATENTS THEMSELVES, INCLUDING BUT NOT LIMITED TO, ANY REPRESENTATIONS OR WARRANTIES ABOUT: (I) THE VALIDITY, SCOPE OR ENFORCEABILITY OF ANY OF THE TAKEDA PATENTS; (II) THE ACCURACY, SAFETY OR USEFULNESS FOR ANY PURPOSE OF ANY INFORMATION PROVIDED BY TAKEDA TO RECURSION, WITH RESPECT TO THE INVENTION(S) CLAIMED IN THE TAKEDA PATENTS OR WITH RESPECT TO THE TAKEDA PATENTS THEMSELVES AND ANY PRODUCTS DEVELOPED FROM OR COVERED BY THEM; (III) WHETHER THE PRACTICE OF ANY CLAIM CONTAINED IN ANY OF THE TAKEDA PATENTS WILL OR MIGHT INFRINGE A PATENT OR OTHER INTELLECTUAL PROPERTY RIGHT OWNED OR LICENSED BY A THIRD PARTY; (IV) THE PATENTABILITY OF ANY INVENTION CLAIMED IN THE TAKEDA PATENTS; OR (V) THE ACCURACY, SAFETY OR USEFULNESS FOR ANY PURPOSE OF THE TAKEDA TECHNOLOGY OR ANY PRODUCT OR PROCESS MADE OR CARRIED OUT IN ACCORDANCE WITH OR THROUGH THE USE OF THE TAKEDA PATENTS. EXCEPT AS PROVIDED IN THIS ARTICLE 8, EACH PARTY SPECIFICALLY DISCLAIMS ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A

PARTICULAR PURPOSE, NONINFRINGEMENT, AND THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE.

8.6 **Compliance with Anti-Corruption Laws**. In connection with this Agreement, neither Party nor any of its or its Affiliates' Representatives shall offer to make, make, promise, authorize, or accept any payment or the giving of anything of value, including, bribes, either directly or indirectly, to or from any public official, governmental authority, Regulatory Authority, or any other person for the purpose of influencing, inducing, or rewarding any act, omission, or decision in order to secure an improper advantage, or obtain or retain business. Each Party and its Representatives shall comply with all Anti-Corruption Laws. Each Party shall notify the other Party immediately upon becoming aware of any breach of its obligations under this Section 8.3. In the event that Recursion violates any Anti-Corruption Law or otherwise breaches this Section 8.6, Takeda may terminate this Agreement immediately upon providing written notice to Recursion.

ARTICLE 9
INDEMNIFICATION AND INSURANCE

9.1 **Indemnification.**

(a) By Recursion. Recursion shall indemnify, defend and hold Takeda and its Affiliates and each of their respective employees, officers, directors and agents (the "**Takeda Indemnitees**") harmless from and against any and all Third Party liability, claims, damage, loss, cost or expense of any kind or nature (including reasonable attorneys' fees) based on or arising out of or otherwise directly relating to (i) the activities of Recursion, its Affiliates, subcontractors or Sublicensees (including product liability claims) in relation to Exploiting the Products pursuant to this Agreement; (ii) a material breach of any of Recursion's representations, warranties, covenants, or obligations under the Agreement; or (iii) the willful misconduct or negligent acts of any Recursion Indemnitees; *provided*, *however*, that Recursion's obligations pursuant to this Section 9.1(a) shall be reduced to the extent such claims or suits are directly attributable to (x) a material breach of Takeda's representations, warranties, covenants or obligations under the Agreement or (y) the gross negligence or willful misconduct of, or any of the Takeda Indemnitees.

(b) By Takeda. Takeda shall indemnify, defend and hold Recursion and its Affiliates and each of their respective employees, officers, directors and agents (the "**Recursion Indemnitees**") harmless from and against any and all Third Party liability, claims, damage, loss, cost or expense of any kind or nature (including reasonable attorneys' fees) based on or arising out of or otherwise directly relating to a material breach of any of Takeda's representations or warranties under Article 8; *provided*, *however*, that Takeda's obligations pursuant to this Section 9.1(b) shall be reduced to the extent such claims or suits are arise from, are directly attributable to (x) a material breach of Recursion's representations, warranties, covenants or obligations under the Agreement or (y) the gross negligence or willful misconduct of, or any of the Recursion Indemnitees.

9.2 **Notification of Claims; Conditions to Indemnification Obligations**. As a condition to a Party claiming indemnity's (the "**Indemnified Party**") right to receive indemnification under this Article 9, the Indemnified Party shall: (a) promptly notify the Party from whom indemnity is being sought (the "**Indemnifying Party**") as soon as it becomes aware of a claim or suit for which indemnification may be sought pursuant hereto; (b) cooperate, and cause the individual indemnitees to cooperate, with the Indemnifying Party in the defense, settlement or compromise of such claim or suit; and (c) permit the Indemnifying Party to control the defense, settlement or compromise of

such claim or suit, including the right to select defense counsel (*provided*, *however*, that without limiting the foregoing, the Indemnified Party may engage its own defense counsel at its own expense). In no event, however, may the Indemnifying Party compromise or settle any claim or suit in a manner which admits fault or negligence on the part of the Indemnified Party, require any omission or impose any obligation on the part of the Indemnified Party, or otherwise have an adverse effect on the rights or interest of the Indemnified Party, in each case without the prior written consent of the Indemnified Party. Each Party shall reasonably cooperate with the other Party and its counsel in the course of the defense of any such suit, claim or demand, such cooperation to include using reasonable efforts to provide or make available documents, information and witnesses.

9.3 **Insurance**. During the Term, Recursion shall obtain and maintain, at its sole cost and expense, Third Party insurance in types and amounts that are reasonable and customary in the United States pharmaceutical and biotechnology industry for companies engaged in comparable activities and that are sufficient to cover any indemnification claim by Takeda or the Takeda Indemnitees hereunder. It is understood and agreed that this insurance shall not be construed to limit Recursion's liability with respect to its indemnification obligations hereunder or otherwise. Recursion will provide to Takeda upon request a certificate evidencing such insurance. In all cases, Recursion shall increase the amounts of insurance as necessary to provide coverage for its clinical trials, Development and Commercialization as appropriate to be consistent with then-current industry standards.

9.4 **Waiver**. NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY AND EXCEPT FOR A PARTY'S BREACH OF ITS CONFIDENTIALITY OBLIGATIONS IN ARTICLE 7 AND WITHOUT LIMITING EITHER PARTY'S INDEMNIFICATION RIGHTS OR OBLIGATIONS, NEITHER PARTY SHALL BE RESPONSIBLE OR HAVE LIABILITY FOR, ANY INDIRECT, SPECIAL, PUNITIVE, INCIDENTAL, OR CONSEQUENTIAL DAMAGES (INCLUDING LOSS OF PROFITS, BUSINESS OR GOODWILL) REGARDLESS OF THE LEGAL THEORY AND REGARDLESS OF WHETHER SUCH PARTY INFORMED OF THE POSSIBILITY OF SUCH DAMAGES.

ARTICLE 10
TERM AND TERMINATION

10.1 **Term and Expiration**. The term of this Agreement (the "**Term**") shall commence on the Effective Date and, unless earlier terminated as provided in this Article 10, shall continue in full force and effect, on a country-by-country and Product-by-Product basis until the date on which the Royalty Term in such country with respect to such Product expires, at which time this Agreement shall expire with respect to such Product in such country and the terms of Section 10.3(b)(i) shall apply. This Agreement shall expire in its entirety upon the expiration of the last-to-expire Royalty Term with respect a Product, and the applicable terms of Section 10.3 shall apply.

10.2 **Termination.**

(a) Material Breach. If either Party materially breaches any of its material obligations under this Agreement (including, in the case of Recursion, a material breach of its obligation to use Commercially Reasonable Efforts), the other Party may give to the breaching Party a written notice specifying the nature of the default and describing it in reasonable detail, requiring it to cure such breach, and stating its intention to terminate this Agreement if such breach is not cured within

[***]. If such breach is not cured within **[***]** after the receipt of such notice by the breaching Party, the non-breaching Party shall be entitled to terminate this Agreement immediately by written notice to the breaching Party. For clarity, each Party's material obligations may apply to the performance of either: (i) this Agreement in its entirety, in which case this provision shall apply to the entire Agreement; or (ii) a specific Product(s) or country(ies), in which case this provision shall apply only to such affected Product(s) or country(ies).

(b) Material Breach Dispute. Any dispute regarding an alleged material breach of this Agreement, failure to progress under Section 10.2(d) or willful misconduct in performance of obligations under this Agreement shall be resolved in accordance with Article 11 hereof. Notwithstanding anything to the contrary contained in this Section 10.2 or elsewhere in the Agreement, the applicable cure period for any alleged material breach, failure to progress or willful misconduct that is in dispute shall be tolled from the date that the alleged breaching Party notifies the other Party that it intends to dispute the allegation through the resolution of such dispute pursuant to Article 11 and it is understood and acknowledged that, during the pendency of a dispute pursuant to Article 11, all of the terms and conditions of this Agreement shall remain in effect, and the Parties shall continue to perform all of their respective obligations under this Agreement.

(c) Convenience. At any time on or after the third (3rd) year anniversary of the Effective Date, Recursion may terminate this Agreement by providing written notice of termination to Takeda, which notice includes an effective date of termination at least **[***]** after the date of the notice.

(d) Failure to Progress. If, Recursion has not, for a period of consecutive twelve (12) months, either directly or through its Affiliates or Sublicensee, conducted, or cause to be conducted, any material activities in support of the Development or Commercialization of a Compound or Product, and has not demonstrated that it has used Commercially Reasonable Efforts towards the Development or Commercialization of a Compound or Product as provided in Section 3.4, and such failure to progress is not due to events beyond the reasonable control of Recursion, then Takeda may terminate this Agreement upon **[***]** written notice to Recursion unless Recursion cures such failure to progress during such **[***]** period.

(e) Insolvency. To the extent permitted under applicable Law, either Party may terminate this Agreement by written notice in the event that the other Party has a Bankruptcy Event.

(f) Safety Concerns. At any time, Recursion may terminate this Agreement, by providing **[***]** days prior written notice of termination to Takeda, if Recursion demonstrates evidence of safety issues relating to the Product that are not known to Recursion as of the Effective Date and on the basis of which a reasonable investigator would conclude that the Product could not be administered to patients safely; *provided*, Recursion shall provide such evidence to Takeda together with the termination notice and upon Takeda's request, Recursion shall discuss such evidence with Takeda in good faith.

(g) Mutual Agreement. Upon the mutual written agreement of the Parties, this Agreement may be terminated as of the date agreed by the Parties in such written agreement.

10.3 Effects of Termination.

(a) Survival.

(i) Notwithstanding the expiration or termination of this Agreement pursuant to

Section 10.1 or Section 10.2, the following provisions shall survive: Article 1 (Definitions); Section 3.8 (Abandonment); Section 5.8 (Audit); Article 7 (Confidentiality); Article 8 (Representations and Warranties); Section 9.1 (Indemnification); Section 9.2 (Notification of Claims; Conditions to Indemnification Obligations); Section 9.4 (Waiver); Section 10.3 (Effects of Termination); Article 11 (Dispute Resolution) and Article 12 (Miscellaneous Provisions). In addition, Section 6.6 (Defense of Third Party Claim) shall survive any expiration of the Agreement with respect to a Product in a particular country following the expiration of the Royalty Term with respect to such Product in such country, but only for so long as such Product continues to be Commercialized by or on behalf of Recursion or any of its Sublicensees.

(ii) Expiration or termination of this Agreement shall not relieve the Parties of any obligation or liability that accrued hereunder prior to the effective date of such expiration or termination. In addition, termination of this Agreement shall not preclude either Party from pursuing all rights and remedies it may have hereunder or at Law or in equity with respect to any breach of this Agreement nor prejudice either Party's right to obtain performance of any obligation.

(iii) All of the effects of termination are in addition to the other rights and remedies that may be available to either of the Parties under this Agreement and shall not be construed to limit any such rights or remedies. In the event this Agreement is not terminated in its entirety, but rather is terminated on a Product-by-Product and country-by-country basis with respect to one or more Products (the "**Terminated Product**") in a particular country (the "**Terminated Country**"), then, notwithstanding anything to the contrary contained in Sections 10.3(a)(i) or 10.3(a)(ii), the consequences of termination described under this Section 10.3 shall only apply to the Terminated Product in the Terminated Country, and this Agreement shall remain in full force and effect in accordance with its terms with respect to all Products other than the Terminated Products, and in all countries of the Territory other than the Terminated Countries.

(b) Licenses.

(i) As of the effective date of expiration (but not a termination) of the Royalty Term with respect to a given Product and country, the licenses from Takeda to Recursion under Section 2.1 shall convert to fully paid, royalty-free, irrevocable, and perpetual licenses.

(ii) Upon any termination of this Agreement, the following terms and conditions shall apply only with respect to such Product(s) and country(ies) as are the subject of such termination:

(1) all licenses granted to Recursion under Section 2.1 shall terminate (except with respect to sublicenses as set forth hereunder and to the extent reasonably necessary to provide the transition described herein);

(2) if, at the time of such termination, Recursion or its Affiliates are conducting any clinical trials of a given Product, then Recursion may, at its cost and expense, orderly wind down the conduct of any such clinical trial; *provided* that, Recursion may continue to dose subjects enrolled in any then ongoing clinical trial through completion of the applicable protocol for such clinical trial if dosing is required by a Regulatory Authority or applicable Laws;

(3) except for a termination pursuant to Section 10.2(f), Recursion and its Sublicensees shall be entitled, during **[***]** period following such termination, to sell any commercial inventory of such Product(s) which remains on hand as of the date of the termination, so long as Recursion makes all Royalty Payments in

accordance with the terms and conditions set forth in this Agreement. Upon Takeda's request, any commercial inventory remaining following **[***]** period shall be offered for sale to Takeda at **[***]**, as applicable, *provided*, that Takeda shall have no obligation to purchase such inventory; and

(4) each Party shall return or destroy, at the other Party's election, all Confidential Information of the other Party; *provided* that, the recipient Party may retain one copy of such Confidential Information for its legal archives, subject to its confidentiality and limited-use obligations provided in Article 7.

(iii) Upon any termination of this Agreement (except for the case of termination pursuant to Section 10.2(f)), each of Recursion's Sublicensees shall continue to have the rights and licenses set forth in its sublicense agreements; *provided*, that such Sublicensee did not cause the material breach or failure of progress that gave cause for termination by Takeda under Section 10.2(a) or Section 10.2(d), such Sublicensee agrees to assume the applicable obligations (including payment obligations) of Recursion hereunder with respect to activities of the Sublicensee and Takeda shall have no obligations to such Sublicensee beyond the obligations expressly set forth herein.

(iv) Immediately following Recursion's notification of termination to Takeda pursuant to Section 10.2, (unless termination by Recursion for Takeda's breach is the subject of a good faith dispute), the diligence obligations in Section 3.4 shall no longer apply and Recursion shall have the right to wind-down all then on-going Development and/or Commercialization activities.

(v) Upon written request from Takeda within **[***]** after the effective date of termination (except for the case of termination by Recursion pursuant to Section 10.2(a) and for, clarity, not including expiration of this Agreement), Recursion shall grant to Takeda the right to negotiate in good faith for a period not to exceed **[***]** from the date Recursion receives such request the terms and conditions, including commercially reasonable financial terms, of an exclusive license under Recursion Technology, in each case for the limited purpose of Developing, Commercializing and otherwise Exploiting Products for the Field in the Territory; *provided*, that any such license will be subject to any surviving sublicenses (subject to Section 10.3(b)(iii)). In each case, the terms of any such license agreement will include commercially reasonable financial consideration payable to Recursion (including potential milestones and royalty payments) as consideration for such license(s), which will take into account, among other things, the actual costs and expenses of Recursion with regard to the Development, Commercialization and/or other Exploitation of all such Products up to the effective date of termination.

ARTICLE 11
DISPUTE RESOLUTION

11.1 **Disputes**. The Parties recognize that disputes as to certain matters may from time to time arise during the Term which relate to either Party's rights or obligations hereunder. It is the objective of the Parties to establish under this Article 11 procedures to facilitate the resolution of disputes arising under this Agreement (other than any disputes relating to matters that Recursion has sole decision-making authority and/or discretion under this Agreement (each, a "**Non-Escalatable Dispute**"), in which case, such matter shall be determined by Recursion and shall not be part of the dispute resolution procedure set forth in this Article 11) in an expedient manner by mutual cooperation and without resort to arbitration. In the event that the Parties are unable to resolve such dispute through

diligent review and deliberation within [***] from the day that one Party had designated the issue as a dispute in written notice to the other Party, then either Party shall have the right to escalate such matter to the management of the Parties as set forth in Section 11.2.

11.2 **Escalation to Management**. Either Party may, by written notice to the other Party, request that a dispute (other than a Non-Escalatable Dispute) that remains unresolved for a period of [***] as set forth in Section 11.1 arising between the Parties in connection with this Agreement, or a dispute relating to material breach, be resolved by the management of each Party (which, in the case of Takeda shall mean its President, Research & Development or designee, and in the case of Recursion shall means its CEO or designee), within [***] after referral of such dispute to them. If management does not resolve such dispute within [***] after referral of such dispute to them, then, at any time after such [***] period, either Party may proceed to arbitration in accordance with Section 11.3 with respect to such dispute.

11.3 **Arbitration**. Any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or validity thereof, but excluding any dispute, controversy or claim concerning (a) any antitrust, anti-monopoly or competition law or regulation, whether or not statutory or (b) the validity, enforceability, infringement or misappropriation of any intellectual property, shall be finally settled by binding arbitration conducted in the English language in New York, New York under the commercial arbitration rules of the American Arbitration Association, which shall administer the arbitration and act as appointing authority. The arbitration will be conducted by a panel of three (3) arbitrators. Each Party will appoint one (1) arbitrator, and these two (2) arbitrators so selected by the Parties will then select the third arbitrator. Disputes about arbitration procedure shall be resolved by the arbitrators. The arbitrators shall not be current or former employees or directors, or current stockholders, of either Party or any of their respective Affiliates or Sublicensees and each arbitrator shall have at least [***] of pharmaceutical industry experience. The arbitrators shall be authorized to grant interim relief, including to prevent the destruction of goods or documents involved in the dispute, protect trade secrets and provide for security for a prospective monetary award. Within [***] after selection of all three (3) of the arbitrators, the arbitrators shall conduct the preliminary conference. In addressing any of the subjects within the scope of the preliminary conference, the arbitrators shall take into account both the desirability of making discovery efficient and cost-effective and the needs of the Parties for an understanding of any legitimate issue raised in the arbitration. In addition, each Party shall have the right to take up to [***] of deposition testimony, including expert deposition testimony. The hearing shall commence within [***] after the selection of the arbitrators. The arbitrators shall, in their discretion, allow each Party to submit concise written statements of position and shall permit the submission of rebuttal statements, subject to reasonable limitations on the length of such statements to be established by the arbitrators. The hearing shall be no longer than [***] in duration. The arbitrators shall also permit the submission of expert reports. The arbitrators shall render their decision and award within [***] after the arbitrators declare the hearing closed, and the decision and award shall include a written statement describing the essential findings and conclusions on which the decision and award are based, including the calculation of any damages awarded. The arbitrators will, in rendering their decision, apply the substantive law of the State of New York, without reference to its conflict of laws principles. The decision and award rendered by the arbitrators shall be final, binding and non-appealable, and judgment may be entered upon it in any court of competent jurisdiction. Each Party shall bear its own attorney’s fees, costs, and disbursements arising out of the arbitration, and shall pay an equal share of the fees and costs of the arbitrators. The parties acknowledge and agree that this Agreement and any award rendered pursuant hereto shall be governed by the UN Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

11.4 **Injunctive Relief**. No provision herein shall be construed as precluding a Party from bringing an action for injunctive relief or other equitable relief in a court of competent jurisdiction prior to the initiation or completion of the above procedure.

ARTICLE 12
MISCELLANEOUS PROVISIONS

12.1 **Relationship of the Parties**. The Parties agree that they are and will be acting solely as independent contractors and nothing in this Agreement is intended or shall be deemed, for financial, tax, legal or other purposes, to constitute a partnership, agency, joint venture or employer-employee relationship between the Parties. Neither Party shall have any right, power or authority, nor shall they represent themselves as having any authority to assume, create or incur any expense, liability or obligation, express or implied, on behalf of the other Party, or otherwise act as an agent of the other Party for any purpose.

12.2 **Assignment**.

(a) Assignment by Recursion. Except as expressly provided herein, neither this Agreement nor any interest hereunder shall be assignable or transferable by Recursion, whether voluntarily or by operation of law, without the prior written consent of Takeda (not to be unreasonably withheld or delayed). Notwithstanding the foregoing, Recursion may assign this Agreement without such consent to an Affiliate or to a successor to all or substantially all of its business or assets to which this Agreement relates, whether by way of merger, consolidation, sale of stock, sale of assets, operation of law or otherwise. Recursion shall give written notice to Takeda promptly following any such assignment.

(b) Assignment by Takeda. Takeda may assign this Agreement to any Affiliate or to any Third Party that acquires all or substantially all of the assets or business of Takeda, whether by merger, sale of stock, sale of assets or other similar transaction, without the consent of Recursion. Takeda shall give written notice to Recursion promptly following any such assignment.

(c) Continuing Obligations. Unless otherwise agreed among Takeda, Recursion and an assignee permitted under this Section 12.2, no assignment under this Section 12.2 to an Affiliate of the assigning Party shall relieve the assigning Party of any of its responsibilities or obligations hereunder. As a condition of any assignment of this Agreement, the assignee shall agree in writing to be bound by all obligations of the assigning Party hereunder. This Agreement shall be binding upon the successors and permitted assigns of the Parties.

(d) Void Assignments. Any assignment not in accordance with this Section 12.2 shall be void.

12.3 **Accounting Procedures**. Each Party shall calculate all amounts, and perform other accounting procedures required, under this Agreement and applicable to it in accordance with US GAAP or IFRS, as applicable. All terms of an accounting or financial nature in this Agreement shall be construed in accordance with the foregoing accounting standard

.12.4 **Force Majeure**. Neither Party shall be liable to the other Party or be deemed to have breached or defaulted under this Agreement for failure or delay in the performance of any of its obligations under this Agreement for the time and to the extent such failure or delay is caused by or results

from any event beyond the reasonable control of the affected Party, including acts of God, earthquake, riot, civil commotion, terrorism, war, strikes or other labor disputes, epidemics, fire, flood, failure or delay of transportation, omissions or delays in acting by a governmental authority, acts of a government or an agency thereof or judicial orders or decrees or restrictions ("**Force Majeure**"). The Party affected by force majeure shall provide the other Party with full particulars thereof as soon as it becomes aware of the same (including its best estimate of the likely extent and duration of the interference with its activities), and will use Commercially Reasonable Efforts to overcome the difficulties created thereby and to resume performance of its obligations hereunder as soon as practicable.

12.5 **No Trademark Rights**. Except as expressly set forth in this Agreement, no right, express or implied, is granted by this Agreement to a Party to use in any manner the name or any other trade name or trademark of the other Party in connection with the performance of this Agreement or otherwise. Except as expressly set forth in this Agreement, each Party agrees not to use the name, trademark, logo, symbol or other image of the other Party or its Affiliates in any commercial activity, marketing, advertising, or sales brochures without the prior written consent of the other Party, which consent may be granted or withheld at the other Party's sole discretion.

12.6 **Entire Agreement of the Parties; Amendments**. This Agreement and the Exhibits hereto constitute and contain the entire understanding and agreement of the Parties respecting the subject matter hereof and cancel and supersede any and all prior negotiations, correspondence, understandings and agreements between the Parties, whether oral or written, regarding such subject matter. Except as specified herein, no waiver, modification or amendment of any provision of this Agreement shall be valid or effective unless made in a writing referencing this Agreement and signed by a duly authorized officer of each Party.

12.7 **Captions**. The captions to this Agreement are for convenience only, and are to be of no force or effect in construing or interpreting any of the provisions of this Agreement.

12.8 **Governing Law**. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware, excluding application of any conflict of laws principles that would require application of the Law of a jurisdiction outside of the State of Delaware. In the event of any conflict between US and foreign laws, regulations and rules, US laws, regulations and rules shall govern. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Agreement.

12.9 **Notices and Deliveries**. Any notice, request, approval or consent required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been sufficiently given if delivered in person, transmitted by facsimile or other electronic mail (receipt verified), or by express courier service (signature required) to the Party to which it is directed at its address shown below or such other address as such Party shall have last given by notice to the other Party.If to Recursion, addressed to:

Name: Recursion Pharmaceuticals, Inc.
Street: 41 S. Rio Grande Street
City: Salt Lake City, UT 84101
Country: United States of America
Attn: **[***]**
Email: **[***]**@recursionpharma.com

With a copy to:

Name: Wilson Sonsini Goodrich & Rosati
Street: 28 State Street, 37th Floor
City: Boston, MA 02109
Country: United States of America Attn: **[***]**
Email: **[***]**@wsgr.com

If to Takeda, addressed to:

Name: Takeda Pharmaceutical Company Limited
Street: 1-1, Doshomachi 4-chome
City: Chuo-ku, Osaka
Country: Japan
Attn: **[***]**

With a copy to:

Name: Millennium Pharmaceuticals, Inc.
Street: 40 Landsdowne Street
City: Cambridge MA 02139
Country: United States of America
Attn: **[***]**

12.10 **Language**. The official language of this Agreement and between the Parties for all correspondence shall be the English language.

12.11 **Waiver**. A waiver by either Party of any of the terms and conditions of this Agreement in any instance shall not be deemed or construed to be a waiver of such term or condition for the future, or of any other term or condition hereof. All rights, remedies, undertakings, obligations and agreements contained in this Agreement shall be cumulative and none of them shall be in limitation of any other remedy, right, undertaking, obligation or agreement of either Party.

12.12 **Severability**. When possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under Law, but if any provision of this Agreement is held to be prohibited by or invalid under Law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement. The Parties shall make a good faith effort to replace the invalid or unenforceable provision with a valid one which in its effect is most consistent with the original intent of the Parties.

12.13 **No Implied License**. No right or license is granted to either Party hereunder by implication, estoppel, or otherwise to any know-how, patent or other intellectual property right owned or Controlled by the other Party or its Affiliates, except as expressly set forth in this Agreement.

12.14 **Interpretation**. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” All references herein to ARTICLES, Sections, and Exhibits shall be deemed references to ARTICLES and Sections of, and Exhibits to, this Agreement unless the context shall otherwise require. Except where the context otherwise requires, wherever used: (a) the singular shall include the plural, the plural the singular, (b) the use of any gender shall be applicable to all genders, (c) the words “include” or “including” shall be construed to as

incorporating, also, “but not limited to” or “without limitation”, (d) the word “notice” shall mean in writing (whether or not specifically stated) and shall include notices, consents, approvals and other written communications contemplated under this Agreement, (e) provisions that require that a Party or the Parties “agree,” “consent” or“approve” shall require that such agreement, consent or approval be specific and in writing, whether by written agreement, letter or otherwise, and (f) and the word “or” is used in the inclusive sense (and/or). Whenever this Agreement refers to a number of days, unless otherwise specified, such number refers to calendar days. Each Party represents that it has been represented by legal counsel in connection with this Agreement and acknowledges that it has participated in the drafting hereof. In interpreting and applying the terms and provisions of this Agreement, the Parties agree that no presumption will apply against the Party which drafted such terms and provisions. Unless the context otherwise requires, countries shall include territories.

12.15 **Counterparts**. This Agreement may be executed in counterparts, each of which will be deemed an original, and all of which together will be deemed to be one and the same instrument. Transmission by fax or by electronic mail (in PDF form) or by any other electronic means intended to preserve the original appearance of the document, of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart and have the same effect as physical delivery of the paper document bearing the original signature.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, duly authorized representatives of the parties have executed this Agreement as of the date first above written.

TAKEDA PHARMACEUTICAL COMPANY LIMITED

Signature:	*/s/ Kentaro Kume*
Printed Name:	Kentaro Kume
Title:	Head of R&D Partnership Office Asia-Pacific

RECURSION PHARMACEUTICALS, INC.

Signature:	*/s/ Shafique Virani*
Printed Name:	Shafique Virani
Title:	Chief Corporate Development Officer

Exhibit A

***Summary**:*

Exhibit A describes structural and other properties of TAK-733, the licensed compound.

[***]

Exhibit B

***Summary**:*

Exhibit B contains a listing of individual files and reports that are being transferred from Licensor to Licensee.

[***]

Exhibit C

Takeda Patents

Country	Appl. No.	Reg. No.	Reg. date	Status
AL	AL/P/2013/188	4453	24-Apr-2013	Registered
AR	P 07 01 05806	AR064640B1	21-Dec-2018	Registered
AT	07869422.1	2125810	24-Apr-2013	Registered
AU	2007337003	2007337003	15-Aug-2013	Registered
BA	07869422.1	2125810	24-Apr-2013	Registered
BE	07869422.1	2125810	24-Apr-2013	Registered
BG	07869422.1	2125810	24-Apr-2013	Registered
BN	RE/2013/0041	RE/2013/0041	11-Jul-2013	Registered
BR	PI 0720525-2			Allowed
CA	2,673,647	2,673,647	09-Feb-2016	Registered
CH	07869422.1	2125810	24-Apr-2013	Registered
CL	3742-2007	48.980	17-May-2013	Registered
CN	200780050324.4	ZL200780050324.4	06-Jan-2013	Registered
CO	09-074.721	2859	24-Aug-2012	Registered
[***]	[***]	[***]	[***]	[***]
CY	CY20131100632	2125810	24-Apr-2013	Registered
CZ	07869422.1	CZ/EP 2125810	24-Apr-2013	Registered
DE	2125810	60 2007 030 085.1	24-Apr-2013	Registered
DK	07869422.1	DK/EP 2125810	24-Apr-2013	Registered
[***]	[***]	[***]	[***]	[***]
DZ	090453	6648	27-Jul-2011	Registered
EA	200970605	016312	30-Apr-2012	Registered
[***]	[***]			[***]
EE	07869422.1	2125810	24-Apr-2013	Registered
[***]	[***]			[***]
EP	P-2013/315	2125810		Registered
ES	07869422.1	2125810	24-Apr-2013	Registered
FI	07869422.1	2125810	24-Apr-2013	Registered
FR	07869422.1	2125810	24-Apr-2013	Registered
GB	07869422.1	2125810	24-Apr-2013	Registered
GC	9774	GC0008107	20-Jun-2018	Registered
GD	07869422.1	13	11-Jul-2013	Registered
GE	AP2007011376	P5511	08-Jun-2012	Registered
GR	07869422.1	2125810	24-Apr-2013	Registered
[***]	[***]			[***]
HR	07869422.1	P20130684	24-Apr-2013	Registered
HU	07869422.1	E019309	24-Apr-2013	Registered
ID	W-00 2009 01717	ID P0032324	19-Nov-2012	Registered
IE	07869422.1	2125810	24-Apr-2013	Registered
IL	199362	199362	01-Nov-2013	Registered
IN	2589/KOL NP/2009	275359	31-Aug-2016	Registered
IS	07869422.1	2125810	24-Apr-2013	Registered

IT	07869422.1	2125810	24-Apr-2013	Registered
JO	P/555/2007	2985	07-Feb-2017	Registered
JP	2009-543137	5513127	04-Jun-2014	Registered
[***]	[***]			[***]
KR	7015218/2009	10-1488467	23-Jan-2015	Registered
LT	07869422.1	2125810	24-Apr-2013	Registered
LU	07869422.1	2125810	24-Apr-2013	Registered
LV	07869422.1	2125810	24-Apr-2013	Registered
MA	PV/32088	31151	01-Feb-2010	Registered
MC	07869422.1	2125810	24-Apr-2013	Registered
MK	P-2013/291	2125810	24-Apr-2013	Registered
MT	07869422.1	2125810	24-Apr-2013	Registered
MX	MX/a/2009/006675	293050	01-Dec-2011	Registered
MY	PI20092545	MY-157871-A	29-Jul-2016	Registered
[***]	[***]	[***]	[***]	[***]
NL	07869422.1	2125810	24-Apr-2013	Registered
NO	20092692	342270	30-Apr-2018	Registered
NZ	578310	578310	07-May-2012	Registered
PC	PCT/US2007/087913			Expired
PE	000065-2008	6252	07-Dec-2011	Registered
PH	1-2009-501221	1-2009-501221	03-Nov-2015	Registered
PK	1473/2007	140705	23-Apr-2010	Registered
PL	07869422.1	2125810	24-Apr-2013	Registered
PT	07869422.1	2125810	24-Apr-2013	Registered
RO	07869422.1	2125810	24-Apr-2013	Registered
RS	P-2013/315	52887	24-Apr-2013	Registered
SE	07869422.1	2125810	24-Apr-2013	Registered
SG	200904081-7	153369	15-Sep-2011	Registered
SI	07869422.1	2125810	24-Apr-2013	Registered
SK	07869422.1	2125810	24-Apr-2013	Registered
[***]	[***]			[***]
TN	TN2009/0249	20997	20-Sep-2011	Registered
TR	07869422.1	2125810	24-Apr-2013	Registered
TW	096149026	I396538	21-May-2013	Registered
UA	200907471	98479	25-May-2012	Registered
US	60/870,913			Registered
US	11/958,999	8,030,317	04-Oct-2011	Registered
US	12/520,247	8,293,901	23-Oct-2012	Registered
[***]	[***]			[***]
US	13/450,064	8,470,837	25-Jun-2013	Registered
[***]	[***]			[***]
VN	1-2009-01519	11910	15-Oct-2013	Registered
ZA	2009/04682	2009/04682	29-Sep-2011	Registered

Exhibit D

Summary:

Exhibit D describes the transfer plan for transferring the IND, electronic documents, and other technical documents from the licensor to the licensee.

[***]

Exhibit E
Development Plan

Summary:

Exhibit E outlines the licensee's development plan for the licensed compound, including anticipated timelines for completing certain pre-clinical and clinical tasks.

[***]

Exhibit F

Press Release

Recursion Enters Into Global Licensing Agreement with Takeda to Develop TAK-733 in Hereditary Cancer Syndrome

DATE, 2020 – SALT LAKE CITY – Recursion, a digital biology company industrializing drug discovery, today announced it has entered into a global licensing agreement with Takeda Pharmaceutical Company Limited (Takeda) to gain rights to TAK-733, a clinical-stage MEK inhibitor, and develop it for the treatment of a hereditary cancer syndrome and related areas of oncology.

“TAK-733 is a great example of the power of our approach to decode challenging and important areas of biology. By applying machine learning to images of cells, we capture cellular changes accompanying hundreds of unique biological perturbations, and even loss of just a single gene.” said Chris Gibson, Ph.D., co-founder and CEO, Recursion. “Using our platform, we uncovered targeted areas of oncology where TAK-733 could be effective. And because our dataset is fully relatable, we then cross-referenced TAK-733 against hundreds of disease models we’ve developed already or will develop in the coming years.”

TAK-733 was identified as a potential treatment for a hereditary tumor syndrome using Recursion’s approach to creating cellular models of diseases where genes are inactive. Using its automated drug discovery platform, Recursion discovered the potential of TAK-733 by testing more than 200 potential molecules from Takeda’s library against the most effective potential treatment for cancers carrying particular mutations.

“We’re making immense progress in oncology by understanding the genetic drivers of different tumor types and developing targeted therapeutics,” said Ron Alfa, M.D., Ph.D., Senior Vice President, Translational Discovery. “Almost all available drugs today target a particular type of mutation that result in activated proteins — oncogenes. However, most tumors also harbor mutations that eliminate or deactivate proteins, tumor suppressors, and only a few of these pathways have been understood well enough to develop therapeutics. Recursion’s platform opens the door to discovering targeted therapeutics that are effective when these tumor suppressors are inactive.”

Under the terms of the agreement, Recursion obtains exclusive worldwide rights to develop and commercialize TAK-733. For more information on Recursion, please visit www.recursionpharma.com.

About Recursion

Recursion is a digital biology company industrializing drug discovery. Recursion does this by combining automation, artificial intelligence, machine learning, in vivo validation capabilities and a highly cross-functional team to discover novel medicines that expand our collective understanding of biology. Recursion’s rich, relatable database of 4 petabytes of biological images generated in-house on the company’s robotics platform enables advanced machine

learning approaches to reveal drug candidates, mechanisms of action, novel chemistry, and potential toxicity, with the eventual goal of decoding biology and advancing new therapeutics that radically improve people's lives. Recursion is proudly headquartered in Salt Lake City. Learn more at www.recursionpharma.com, or connect on Twitter and LinkedIn.

# #

Media Contact:

Amanda Guisbond
amanda.guisbond@recursionpharma.com

LEASE AGREEMENT

By and Between:

INDUSTRY OFFICE SLC, LLC
a Delaware limited liability company
LANDLORD

and

RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation
TENANT

650 South 500 West
Salt Lake City, UT 84101

INDUSTRY COMMERCIAL BUILDING OFFICE LEASE

SALT LAKE CITY

SUMMARY OF BASIC LEASE TERMS

Capitalized terms, first appearing in quotations in this Summary of Basic Lease Terms, elsewhere in the Lease or any Exhibits, are definitions of such terms as used in the Lease and Exhibits and shall have the defined meaning whenever used.

1) "**Effective Date**":	The date of the last signature affixed to this Lease.
2) "**Commencement Date**":	The first day after each of the following has occurred: (a) Landlord has delivered the Premises to Tenant with Landlord's Work Substantially Completed (both in Warm Shell Condition and completion of the Office Improvements (as each is defined in the Work Letter attached as **Exhibit C** hereto (the "**Work Letter**")), and (b) Tenant has completed its improvements to the Laboratory Premises (as defined herein); provided, however, that in no event shall the actual Commencement Date and the commencement of Tenant's Base Rent obligations occur later than May 31, 2022 (the "**Outside Commencement Date**"). The anticipated Commencement Date shall be set forth in the Schedule (as defined in the Work Letter).
3) "**Expiration Date**":	The last day of the twenty-fourth (24th) full calendar month following the Commencement Date.
4) "**Lease Term**" or "**Term**":	Twenty-Four (24) whole calendar months following the Commencement Date.
5) **"Building Address"**:	650 South 500 West, Salt Lake City, Utah 84101
6) "**Landlord**":	INDUSTRY OFFICE SLC, LLC, and/or its assigns
7) "**Landlord's Address**":	c/o INDUSTRY Denver 3001 Brighton Boulevard, Suite 449 Denver, CO 80216 ATTN: SLC Management Email: slcmgmt@industryoffice.com
8) **"Tenant":**	Recursion Pharmaceuticals, Inc., a Delaware corporation
9) **"Tenant's Address":**	Recursion Pharmaceuticals, Inc. 41 South Rio Grande Street Salt Lake City, Utah 84101 Contact: Tina Larson Email: tina.larson@recursion.com

10) "**Building**": INDUSTRY Salt Lake City Commercial Building.

11) "**Building Complex**": The Building Complex is comprised of the Land, the Building (along with all improvements and common areas), and the garage.

12) "**Land**": The land legally described on **Exhibit A-1** attached hereto, upon which the Building is situated.

13) "**Security Deposit**": One Hundred Eighty Thousand and 00/100 Dollars ($180,000.00) due within ten (10) days of the Effective Date.

14) "Premises": The area of the Building containing at least 25,000 rentable square feet ("**RSF**") (but not to exceed 55,000 RSF) generally depicted on a floor plan to be attached as **Exhibit B** hereto on or before March 31, 2021, with an address of 650 South 500 West, Suite **TBD**, Salt Lake City, Utah, 84101. The final location and RSF of the Premises shall be determined by the parties during the co-design process outlined in the Work Letter and shall be certified per as-built architectural drawings and memorialized in the Commencement Date, Premises Area Measurement and Base Rent Confirmation Certificate as depicted in **Exhibit E** attached hereto. The portion of the Premises containing office uses is referred to herein as the "**Office Premises**" and the portion containing laboratory / research and development uses is referred to herein as the "**Laboratory Premises**."

15) "**Base Rent**": From and after the Commencement Date, Tenant shall pay monthly Base Rent in accordance with the following schedule. The monthly and annual Base Rent shall be certified per as-built architectural drawings and memorialized in the Commencement Date, Premises Area Measurement and Base Rent Confirmation Certificate as depicted in **Exhibit E** of the Lease by multiplying the Base Rent PSF by the final, certified area (Base Rent PSF shall not change). Tenant shall be responsible for Building and Amenity Expenses during any Base Rent abatement periods.

BASE RENT (OFFICE PREMISES)

Period	Annual Base Rent PSF	Estimated Expenses PSF*	Estimated Monthly Rent
Commencement Date – Month 12	$ 25.00	$ 9.01	
Month 13 – Expiration Date	$ 25.75	$ 9.01	

BASE RENT (LABORATORY PREMISES)

Period	Annual Base Rent PSF	Estimated Expenses PSF*	Estimated Monthly Rent
Commencement Date – Month 12	$ 18.00	$ 9.01	
Month 13 – Expiration Date	$ 18.54	$ 9.01	

* Estimate only. Additional Rent, including Building Expenses and Amenity Expenses, shall be calculated and reconciled as set forth in Paragraph 4 below.

16) "**Guaranty**": Intentionally omitted.

17) "**Permitted Use**": General office, scientific and laboratory uses, including, without limitation, wet and dry laboratory uses (including, without limitation, a chemistry laboratory) and research and development uses, together with all ancillary uses relating thereto, subject to the limitations set forth in this Lease.

INDUSTRY COMMERCIAL BUILDING
OFFICE LEASE

THIS INDUSTRY COMMERCIAL BUILDING OFFICE LEASE (this "**Lease**") is dated as of the Effective Date, by and between Landlord and Tenant. Landlord and Tenant for themselves and their successors and assigns, hereby agree as follows:

1. **Premises**. Landlord, in consideration of the rents to be paid and the covenants and agreements to be performed by Tenant as hereinafter set forth, hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises for the exclusive use of the Tenant in the Building for the Lease Term and upon the conditions and agreements hereinafter set forth below. Landlord and Tenant stipulate that the estimated rentable square footages of the Premises and the Building, respectively, are as set forth in the Summary of Basic Lease Terms.

This Lease shall constitute a binding agreement between the parties effective as of the Effective Date. In addition to the use of Premises, Tenant shall have use of all of the hallways, entryways, stairs, elevators, driveways, parking areas, walkways, common kitchens, conference rooms, restrooms and all other areas in the Building or on the Land that are provided from time to time by Landlord for the general nonexclusive use by Tenant and other tenants of the Building (the "**Common Area**"). Tenant will have the ability to use additional amenities, on a non-exclusive basis, including certain common kitchens, bathrooms, conference rooms, and other amenities provided by the Landlord to Tenant from time to time pursuant to the terms of this Lease (the "**Amenities**"), which Amenities are a part of the Common Area and situated in certain areas designated by Landlord (the "**Amenities Area**"). Provisions regarding the remodeling or construction of Landlord's Work within the Premises are set forth in the Work Letter. Except as set forth in the Work Letter or otherwise in this Lease, Landlord has no obligation for the completion of any finish work or remodeling of the Premises, other than being delivered freshly painted and in broom clean condition. Other than as set forth herein, Tenant shall accept the Premises on the Commencement Date in their "as is" condition, and, except as expressly set forth in this Lease, Landlord shall not be deemed to have made any representations or warranties with respect to the suitability of the Premises for Tenant's use, or otherwise, and shall have no other obligation for the completion of the Premises. By taking possession of the Premises, Tenant shall be deemed to have agreed that the same is in good order, repair, and condition. Notwithstanding the foregoing, Tenant may access the Premises prior to the Commencement Date for purposes of constructing and installing its improvements within the Laboratory Premises. Any such period of early occupancy shall be governed by all of the terms and conditions of this Lease, except that Tenant shall have no obligation to pay rent except as set forth in Paragraph 3.

2. **Term**. The term of this Lease shall be for the Lease Term, beginning at 12:00 midnight on the Commencement Date and expiring at 11:59 p.m. on the Expiration Date. Within ten (10) days of the Commencement Date, Landlord and Tenant shall execute a Commencement Date Certificate in the form attached as **Exhibit E** hereto setting forth the exact date of the Commencement Date and the Expiration Date of the Lease Term; provided, however, that failure to enter into the Commencement Date Certificate shall not affect the Commencement Date or the occurrence thereof. Notwithstanding anything herein to the contrary, if prior to the Commencement Date either Tenant or Landlord determines that (a) the Building cannot feasibly accommodate Tenant's technical or design specifications within Landlord's or Tenant's construction budget (and Tenant is otherwise unwilling to pay for such increased costs and expenses), or (b) Tenant will not be permitted by any applicable governmental authority with jurisdiction to use and occupy the Premises for any of the uses comprising the Permitted Use or as otherwise contemplated under this Lease, then either Landlord or Tenant may terminate this Lease

upon written notice to the other so long as (i) such notice is provided in writing not later than forty-five (45) days after the date of the last signature affixed to this Lease, and (ii) Tenant reimburses Landlord for the actual, reasonable costs and expenses incurred by Landlord as of the date of termination, including, without limitation, design and engineering costs and other hard and soft costs, to complete Landlord's Work, with such reimbursement due within thirty (30) days after written request of Landlord, together with reasonable supporting documentation of such costs. Upon such termination and reimbursement required hereunder by Tenant, neither party shall have any further obligation or liability to the other under this Lease.

3. **Base Rent**. The Base Rent shall be payable in monthly installments as set forth in Item 15 of the Summary of Basic Lease Terms, in advance without notice, demand, setoff or deduction, due and payable from and after the Commencement Date; provided, however, the initial payment of Base Rent for the first month of the Term shall be paid by Tenant to Landlord no later than thirty (30) days after the date of the last signature affixed to this Lease, and will be applied to the entire first full month's Base Rent due hereunder. Thereafter the monthly installments shall be due on the 1st day of each month following the Commencement Date. The Base Rent and Additional Rent are collectively referred to herein as "**Rent**," and shall be paid to Landlord without notice or demand, unless expressly provided for herein, and without deduction or offset, to Landlord's Address or to such other person or place as Landlord may from time to time designate in writing. All other sums or charges as are required to be paid by Tenant under this Lease in addition to Base Rent, including without limitation Building Expenses and Amenity Expenses (both as defined and determined below), shall be referred to as "**Additional Rent**" and shall be payable in the manner provided for herein and recoverable by Landlord as Rent.

4. **Additional Rent**. In addition to Base Rent, Tenant shall pay Tenant's Building Expense Pro-Rata Share (as hereinafter defined) of the expenses described below ("**Building Expenses**"). Tenant will also pay Tenant's Amenity Expense Pro-Rata Share (as hereinafter defined) of charges for Tenant's use of the Amenities ("**Amenity Expenses**") to be determined by the Landlord, as set forth below.

(a) Building Expenses. All tenants that have access to the Amenities in the Building are referred to herein as the "**Collaborative Tenants**." The combined leased premises of all the Collaborative Tenants and the amenity area is collectively referred to herein as the "**Collaborative Office**." Tenant will pay a pro-rata share of the total Building Expenses allocated to the Collaborative Office where the numerator is the square footage of the Premises and the denominator is the sum total of the square footage of the leased premises of all Collaborative Tenants including space held by Landlord to be rented by future tenants ("**Tenant's Building Expense Pro-Rata Share**").

(b) Building Expenses include all reasonable, customary and actual costs, expenses, fees and other charges actually incurred by Landlord in the connection with this Lease and the ownership, operation, management, maintenance and repair of the Building determined in accordance with generally accepted accounting principles consistently applied, including, without limitation, the following:

(i) reasonable wages and salaries of all employees directly and actually engaged in the operation, repair, replacement, maintenance or security of the Building, including taxes, insurance, other benefits and overhead related thereto;

(ii) all supplies and materials used in the operation and maintenance of the Building, including holiday decorations;

(iii) costs of all utilities and maintenance of utility systems for the Building, including but not limited to the cost of water, power, heating, lighting, air conditioning, ventilating, sewer and trash disposal, except for those costs billed to Tenant or other tenants;

(iv) costs of all third party maintenance and service agreements for the Building, including, but not limited to, alarm service, janitorial service, window cleaning, security service, elevator maintenance, grounds maintenance and heating, ventilating and air conditioning systems to the extent such agreements are not separately billed to Tenant or other tenants;

(v) costs of all insurance premiums relating to the Building, including, without limitation, the cost of casualty, liability and property damage insurance applicable to the Building and Landlord's personal property used in connection therewith (except to the extent that any tenant pays Landlord directly or is otherwise responsible for increases in insurance premiums caused by the acts or omissions of such other tenant in the Building, which shall be the obligation of such other tenant);

(vi) costs of any repairs and general maintenance to the Building, or any part thereof and the equipment therein (excluding repairs and general maintenance paid by proceeds of insurance, by Tenant or by other third parties, and alterations attributable solely to tenants of the Building);

(vii) capital investment items, excluding costs of the original construction of the Building, (amortized over the useful life of such item) which reduce Building Expenses, or which are required by any governmental order, including the cost of compliance with any laws affecting the Building;

(viii) professional management fees to manage the Building, including, without limitation, rental for the manager's office space and costs of supplying the manager with commercially reasonable and customary office equipment and storage space in the Building, and the pro rata share attributable to the Building for commercially reasonable and customary amounts directly charged to the Building Complex for the manager's salary plus benefits;

(ix) accounting, inspection, legal and other consultation fees or expenses of enforcing the rules and regulations of the Building which are incurred in the ordinary course of operating the Building including, without limitation, commercially reasonable fees charged by consultants retained by Landlord for services that are intended to produce a reduction in Building Expenses, reduce the rate of increase in Building Expenses, or reasonably improve the operation, maintenance, or state of repair of the Building Expenses, and any dues or other assessments charged or imposed as a result of the inclusion of the Building in any metropolitan district or property owners association or sub-association;

(x) costs incurred by Landlord, or its agents, in engaging experts or other consultants to assist them in making the computations required hereunder;

(xi) all real estate taxes and assessments, including without limitation special assessments, imposed upon the Land and Building by any governmental bodies or authorities, and all charges specifically imposed in lieu of such taxes and any costs incurred in connection with appealing or contesting such assessments. The term "taxes" as used in this paragraph shall not include state, local or federal personal and corporate income taxes measured by the income of Landlord; estate and inheritance taxes, franchise, succession and transfer taxes; interest on taxes and penalties resulting from failure to pay real estate taxes; and ad valorem taxes on Landlord's personal furniture and furnishings, and on Landlord's leasehold improvements to the extent that the same exceed standard Building allowances;

(xii) costs for lighting, heating and cooling, painting and cleaning the Building;

(xiii) costs of maintenance, lighting, sanding, paving repairs, restriping and general maintenance of parking areas, snow and ice removal, rubbish removal and landscaping; and

(xiv) costs of licensing, permits, service and usage charges, costs of compliance with all rules and regulations and orders of governmental authorities pertaining to the Building, including those related to engineering and environmental issues, air pollution control and monitoring air quality, and any costs of any environmental clean-up undertaken by Landlord as a result of environmental contamination caused solely by or under Tenant.

TENANT UNDERSTANDS THAT THE BUILDING IS AN EVOLVING OFFICE ENVIRONMENT. THE DENOMINATOR FOR THE CALCULATION OF TENANT'S BUILDING EXPENSE PRO-RATA SHARE OF THE COLLABORATIVE TENANTS WILL FLUCTUATE BASED ON THE NUMBER AND SIZE OF THE TENANTS AND HOW THE BUILDING IS UTILIZED.

(c) Building Expenses expressly exclude the following:

(i) costs incurred in connection with the initial development and improvement of the Building Complex or Building, including, without limitation, impact fees;

(ii) costs of capital improvements (as opposed to capital repairs that are capital in nature), except to the extent the same are either expected to reduce the normal Building Expenses (including, without limitation, utility costs) of the Building, or for the purpose of complying with any law, rule or order (or amendment thereto) not in effect as of the date of this Lease. All capital costs that are allowable as Building Expenses shall be amortized using a commercially reasonable interest rate over the time period reasonably estimated by Landlord to be the item's useful life;

(iii) non-cash items, such as but not limited to depreciation and amortization (except as set forth in subsection (ii) above);

(iv) debt service on indebtedness secured by any mortgage, deed of trust or similar instrument encumbering the Building, and points, prepayment penalties and financing and refinancing costs for such indebtedness, including, without limitation, the cost of appraisals, title insurance and environmental, geotechnical, zoning and other reports;

(v) expenses of procuring tenants and marketing, negotiating and enforcing Building leases, including, without limitation, brokerage commissions, attorneys' fees, advertising and promotional expenses, rent concessions and costs incurred in resolving disputes and/or in removing and storing the property of former tenants and other occupants of the Building;

(vi) expenses of any tenant improvement work that Landlord performs for any tenant or prospective tenant of the Building, including, without limitation, tenant improvement work to the Premises that Landlord performs for Tenant, and of relocating and moving any tenant in the Building;

(vii) items for which Landlord is otherwise reimbursed or would have been reimbursed but for Landlord's failure to comply with the requirements therefor, including, without limitation, by insurance or condemnation proceeds or under any warranties;

(viii) expenses (including, without limitation, late fees, penalties and interest) resulting from the violation of laws or any contract by Landlord, Landlord's employees, agents or contractors, including, without limitation, any expenses arising out of Landlord's failure to make timely payment and performance of its obligations;

(ix) Landlord's general corporate overhead;

(xi) expenses for repairs and other work caused by (a) construction or design defects to the initial shell and core of the Building, or (b) the failure of the Building to comply as of the Commencement Date with any then-existing laws;

(xiii) expenses to remove hazardous materials (as defined below) in or under the Building, Land or the Building Complex not caused by or under Tenant;

(xiv) expenses in connection with services or other benefits provided on an ongoing basis to other Building tenants that are not available to Tenant;

(xv) costs as a result of (a) the negligence or willful misconduct of Landlord or Landlord's employees, agents or contractors, (b) the breach by Landlord of any lease in the Building beyond any applicable notice and cure period, and (c) the negligence or willful misconduct of other identified tenants of the Building;

(xvi) costs for which Landlord receives payment from other tenants directly (other than as a part of Building Expenses) under the provisions of such tenants' leases, and the cost of any item or service for which Tenant separately reimburses Landlord or pays third parties;

(xvii) rental under any ground or underlying lease and under any lease or sublease assumed, directly or indirectly, by Landlord (e.g., a take-back sublease);

(xviii) Landlord's charitable, civic and political contributions and professional dues (excepting any LEED or similar certification applicable to the Building or Project, the commercially reasonable amounts associated therewith shall be recoverable Building Expenses);

(xix) costs arising from actual and potential claims, litigation and arbitration pertaining to Landlord and the Building Complex (including in connection therewith all attorneys' fees and costs of settlement and judgments and payments in lieu thereof);

(xx) excluding the Amenities, expenses for special events and other uses of the Building by third parties, including, without limitation, shows, promotions, filming, photography, private events and parties and ceremonies;

(xxii) costs of selling, syndicating and otherwise transferring the Building and Landlord's interest in the Building, including, without limitation, brokerage commissions, attorneys' and accountants' fees, closing costs, title insurance premiums and transfer and other similar taxes and charges;

(xxiii) costs of "tap fees" and sewer and water connection fees for the benefit of any particular tenant in the Building; and

(xxix) bad debt and rent loss reserves.

(d) The Building Expenses that vary with occupancy and that are attributable to any part of the Lease Term in which less than 95% of the rentable square footage of the Building is occupied by tenants, will be adjusted by Landlord to the amount which Landlord reasonably believes that they would have been if 95% of such area had been so occupied. Notwithstanding the foregoing, Amenity Expenses shall be grossed up to (which, excepting any management or administrative fees expressly permitted herein), shall not exceed 100%.

(e) Amenity Expense. Tenant will pay a monthly Amenity Expense for use of the Building's Amenities. Determination of the monthly Amenity Expense amount will be based on the Tenant's share of the rentable square footage of the Collaborative Office and the number of employees working in the Building with adjustments made by Landlord, in Landlord's sole discretion ("**Tenant's Amenity Expense Pro-Rata Share**"; Tenant's Building Expense Pro-Rata Share and Tenant's Amenity Expense Pro-Rata Share are sometimes collectively referred to herein as "**Tenant's Pro-Rata Share**"). Reasons for adjustments to Tenant's Amenity Expense Pro-Rata Share include (but are not limited to) unusually heavy use of Amenities by Tenant (but not other tenants of the Building), extra cleaning or damage after events held by Tenant (but not other tenants of the Building), use of rented equipment, or any disproportionate use by Tenant (but not other tenants of the Building) of the Amenity Area that results in actual additional expenses incurred by Landlord. Amenity Expense items include (but are not limited to) building internet, building receptionist, coffee, tea, milk, kitchen water machines, building programing, Common Area technology (i.e. projectors, video conferencing, etc.), concierge services and general kitchen supplies.

TENANT UNDERSTANDS THAT THE COMMON AREA, THE AMENITY AREA(S) AND AMENITIES ARE PROVIDED FOR THE USE OF ALL TENANTS. IN ORDER TO ENSURE AMENITIES ARE NOT ABUSED BY ONE TENANT AT THE EXPENSE OF THE OTHERS, LANDLORD WILL ASSESS MONTHLY AMENITY EXPENSES IN ITS SOLE BUT REASONABLE DISCRETION.

(f) Payment of Building Expenses and Amenity Expenses. For each calendar year during the Lease Term, Landlord shall provide Tenant with Landlord's reasonable estimate of Tenant's Pro-Rata share of Building Expenses and Amenity Expenses for the following calendar year (the "**Estimate Statement**"), which shall show, in reasonable detail, the breakdown of estimated Building Expenses and Amenity Expenses for such year by category. Tenant shall thereafter pay in advance in monthly installments, with the Base Rent, Tenant's Pro-Rata Share of the Building Expenses and Amenity Expenses. Such Estimate Statement shall be based on the actual Building Expenses and Amenity Expenses for the immediately preceding calendar year and Landlord's reasonable estimate of such expenses for the following calendar year. If, based on actual expenses incurred during such calendar, Landlord determines that the Estimate Statement materially over or underestimates Tenant's Pro-Rata share, Landlord may (but if the variation is a material reduction in Tenant's Pro-Rata share, Landlord shall) deliver to Tenant (but no more than

once every calendar year under the Lease) a revised the Estimate Statement, together with reasonable documentation justifying such change. Tenant shall have no less than 30 days after the delivery of any Estimate Statement to may any payment required to be made pursuant thereto. Landlord shall within the period of 120 calendar days (or as soon thereafter as possible) after the close of each calendar year give Tenant a statement showing in reasonable detail such year's actual Building Expenses and Amenity Expenses, together with a reconciliation statement comparing the actual costs with the costs set forth in the Estimate Statement. In the event such reconciliation statement reveals an underpayment by Tenant, Tenant shall, within 30 days, pay to Landlord the amount of such underpayment. If, on the other hand, the reconciliation statement reveals an overpayment, then Landlord shall promptly refund to Tenant the amount of such overpayment within 30 days or, at Tenant's election, credit such amount to the succeeding monthly installments of Base Rent; provided, however, no refunds of Additional Rent, or amounts escrowed hereunder, shall be paid to Tenant if Tenant is in default of any of its obligations under the Lease beyond any applicable notice and cure period. The failure of Landlord to submit statements provided for herein shall not relieve Tenant of its obligation to pay Tenant's Pro-Rata Share of Building Expenses and Amenity Expense; provided, however, Landlord shall not be entitled to collect from Tenant any Building Expenses or Amenity Expenses that are billed to Tenant for the first time more than twenty-four (24) months after such expenses arise; however, the limitation set forth in this clause shall not apply with respect to taxes or Tenant's obligation to pay any deficiency with respect to Tenant's share of taxes for any calendar year. Excepting any management or administrative fees expressly permitted herein. for any particular calendar year of the Term, Landlord may not collect Building Expenses or Amenity Expenses from tenants in the Building in an amount that is in excess of one hundred percent (100%) of the Building Expenses or Amenity Expenses, as applicable, actually paid or incurred by Landlord for such calendar year. Landlord shall use commercially reasonable efforts to control Building Expenses and Amenity Expenses to the extent reasonably practicable, and shall pay all Building Expenses and Amenity Expenses in a timely manner prior to delinquency.

Notwithstanding anything contained in this Paragraph 4 to the contrary, at Landlord's option: (i) Landlord shall have the right, acting reasonably and in good faith, to allocate certain Building Expenses to less than all of the occupants in the Building, in which event Tenant's share of such costs (the "**Cost Pool**") shall be as follows: (A) in the event Tenant is one of the occupants participating in such Cost Pool, its share of such Building Expenses shall be calculated in the manner set forth in Paragraph 4(a), but the denominator used to determine such share shall exclude those occupants not participating in such Cost Pool; or (B) in the event Tenant is not one of occupants participating in such Cost Pool, its share of such Building Expenses shall be set forth in the manner set forth in Paragraph 4(a) but the denominator used to determine such share shall exclude those occupants participating in such Cost Pool; or (ii) Landlord shall have the right to cause Tenant to directly pay for any extraordinary expenses resulting from Tenant's operations from the Premises.

(g) Audit. So long as Tenant is not then in monetary default of any term or condition of this Lease beyond any applicable notice and cure period, Tenant shall have the right to conduct a Tenant's Review, as hereinafter defined, at Tenant's sole cost and expense (except as provided herein) (including, without limitation, photocopy and delivery charges), upon thirty (30) days' prior written notice to Landlord. "**Tenant's Review**" shall mean a review and audit of Landlord's books and records relating to (and only relating to) Building Expenses and Amenity Expenses payable by Tenant hereunder for the most recently completed calendar year as reflected on Landlord's final year-end reconciliation of Building Expenses and Amenity Expenses ("**Final Statement**"). Tenant's Review must be performed by either an employee of Tenant or by a Certified Public Accountant ("**CPA**") reasonably satisfactory to Landlord. Tenant must elect to

perform a Tenant's Review by written notice of such election received by Landlord within ninety (90) days following delivery to Tenant of the Final Statement for the most recently completed calendar year. In the event that Tenant fails to make such election in the time and manner required or fails to diligently perform such Tenant's Review to completion, then Landlord's calculation of Building Expenses and Amenity Expenses shall be final and binding on Tenant. Tenant hereby acknowledges and agrees that even if it has elected to conduct a Tenant's Review, Tenant shall nonetheless pay all Building Expenses and Amenity Expenses payments to Landlord, subject to readjustment. Tenant further acknowledges that Landlord's books and records relating to the Building may not be copied in any manner, are confidential, and may only be reviewed at any time during normal business hours at a location reasonably designated by Landlord, but Landlord will make such records available within the metropolitan area in which the Premises is located. Tenant shall provide to Landlord a copy of Tenant's Review as soon as reasonably possible after the date of such Tenant's Review. If Tenant's Review reflects a reimbursement owing to Tenant by Landlord, and if Landlord disagrees with Tenant's Review, then Tenant and Landlord shall jointly appoint an auditor to conduct a review ("**Independent Review**"), which Independent Review shall be deemed binding and conclusive on both Landlord and Tenant. If the Independent Review results in a reimbursement owing to Tenant equal to four percent (4%) or more of the amounts reflected in the Final Statement, the costs of the Independent Review shall be paid by Landlord, but otherwise Tenant shall pay the costs of Tenant's Review and the Independent Review. For any overcharge, Tenant shall be entitled to receive, at Tenant's option, a credit against Tenant's upcoming Rent payments or a refund due and payable to Tenant within thirty (30) days after completion of such Tenant Review or Independent Review, as applicable. Under no circumstances shall Tenant conduct a review of Landlord's books and records whereby the auditor operates on a contingency fee or similar payment arrangement. Any such reviewer must sign a commercially reasonable non-disclosure, non-solicitation, and confidentiality agreement. Tenant agrees to use reasonable efforts to keep the results of its audit confidential, except for such disclosures to Tenant's agents, employees, attorneys, accountants, financial advisors, officers, directors, members and contractors, and except for such disclosures as may be required by law, compelled by judicial process or which may be necessary to enforce the terms and provisions of this Lease.

5. **Security Deposit**. Within ten (10) days of the Effective Date, Tenant shall deposit with Landlord the Security Deposit as set forth in Item 13 of the Summary of Basic Lease Terms as security for the full and faithful performance by Tenant of all Tenant's obligations hereunder. No interest shall be paid upon the Security Deposit nor shall Landlord be required to maintain the deposit in a segregated account. The Security Deposit shall not be construed as prepaid Rent. In the event that Tenant shall default in the full and faithful performance of any of the terms hereof, then Landlord may either retain the Security Deposit as liquidated damages, or a portion thereof, for damages caused by Tenant beyond ordinary wear and tear, or Landlord may retain the same and apply it toward any damages sustained by Landlord, including but not limited to actual damages sustained by the Landlord by reason of the default of Tenant, including any past due Rent. Upon each such application, Tenant shall, on demand, pay to Landlord the sum so applied, which shall be added to the Security Deposit so that the same shall be restored to the amount first set forth above. In the event of bankruptcy or other debtor-creditor proceedings, either voluntarily or involuntarily instituted by or against Tenant, the Security Deposit shall be deemed to be applied in the following order: to actual damages caused by Tenant beyond ordinary wear and tear, obligations and other charges, including any damages sustained by Landlord, other than unpaid Rent, due to Landlord for all periods prior to the filing of such proceedings; to accrued and unpaid Rent prior to the filing of such proceeding, and thereafter to actual damages, obligations, other charges and damages sustained by Landlord and Rent due the Landlord for all periods subsequent to such filing. In the event of a sale of the Land and the Building, Landlord shall transfer the

Security Deposit to the buyer, and shall confirm the same to Tenant in writing, after which transfer and written confirmation Landlord shall have no further obligation regarding the Security Deposit. Notwithstanding the foregoing, and so long as Tenant is not in default of this Lease beyond any applicable cure period, Landlord shall return to Tenant (or, at Tenant's option, or apply to subsequent payments of Rent due hereunder) a portion of the Security Deposit in the amount of Sixty Thousand and 00/100 Dollars ($60,000.00) upon the first anniversary of the Commencement Date and also upon the date that is eighteen (18) months after the Commencement Date. The remaining balance of the Security Deposit shall be held until the expiration of the Lease Term. If Tenant fully and faithfully complies with all of the terms hereof, the Security Deposit or any balance thereof shall be returned to Tenant within thirty (30) days after expiration of the Lease Term or thirty (30) days after the final day Tenant occupies the Premises.

6. **Character and Design of Building**.

TENANT ACKNOWLEDGES THE ADAPTIVE REUSE OF THE BUILDING MAY RESULT IN THE APPEARANCE OF UNFINISHED OR INTENTIONALLY ROUGH FINISHES. AS SUCH, ITEMS INCLUDING BUT NOT LIMITED TO UNPAINTED BEAMS AND OTHER STEEL WORK, CONCRETE CRACKING (UNLESS STRUCTURAL IN NATURE OR A TRIP OR OTHER HAZARD IN LANDLORD'S REASONABLE OPINION), GRAFFITI AND OTHER SUCH FEATURES MAY BE FOUND THROUGHOUT THE BUILDING AND THE PREMISES. THESE FEATURES ARE BY DESIGN (INTENTIONAL) AND SHALL NEITHER DELAY THE COMMENCEMENT DATE NOR BECOME FEATURES LANDLORD IS REQUIRED TO ALTER.

TENANT ACKNOWLEDGES THE BUILDING HAS BEEN DESIGNED (FROM AN HVAC PERSPECTIVE) FOR AN OCCUPANCY LOAD OF ONE PERSON PER 100 SQUARE FEET OF RENTABLE SPACE. MANY TENANTS EXCEED THIS CAPACITY WITHOUT ISSUE, HOWEVER LANDLORD SHALL NOT BE LIABLE FOR HEATING AND COOLING PROBLEMS, SHOULD THEY OCCUR, IN THE PREMISES IF TENANT EXCEEDS THE RECOMMENDED CAPACITY AND/OR IF TENANT USES EQUIPMENT WHICH, IN LANDLORD'S REASONABLE OPINION, GENERATES SIGNIFICANT QUANTITIES OF HEAT.

TENANT FURTHER ACKNOWLEDGES THERE MAY BE NOISE AND INTERRUPTIONS ON ACCOUNT OF LANDLORD BUILDING OUT IMPROVEMENTS FOR OTHER TENANTS IN THE BUILDING. LANDLORD SHALL USE COMMERCIALLY REASONABLE EFFORTS TO MITIGATE INCONVENIENCES TO ALL TENANTS DURING THE PERIOD FOLLOWING OPENING OF THE BUILDING AND STABILIZATION/LEASE-UP OF OTHER TENANT SUITES – BUT SHALL NOT BE LIABLE TO TENANT FOR OCCASIONAL NOISE.

7. **Use of Premises**.

(a) The Premises and Common Area shall be used for the Permitted Use and for no other purpose without the prior written consent of Landlord, in its sole discretion. Tenant shall have keys and necessary security clearance to access the Building and Premises, including Common Area, 24 hours per day, 7 days per week. Landlord shall supply Tenant with up to five keys FOBs per 1,000 rentable square feet of the Premises at Landlord's sole cost. Additional FOBs shall be provided to Tenant at the cost of $75.00 per FOB. Landlord shall maintain reception staff for the Building from 8 am to 5 pm Mondays through Fridays (excluding holidays); provided, however, that Landlord's failure to do so shall not be a default under this Lease.

(b) Tenant shall act in accordance with and not violate any restrictions or covenants of record affecting the Premises and Common Area or the Building. Tenant shall not use or occupy the Premises and Common Area in violation of any applicable law, code, regulation or ordinance, and shall immediately discontinue any use of the Premises and Common Area which is declared by either any governmental authority having jurisdiction or the Landlord to be a violation of any such law, code, regulation or ordinance. Tenant shall comply with any direction of any governmental authority having jurisdiction which shall, by reason of the nature of Tenant's use or occupancy of the Premises and Common Area, impose any duty upon Tenant or Landlord with respect to the Premises and Common Area or with respect to the use or occupancy thereof.

(c) Tenant shall not do nor permit to be done anything which will invalidate or increase the cost of any casualty and extended coverage insurance policy covering the Building and/or property located therein (and Tenant shall not do nor permit to be done anything which will invalidate or increase the cost of such policy) and shall comply with all rules, orders, regulations and requirements of the appropriate Fire Rating Bureau or any other organization performing a similar function. Tenant shall promptly upon written demand and a reasonable opportunity to cure any problem which results in an invalidation or increase in the cost of any casualty and extended coverage insurance policy, reimburse Landlord, as Additional Rent, for any additional premium charged for such policy by reason of Tenant's failure to comply with the provisions of this paragraph. Tenant shall not do or permit anything to be done in, on or about the Premises and Common Area which would in any way obstruct or interfere with the rights of other tenants or occupants of the Building, or use or allow the Premises and Common Area to be used for any unlawful purpose, nor shall Tenant maintain or permit any nuisance or commit or suffer to be committed any waste in, on or about the Building.

(d) Use of the Premises shall also include Common Area. Tenant shall have the non-exclusive right (except with respect to exclusive, pre-approved events in the Amenity Area(s) (or portion thereof) approved by Landlord) to use the Common Area on a reasonable basis that does not interfere with the ability of other tenants to also use said space or with events which have been scheduled and reserved in advance. It is understood that areas of the Building may be used for events and other uses that may cause significant increase in traffic at certain times and any such use shall not be a basis for any constructive eviction of Tenant, or entitle Tenant to any offset or abatement of Rent so long as Landlord provides at least forty-eighty (48) hours' advance notice of an event that may cause a material disruption to Tenant's use of the Common Areas or Amenity Areas, but in no event shall any such event interfere with Tenant's Permitted Use or its use and occupancy of the Premises; Tenant hereby acknowledging and agreeing to such use by execution of this Lease.

8. **Building Services, Maintenance**.

(a) Landlord shall maintain in good condition and repair and in compliance with all laws (and shall make all repairs and perform all maintenance necessary to keep in good condition) the Building, Common Area of the Building and any structural (including the foundation, roof, and walls) mechanical, plumbing and electrical systems serving the Building and Premises (the cost of which shall be included in the Building Expenses, subject to the provisions of Paragraph 4 of this Lease), the Temporary Parking Area and, if and when constructed, the Structured Parking (as each is defined in Paragraph 14). Landlord shall cause the following utilities to be provided to the Premises: electricity, gas service, hot and cold water, and basic HVAC service per "**Exhibit C**". Landlord shall provide general janitorial services in and about the Common Area of the Building as necessary or desirable in Landlord's reasonable judgment and consistent with the level of janitorial service typically provided in comparable buildings in the downtown area of

Salt Lake City, which janitorial services shall include, but not be limited to, wiping down high traffic glass walls, cleaning floors, and emptying waste baskets and full-sized trash and recycling containers, cleaning and stocking restrooms and kitchens within the Common Area and Amenities Area. Landlord shall be responsible for snow and ice removal, landscaping, and groundskeeping for the Building, Common Area, Amenities Area, Temporary Parking Area and Structured Parking. Tenant is responsible for its own janitorial services in the Premises beyond the normal cleaning services provided by Landlord. In addition, in the event the Premises contains a kitchen or restroom that is not part of the Common Area or Amenities Area, Landlord shall maintain such kitchen and/or restroom in the same manner it maintains the kitchens and restrooms in the Common Area and Amenities Area (i.e., all kitchens and restrooms shall be similarly monitored and stocked by Landlord). With respect to any work performed by Landlord pursuant to this Paragraph 8 and except as otherwise set forth in this Lease, (a) Landlord shall be liable to Tenant only for physical damage caused to Tenant's personal property located within the Premises to the extent such damage is caused by or under Landlord; (b) in no event shall Landlord have any liability to Tenant for any other damages not caused by Landlord, or for any inconvenience or interference with the use of the Premises by Tenant, or for any consequential damages, including lost profits, as a result of performing any such work; and (c) Landlord reserves the right to interrupt any or all utility services to the Common Area or Amenities Area in case of accident or breakdown, or for the purpose of making alterations, repairs or improvements thereto. With respect to any utility services provided by Landlord to the Premises, Landlord shall not be liable for the failure to furnish or delay in furnishing any or all of such services when same is caused by or is the result of strikes, labor disputes, labor, fuel or material scarcity, or governmental or other lawful regulations or requirements, or the failure of any corporation, firm or person with whom the Landlord may contract for any such service, or for any service incident thereto, to furnish same, or is due to any cause; and the failure to furnish any of such services in such event shall not be deemed or construed as an eviction or relieve Tenant from the performance of any of the obligations imposed upon Tenant by this Lease; provided that if Tenant is unable to use the Premises for the Permitted Use for more than three (3) consecutive business days as a result of an interruption within Landlord's reasonable control, Tenant's Base Rent shall be abated from forth (4th) business day following the interruption to the date on which the services are restored; provide if Tenant is unable to use the Premises for one hundred eighty (180) days or more for any reason within Landlord's control, Tenant may terminate this Lease upon written notice to Landlord. Except in exigent circumstances, Landlord shall provide at least five (5) business days' advance notice to Tenant in the event of Landlord's temporary interruption any utility services, and in all instances Landlord shall coordinate repairs to such utility services with Tenant and shall undertake all commercially reasonable efforts to minimize impacts on Tenant's business operations. Notwithstanding any other provision of this Lease, in no event shall Landlord have any liability for loss of business (including, without limitation, lost profits) by Tenant in connection with a failure to furnish utilities as set forth in this Paragraph 8. Tenant shall be solely responsible for and shall promptly pay all charges for IT, telephone, internet and other communication services separately metered to the Premises and billed to Tenant directly.

(b) Tenant shall maintain the Premises in good repair and condition and shall make all repairs and perform all maintenance necessary to keep the Premises in good condition (except for any damage caused by or under Landlord); provided that Landlord shall be responsible for repairing, replacing and maintaining all structural components of the Building (including, without limitation, the foundation, roof, and walls). In addition, Tenant shall promptly repair, in a good and workmanlike manner, any damage to the Premises or other part of the Building caused by any breach by Tenant of this Lease, including Tenant's maintenance obligations set forth herein, or by any act or omission of Tenant, or of any employee, agent or invitee of Tenant. If Tenant fails to do so, after written notice thereof by Landlord, and an opportunity to cure or make repairs within thirty (30) days, Landlord shall have the right to repair any such damage and Tenant shall pay Landlord for the cost of all such repairs, plus interest at the Interest Rate (as defined below).

(c) Tenant shall not permit undue accumulations of garbage, trash, rubbish or other refuse within the Premises and Common Area and shall keep all refuse in appropriate containers until disposal of such refuse. Tenant shall be solely responsible for disposing of all hazardous substances, wastes and materials brought into the Premises or Common Area by Tenant in accordance with applicable law and Landlord shall have no duty or obligation to remove any hazardous substances, wastes or materials brought into the Premises or Common Area by Tenant. Tenant covenants that Tenant shall not use, generate, place, store, release, discharge, transport or otherwise dispose of hazardous materials in, on, about or under the Premises or other portions of the Building in violation of any applicable law and Tenant's use of and operations within the Premises shall strictly comply with all environmental regulations and other applicable laws. If Tenant breaches the foregoing, Tenant shall give Landlord written notice of such breach and shall immediately, at Tenant's sole cost and expense, undertake remedial action in accordance with all environmental regulations; provided, however, Landlord may properly require its consent to the selection of the contractors and other professionals involved in the inspection, testing and removal or remediation activities, the manner and method for performance of such activities and such other matters as may be reasonably required or requested by Landlord for the safety of and continued use of the Building and the tenants and visitors thereof. For purposes of this Lease, "**hazardous materials**" means and includes substances defined as "hazardous materials," "hazardous wastes", "hazardous substances" or "toxic substances" under applicable law as well as any "bio-medical hazardous materials" (as defined in the attached Rider).

(d) Tenant shall have no liability of any kind to Landlord for any pre-existing hazardous materials located in or under the Building or on the Land as of the Effective Date and for any hazardous materials that migrate onto or under the Building or Land or otherwise become present at the Building or Land as the result of the activities of anyone other than Tenant, all of which Landlord shall promptly remove and remediate in compliance with all applicable laws at Landlord's sole cost.

9. **Alterations**. Following the Commencement Date, Tenant shall not make any changes, additions, alterations, improvements or additions to the Premises and Common Area or attach or affix any articles thereto without Landlord's prior written consent, which shall not be unreasonably withheld, conditioned or delayed. All alterations, improvements, and additions to the Premises (other than the Laboratory Premises) and Common Area (as permitted by Landlord in accordance with this Paragraph) shall be done only by Landlord or contractors or mechanics approved by Landlord, and shall be at Tenant's sole expense and at such times and in such manner as Landlord may reasonably approve. Any work approved by Landlord hereunder affecting the Laboratory Premises may be performed, at Tenant's option, by Tenant or its contractors or mechanics (which shall be reasonably approved by Landlord), at Tenant's sole cost and expense. Any mechanics or materialman's lien for which Landlord has received a notice of intent to file or which has been filed against the Premises and Common Area or the Building arising out of work done for, or materials furnished to or on behalf of Tenant, its contractors or subcontractors shall be discharged, bonded over, or otherwise satisfied by Tenant within ten days following the earlier of the date Landlord receives (1) notice of intent to file a lien or (2) notice that the lien has been filed. If Tenant fails to discharge, bond over, or otherwise satisfy any such lien, Landlord may do so at Tenant's expense, and the amount expended by Landlord, including reasonable attorneys' fees, shall be paid by Tenant within 10 days following Tenant's receipt of a bill from Landlord. All alterations, improvements, or additions, whether temporary or permanent in character, made

by Landlord or Tenant in or upon the Premises shall become Landlord's property and shall remain upon the Premises at the termination of this Lease by lapse of time or otherwise, without compensation to Tenant (excepting only Non-Standard Alterations [as defined below] and the following defined "**Tenant's Property**": Tenant's movable office furniture, trade fixtures, office and professional equipment, laboratory equipment and benches, prefabricated laboratory pods and related trade fixtures and equipment, process tanks and piping, materials handling and storage shelving and related fixtures, generators, and any network-powered broadband, communication and/or coaxial cables installed by or for the benefit of Tenant, hereunder "**cabling**").

Further, Landlord may require that Tenant remove any Non-Standard Alterations (hereinafter defined) at the expiration or earlier termination of the Lease Term, and restore the Premises to its prior condition, reasonable wear and tear excepted, but only if Landlord has notified Tenant at the time that Landlord and Tenant agree upon and attach the Plans (as defined in the Work Letter) as **Exhibit C-1** to the Work Letter that Tenant will be required to remove any particular Non-Standard Alteration upon Lease expiration. As used herein, "**Non-Standard Alterations**" shall mean any improvements or alterations constructed within or as part of the Laboratory Premises that cannot be cost-effectively redesigned and/or repurposed for general office use in accordance with Landlord's standard office specifications. Non-Standard Alterations expressly excludes each of the following, which may be surrendered by Tenant and left in place at the end of the Lease Term (collectively, the "**Remaining Improvements**"): upgrades or enhancements to utilities or related services; HVAC equipment and related fixtures; ventilation equipment, including, without limitation, rooftop vents (notwithstanding the provisions of Section 5 of the Rider regarding Rooftop Equipment); loading dock improvements; and flooring. Unless Landlord requires their removal (to the extent permitted, and subject to the terms, provisions and conditions, under this Lease), all Tenant Improvements and Alterations which may be made on the Premises (other than Tenant's Property) shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Lease Term. Except as otherwise set forth below, all of Tenant's Property shall remain Tenant's sole property during and after the Lease Term regardless of whether such property is affixed or attached to the Premises. Unless Landlord notifies Tenant otherwise or if Landlord requests that any alteration, improvement, or addition remain, any other alteration, improvement, or addition made by Tenant to any portion of the Premises other than the Laboratory Premises after the Commencement Date which was designated for Tenant's removal at the time when such alteration, improvement or addition was approved by Landlord pursuant to this Paragraph shall, at Tenant's sole cost, be removed upon the termination of this Lease. Tenant shall also, at Tenant's sole cost, repair any damage caused to the Premises or the Building as a result of any such removal and restore the Premises to substantially the same condition existing as of the Commencement Date. In the event Tenant fails to perform the repairs required hereunder, Landlord shall be entitled to perform the same and recover from Tenant the reasonable costs and expenses thereof, including reasonable attorneys' fees. In the event that Landlord incurs any expenses in the removal of trash, or the cleaning of elevators, public corridors, loading areas, and other Common Areas as a result of Tenant's contractors' work, then Tenant agrees it shall reimburse Landlord within seven calendar days of the date of billing.

10. **Liability Insurance; Indemnity**.

(a) Tenant shall and hereby does indemnify and hold Landlord harmless from and against any and all claims brought against Landlord by a third party arising from: (i) Tenant's use of the Premises or the conduct of Tenant's business or profession therein; (ii) any activity, work, or thing done, permitted or suffered by Tenant in or about the Premises, Common Area, or the Building; (iii) any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease; or (iv) any negligent or willful acts or omissions of

Tenant, or of Tenant's agents, employees or contractors, on or about the Premises, Common Area, or the Building. Tenant shall and hereby does further indemnify, defend and hold Landlord harmless from and against all costs, reasonable attorneys' fees, expenses and liabilities incurred in connection with any such claim or any action or proceeding brought thereon. In case any action or proceeding is brought against Landlord by reason of any such claim, Tenant, upon notice from Landlord, shall defend same at Tenant's expense by counsel reasonably satisfactory to Landlord. Except as set forth in this Lease and subject to Landlord's obligations hereunder, Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises from any cause other than the negligence or intentional act or omission of a Landlord or its representatives, employees or agents.

(b) Landlord shall and hereby does indemnify and hold Tenant harmless from and against any and all claims brought against Tenant by a third party arising from: (i) any breach or default in the performance of any obligation on Landlord's part to be performed under the terms of this Lease; (ii) the presence of any hazardous materials in or under the Building or Land existing on or before the Commencement Date or introduced by Landlord and/or its employees, contractors, and agents; and (ii) the negligent or willful acts of Landlord, or of Landlord's agents, employees or contractors, on or about the Premises, Common Area, or the Building. Landlord shall and hereby does further indemnify, defend and hold Tenant harmless from and against all costs, reasonable attorneys' fees, expenses and liabilities incurred in connection with any such claim or any action or proceeding brought thereon. In case any action or proceeding is brought against Tenant by reason of any such claim, Landlord, upon notice from Tenant, shall defend same at Landlord's expense by counsel reasonably satisfactory to Tenant or selected by Landlord's insurer. The indemnities herein shall survive the termination of this Lease and shall continue in effect until any and all claims, actions or causes of action with respect to any of the matters indemnified against are fully and finally barred by the applicable statute of limitations. In no event shall any of the insurance provisions set forth in this Lease be construed as a limitation on the scope of indemnification set forth herein.

(c) Tenant, at Tenant's expense, agrees to keep in force during the Lease Term:

(i) Commercial general liability insurance which insures against claims for bodily injury, personal injury, and property damage based upon, involving, or arising out of the use, occupancy, or maintenance of the Premises and the Building. Such insurance shall afford, at a minimum, the following limits:

Each Occurrence	$1,000,000
General Aggregate	$4,000,000
Products/Completed Operations Aggregate	$1,000,000
Personal and Advertising Injury Liability	$1,000,000
Fire Damage Legal Liability	$ 100,000
Medical Payments	$ 5,000

Tenant's commercial general liability insurance shall include Landlord and Landlord's mortgagees, as additional insureds. This coverage shall be written on the most current ISO CGL form (or its equivalent), shall include contractual liability, premises-operations and products-completed operations and shall contain an exception to any pollution exclusion which insures damage or injury arising out of heat, smoke, or fumes from a hostile fire. Such insurance shall be written on an occurrence basis and contain a standard separation of insureds provision.

(ii) Business automobile liability insurance covering owned, hired and non-owned vehicles with minimum limits of $1,000,000 combined single limit per occurrence.

(iii) Employer's liability insurance in an amount not less than $1,000,000.

(iv) Workers' compensation insurance in accordance with Utah law.

(v) Umbrella/excess liability insurance, on an occurrence basis, that applies excess of the required commercial general liability, business automobile liability, and employer's liability policies with the following minimum limits:

Each Occurrence:	$5,000,000
Annual Aggregate:	$5,000,000

Umbrella/Excess liability policies shall contain an endorsement stating that any entity qualifying as an additional insured on the insurance stated in the Schedule of Underlying Insurance shall be an additional insured on the umbrella/excess liability policies, and that they apply immediately upon exhaustion of the insurance stated in the Schedule of Underlying Insurance as respects the coverage afforded to any additional insured. The umbrella/excess liability policies shall also provide that they apply before any other insurance, whether primary, excess, contingent or on any other basis, available to an additional insured on which the additional insured is a named insured (which shall include any self-insurance), and that the insurer will not seek contribution from such insurance.

(vi) Property insurance "the equivalent of causes of loss – special form" including earthquake, windstorm, theft, sprinkler leakage and boiler and machinery coverage on all of Tenant's trade fixtures, furniture, inventory and other personal property in the Premises, and on any alterations, additions, or improvements made by Tenant upon the Premises all for the full replacement cost thereof. Tenant shall use the proceeds from such insurance for the replacement of trade fixtures, furniture, inventory and other personal property and for the restoration of Tenant's improvements, alterations, and additions to the Premises. Landlord shall be named as loss payee with respect to alterations, additions, or improvements of the Premises where Tenant cannot remove at the end of the Lease Term wherein ownership then reverts to Landlord.

(vii) Business income and extra expense insurance with limits not less than 100% of all income and charges payable by Tenant under this Lease for a period of 12 months.

(d) All policies required to be carried by Tenant hereunder shall be issued by an insurance company licensed or authorized to do business in Utah with a rating of at least "A-: X" or better as set forth in the most current issue of Best's Insurance Reports, unless otherwise approved by Landlord. Tenant shall not do or permit anything to be done that would invalidate the insurance policies required herein. Liability insurance maintained by Tenant shall be primary coverage on behalf of Landlord, its trustees, officers, directors, members, agents, and employees, Landlord's mortgagees, and Landlord's representatives and any policies of Landlord, its trustees, officers, directors, members, agents, and employees, Landlord's mortgagees, and Landlord's representatives shall be non-contributory. Certificates of insurance, acceptable to Landlord, evidencing the existence and amount of each insurance policy required hereunder shall be delivered to Landlord prior to delivery or possession of the Premises and 10 days following each renewal date. Certificates of insurance shall evidence that Landlord and Landlord's mortgagees are included as additional insureds on liability policies so long as the names of such parties are

provided to Tenant and that Landlord is included as loss payee on the property insurance as stated in subparagraph (c)(vi) above. In the event that Tenant fails to provide evidence of insurance required to be provided by Tenant in this Lease, prior to the Tenant's entry upon the Premises for purposes of completing Tenant's improvements prior to the Commencement Date and thereafter during the Term, within 10 days following Landlord's request thereof, and 30 days prior to the expiration of any such coverage, Landlord shall be authorized (but not required) to procure such coverage in the amount stated with all costs thereof to be chargeable to Tenant and payable upon written invoice thereof. The limits of insurance required by this Lease, or as carried by Tenant, shall not limit the liability of Tenant or relieve Tenant of any obligation thereunder, except to the extent otherwise provided for herein. Any deductibles selected by Tenant shall be the sole responsibility of Tenant. Tenant insurance requirements stipulated in Paragraph 10 are based upon current industry standards. Landlord reserves the right to require additional coverage or to increase limits as industry standards change.

(e) Should Tenant engage the services of any contractor or subcontractor to perform work in the Premises, Tenant shall ensure that such party complies with the requirements of this Paragraph 10 and carries commercial general liability, business automobile liability, umbrella/excess liability, worker's compensation and employer's liability coverages in substantially the same forms as required of the Tenant under this Lease and in amounts approved by landlord and/or landlord's property manager.

(f) Landlord shall procure and maintain the following, the cost of which shall be included in the Building Expenses:

(i) Property insurance "the equivalent of causes of loss – special form" on the Building. Landlord shall not be obligated to insure any of Tenant's Property or other furniture, equipment, trade fixtures, machinery, goods, or supplies which Tenant may keep or maintain in the Premises or any alteration, addition, or improvement which Tenant may make upon the Premises. In addition, Landlord may elect to secure and maintain rental income insurance. If the annual cost to Landlord for such property or rental income insurance exceeds the standard rates because of the nature of Tenant's operations, Tenant shall, upon receipt of appropriate invoices, reimburse Landlord for such increased cost.

(ii) Commercial general liability insurance, which shall be in addition to, and not in lieu of, insurance required to be maintained by Tenant. Tenant shall not be included as an additional insured on any policy of liability insurance maintained by Landlord.

(g) Landlord waives any and all rights of recovery against Tenant for or arising out of damage to, or destruction of the Premises to the extent that Landlord's property insurance policies then in force insure against such damage or destruction and permit such waiver and only to the extent of insurance proceeds actually received by Landlord for such damage or destruction. Tenant waives any and all rights of recovery against Landlord for or arising out of damage to or destruction of any property of Tenant to the extent that Tenant's property insurance policies then in force or the policies required by this Lease, whichever is broader, insure against such damage or destruction.

(h) Neither Landlord nor its agents shall be responsible for or liable to Tenant for any loss or damage that may be occasioned by or through the acts or omissions of persons occupying adjoining premises or any part of the premises adjacent to or connected with the Premises or any part of the Building, nor shall Landlord or its agents be liable for any damage to property entrusted to employees of the Building, nor for loss of or damage to any property by theft

or otherwise, nor for any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak from any part of the Building or from the pipes, appliances or plumbing works therein or from the roof, street or subsurface, or from any other place or resulting from dampness or any other cause whatsoever, except to the extent due to the negligence or willful act or omission of Landlord, its agents, servants or employees. Neither Landlord nor Tenant will be liable under any circumstances to the other for any incidental or consequential damages; provided, however, that Landlord may recover consequential damages arising out of an unauthorized holdover by Tenant. Tenant shall give prompt notice to Landlord in case of fire or accident in the Premises or in the Building or of defects therein or in the fixtures or equipment.

(i) Any and all "the equivalent of causes of loss – special form" insurance which is required to be carried by Tenant shall be endorsed with a subrogation clause, substantially as follows: "This insurance shall not be invalidated should the insured waive, in writing, prior to a loss, any and all right of recovery against any party for loss occurring to the property described herein"; and Tenant hereto waives all claims for recovery from Landlord, its officers, agents or employees for any loss or damage (whether or not such loss or damage is caused by negligence of Landlord, its officers, agents or employees, and notwithstanding any provisions contained in this Lease to the contrary) to any of its real or personal property insured under valid and collectible insurance policies to the extent of the collectible recovery under such insurance.

11. **Damage or Destruction**. In the event the Premises or the Building are damaged by fire or other insured casualty, and the insurance proceeds have been made available therefor by the holder or holders of any mortgages or deeds of trust covering the Building, the damage shall be repaired by and at the expense of Landlord to the extent of such insurance proceeds available therefor, provided such repairs can, in Landlord's sole opinion, be completed within 180 calendar days after the occurrence of such damage, without the payment of overtime or other premiums. Until such repairs are completed, the Rent shall be abated in proportion to the part of the Premises which is unusable by Tenant in the conduct of its business; provided, however, if the damage is due to the negligence or willful act or omission of Tenant or its employees, agents, or invitees, there shall be no abatement of Rent. If repairs cannot, in Landlord's sole but reasonable opinion, be made within said 180 calendar day period, Landlord shall notify Tenant within 45 calendar days of the date of occurrence of such damage as to whether or not Landlord shall have elected to make such repairs. If Landlord elects not to make such repairs or if such repairs will require more than 180 days to complete, then either party may, by written notice to the other, terminate this Lease as of the date of the occurrence of such damage; provided, however, Tenant shall not have the right to terminate this Lease if the damage is due to the negligence or willful act or omission of Tenant or its employees, agents or invitees. If neither party elects to terminate this Lease and Landlord undertakes such repairs but such repairs are not completed within such 180-day period, Tenant may, by written notice to Landlord, terminate this Lease upon written notice to Landlord delivered not later than ten (10) days after such 180-day period, which termination notice shall be effective unless Landlord completes such repairs within 15 calendar days of its receipt of Tenant's notice. If insurance proceeds are insufficient or unavailable to repair the damage, Landlord may, at its sole option, terminate this Lease by written notice to Tenant given not more than 45 days after the occurrence of the damage. Except as provided in this Paragraph 11, there shall be no abatement of Rent and no liability of Landlord by reason of any injury, inconvenience, temporary limitation of access or interference to or with Tenant's business or property arising from the making of any necessary repairs, or any alterations or improvements in or to any portion of the Building or the Premises, or in or to fixtures, appurtenances, and equipment therein necessitated by such damage.

12. **Eminent Domain**. If the Building, the Premises and Common Area or a material part thereof be taken by any authorized entity by eminent domain or by negotiated purchase under threat thereof, so that the Premises shall become totally untenantable, this Lease shall terminate as of the earlier of the date when title or possession thereof is acquired or taken by the condemning authority, Landlord shall retain any award by the condemning authority for such taking (excluding, however, any separate award made to Tenant for loss of or damage to Tenant's Property, loss of business, and moving expenses) and all rights of Tenant in this Lease shall immediately cease and terminate. If a part of the Building or a portion of the Premises shall be taken such that the Premises becomes only partially untenantable, this Lease shall continue in full force and effect as to the portion of the Premises which is not taken and Base Rent shall be proportionately abated so long as Tenant's business operations within the Premises are not materially and adversely affected by such partial taking. If, however, such partial taking materially and adversely interferes with Tenant's business operations, Tenant may terminate this Lease upon written notice to Landlord. Landlord may without any obligation or liability to Tenant stipulate with any condemning authority for a judgment of condemnation without the necessity of a formal suit or judgment of condemnation, and the date of taking under this clause shall then be deemed the date agreed to under the terms of such agreement or stipulation.

13. **Assignment and Subletting**.

(a) Tenant shall not, either voluntarily or by operation of law, directly or indirectly, sell, assign or transfer this Lease, in whole or in part, or sublet the Premises or any part thereof, or permit the Premises and Common Area or any part thereof to be occupied by any person, corporation, partnership, or other entity except Tenant or Tenant's employees, without the prior written consent of Landlord in each instance. A merger, acquisition, or transfer of stock control in Tenant, if Tenant is a corporation, or a transfer of a greater than 49% beneficial ownership interest in Tenant, if Tenant is a partnership or other entity, shall be deemed an act of assignment hereunder. Any sale, assignment, mortgage, transfer or subletting of this Lease or the Premises or Common Area which is not in compliance with the provision of this Paragraph 13 shall be void. The consent by Landlord to any assignment or subletting shall not relieve Tenant from the obligation to obtain the express prior written consent of Landlord to any further assignment or subletting, or relieve Tenant from any liability or obligation hereunder, whether or not then accrued. Notwithstanding the forgoing, Landlord's consent to a sublease of all or a portion of the Premises to a third party shall not be unreasonably withheld, conditioned or delayed.

(b) If Landlord consents to any assignment or sublease by Tenant, Tenant shall not be relieved of its obligations under this Lease and Tenant shall remain liable, jointly and severally and as a principal, and not as a guarantor or surety, under this Lease, to the same extent as though no assignment or sublease by Tenant had been made. .

(c) If an assignment or sublease is consented to by Landlord and the rental due and payable by an assignee or subtenant (or a combination of rent payable thereunder plus any other consideration directly or indirectly incident to the assignment or sublease) exceeds the rent payable under this Lease, then Tenant shall pay to Landlord, as Additional Rent, 100% of such excess rental within 10 days following receipt thereof by Tenant from the assignee or subtenant, as the case may be. In such event, any rent received by Tenant from an assignee or subtenant shall be held by Tenant in trust for Landlord, to be forwarded immediately to Landlord without offset or reduction at any time, and, upon election by Landlord, such rental shall be paid directly to Landlord and credited to any amounts owed by Tenant hereunder.

(d) If Landlord consents to an assignment or sublease by Tenant, any option to renew this Lease or right to extend the Lease Term shall automatically terminate unless otherwise agreed to in writing by Landlord. Any request for an assignment or sublease shall be accompanied by a minimum fee of $1,500.00 for Landlord's administrative costs in connection with the processing of the request. In addition, Tenant shall pay to Landlord, within 10 days after demand by Landlord, the reasonable out-of-pocket costs and expenses incurred by Landlord in connection with any request by Tenant for consent to an assignment or sublease by Tenant, including reasonable attorneys' fees, regardless of whether consent of Landlord is given to the assignment or sublease by Tenant.

(e) Notwithstanding any provision of this Lease to the contrary, provided that Tenant remains liable on this Lease, provides Landlord with prior written notice and names of the applicable transferee and a copy of the applicable assignment or sublease agreement, and Tenant is not then in default beyond any applicable notice and cure period, then the following transfers will not require Landlord's prior consent (each a "**Permitted Transfer**"):

(i) a transfer or sublease to any entity which is controlled by Tenant;

(ii) a transfer or sublease to any entity which controls Tenant ("**Parent**");

(iii) a transfer or sublease to any entity which is controlled by Tenant's Parent; and/or

(iv) a transfer to any entity which merges with Tenant or purchases substantially all of Tenant's assets, provided that Tenant provides to Landlord financial statements evidencing that such transferee or surviving corporation has a credit rating and net worth (exclusive of intangible assets) at least as favorable as Tenant.

(f) Additionally, any of the following transfers shall not be deemed a transfer or assignment under this Paragraph 13 and shall not require Landlord's consent or the delivery of notice to Landlord:

(i) a transfer involving any sale of stock for capital raising purposes in which Tenant is the surviving corporation, or the sale of stock or other equity interests in Tenant on a public stock exchange (e.g., NYSE or NASDAQ), whether in connection with an initial public offering or thereafter;

(ii) a transfer effected exclusively to change the domicile of Tenant; and

(iii) so long as Tenant remains the "Tenant" under the Lease and Tenant's tangible net worth is not negatively impacted, any financing, refinancing or funding of Tenant or its business, whether such financing, refinancing or funding takes the form of debt or equity investments through publicly or privately traded equity or any other form, including, without limitation, any transaction whereby a venture capital or equity investor directly or indirectly provides financing or refinancing for Tenant and/or purchases ownership interests in Tenant, its parent or any affiliate of Tenant.

14. **Parking**. Tenant shall have the right to two (2) parking spaces per 1,000 RSF within the Premises in the parking area designated in attached **Exhibit A-2** (the "**Temporary Parking Area**") at no cost to Tenant, and, once completed, within improved parking areas adjacent

to the Building (the "**Structured Parking**") at a rate that will not exceed the fair market rental rate charged by substantially similar buildings in the applicable submarket. Tenant acknowledges that the Temporary Parking Area may not be located on the Land, but will be located within one (1) city block of the Building. If the Structured Parking is not completed prior to the expiration of the Lease Term, the Temporary Parking Area shall remain be available at no cost to Tenant for Tenant's use as off-street parking for the duration of the Lease Term. Landlord represents and warrants that the use of the Temporary Parking Area is permitted under applicable law and Salt Lake City ordinances. When the Structured Parking has been completed, Landlord shall offer the allotted number of parking stalls to the Tenant. Tenant then has fourteen (14) business days to respond with the number of stalls that it requests within its allotment. Landlord will then grant the right to Tenant to use the requested number of stalls for the Lease Term. If the Tenant requests additional stalls and Landlord has such additional stalls available for Tenant's use, then Landlord may, at its sole discretion, lease those stalls to Tenant at such time. Tenant agrees to comply with such reasonable rules and regulations as may be made by Landlord from time to time in order to insure the proper operation of the Structured Parking if or when created or designated so long as such rules and regulations do not adversely affect Tenant's rights under this Lease. Landlord shall have the right at any time to assign spaces in the Structured Parking to individual tenants, in its sole discretion, provided that Landlord shall make available for Tenant the number of spaces provided for herein. Subject to the terms of this Lease, all vehicles parked in the Temporary Parking Area and the Structured Parking and the personal property therein shall be at the sole risk of Tenant, Tenant's employees, agents, contractors, invitees and the users of such spaces and Landlord shall not be responsible for any injuries to any person nor any damage to any automobile, vehicle or other property that occurs in or about the parking areas. Landlord reserves the right in its sole discretion to enforce its reasonable rules and regulations, including but not limited to policing and towing. Landlord may, in its sole discretion, change the location and nature of the parking spaces available to Tenant, provided that after such change, there shall be available to Tenant the same number of spaces within the same proximity to the Premises as before such change. Notwithstanding the foregoing, the rights granted to Tenant to use any parking spaces is a license only and Landlord's inability to make spaces available at any time for reasons beyond Landlord's reasonable control (other than due to Landlord's breach of its contractual obligations or this Lease or its negligence or willful misconduct) is not a breach by Landlord of its obligations hereunder so long as Landlord provides substantially similar alternative parking spaces for Tenant's use and undertakes all commercially reasonable efforts to allow Tenant to use the Temporary Parking Facilities or Structured Parking, as applicable.

15. **Default**.

(a) The occurrence of any of the following shall constitute a material default and breach of the Lease by Tenant:

(i) the abandonment of the Premises by Tenant;

(ii) any failure by Tenant to pay Rent or to make any other payment required to be made by Tenant hereunder on or before the date due and such failure continues for five (5) days after written notice thereof from Landlord (provided, however, that Tenant shall only be entitled to such written notice on two (2) occasions during any twelve (12) month period);

(iii) any failure of Tenant to maintain the insurance as required in this Lease;

(iv) any failure to provide any document or instrument described in Paragraph 22 of this Lease within the time period set forth in such paragraph;

(v) the filing or recording of any lien or other encumbrance of title against the Building by or under Tenant;

(vi) any other failure by Tenant to observe and perform any other obligation under this Lease to be observed or performed by Tenant, other than payment of any Rent, within thirty (30) days after written notice by Landlord to Tenant specifying wherein Tenant has failed to perform such obligation; provided, however, that if the nature of Tenant's obligation is such that more than 30 days are required for its performance, then Tenant shall not be deemed to be in default if it shall commence such performance within such 30-day period and thereafter diligently prosecute the same to completion (but in no event to exceed ninety (90) days); or

(vii) the making by Tenant or any guarantor of this Lease of any general assignment for the benefit of creditors; the filing by or against Tenant or such guarantor of a petition to have Tenant or such guarantor adjudged a bankrupt or the filing of a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant or such guarantor, the same is dismissed within 60 days); the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within 30 days; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within 30 days.

(b) Landlord shall not be deemed to be in default in the performance of any obligation required to be performed by it hereunder unless and until it has failed to perform such obligation within thirty (30) days after written notice by Tenant to Landlord specifying wherein Landlord has failed to perform such obligation (provided, however, that if the nature of Landlord's obligation is such that more than 30 days are required for its performance, then Landlord shall not be deemed to be in default if it shall commence such performance within such 30-day period and thereafter diligently prosecute the same to completion within ninety (90) days).

16. **Remedies**. In the event Tenant commits an act of default as set forth in subparagraph 15(a) beyond any applicable cure period, Landlord may exercise one or more of the following described remedies, in addition to all other rights and remedies available at law or in equity, whether or not stated in this Lease.

(a) Landlord may continue this Lease in full force and effect and shall have the right to collect Rent when due. During the period Tenant is in default, Landlord may re-enter the Premises in accordance with applicable law and relet them, or any part of them, to third parties for Tenant's account. Tenant shall be liable immediately to Landlord for any brokers' commissions, expenses of repairing and/or the cost of tenant improvements to the Premises required by the reletting (except to the extent such costs are amortized over the term of a new lease for the Premises), attorneys' fees and costs and like costs. Reletting can be for a period shorter or longer than the remaining Lease Term. In the event of a default by Tenant, Landlord shall use commercially reasonable efforts to mitigate its damages in accordance with applicable law. On the dates such Rent is due, Tenant shall pay to Landlord a sum equal to the Rent due under this Lease, less the rent Landlord receives from any reletting. No act by Landlord allowed by this Paragraph shall terminate the Lease unless Landlord notifies Tenant in writing that Landlord elects to terminate this Lease.

(b) Landlord may terminate this Lease at any time. Upon termination, Landlord shall have the right to collect an amount equal to: reasonable attorneys' fees and costs in connection with recovering the Premises; all reasonable costs and charges for the care of the Premises while vacant; all repair costs incurred in connection with the preparation of the Premises for a new tenant; all past due Rent which is unpaid, plus interest thereon at the Interest Rate; and an amount by which the entire Rent for the remainder of the Term exceeds the loss of Rent that Tenant proves could have been reasonably avoided.

Landlord may avail itself of these as well as any other remedies or damages allowed by law. All rights, options and remedies of Landlord provided herein or elsewhere by law or in equity shall be deemed cumulative and not exclusive of one another. Should any of these remedies, or any portion thereof, not be permitted by applicable law, then such remedy or portion thereof shall be considered deleted and unenforceable, and the remaining remedies or portions thereof shall be and remain in full force and effect.

17. **Rules and Regulations**. Tenant shall observe faithfully and comply strictly with the rules and regulations set forth on **Addendum A** attached to this Lease and made a part hereof, and such other rules and regulations as Landlord may from time to time reasonably adopt (so long as such rules and regulations do not materially and adversely affect Tenant's rights under this Lease). Landlord shall not be liable to Tenant for violation of any such rules and regulations, or for the breach of any covenant or condition in any lease by any other tenant in the Building. By the signing of this Lease, Tenant acknowledges that Tenant has read and has agreed to comply with such rules and regulations.

18. **Right of Access**. Except in exigent circumstances, Landlord and its agents shall provide notice to Tenant at least one (1) business day in advance of entering the Premises during normal business hours for the purpose of inspection, to make reasonable repairs as required hereunder (provided, however, Landlord shall have no obligation as a result of such examination to make any repairs other than expressly set forth herein), and to exhibit the same to prospective purchasers, lenders, investors or tenants.

19. **End of Term**.

(a) At the termination or expiration of the Lease Term, subject to the provisions of Paragraph 9, Tenant shall surrender the Premises to Landlord in as good condition and repair as at the Commencement Date, reasonable wear and tear and casualty excepted, and will leave the Premises broom-clean.

(b) In the event Tenant holds over after the expiration of this Lease with the written permission of Landlord, such holding over shall thereafter constitute a tenancy at will terminable at any time by Landlord or Tenant giving 30 days' written notice to the other. Such holding over shall be on all of the same terms and conditions as this Lease (other than the duration of the term) and Tenant shall pay Landlord Base Rent and Additional Rent for the period of its hold over at the times for payment specified herein, which Base Rent shall be in the same amounts in effect immediately prior to the expiration of this Lease, including existing annual increases and terms. If Tenant remains in possession of the Premises after the expiration of this Lease without the written permission of Landlord, Tenant shall be subject to eviction and shall pay Landlord Base Rent for the period of its hold over in an amount equal to 150% of Base Rent in effect immediately prior to the expiration of this Lease together with Additional Rent.

20. **Transfer of Landlord's Interest.** In the event of any transfer or transfers of Landlord's interest in the Premises or in the real property of which the Premises are a part, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer so long as such transferee assumes in writing the obligations of Landlord hereunder.

21. **Estoppel Certificates; Attornment and Non-Disturbance**.

(a) Within 10 business days following receipt of written request from the other party (the "**Requesting Party**"), the non-Requesting Party shall deliver, executed in recordable form, a declaration to any person designated by the Requesting Party stating the Commencement Date and Expiration Date of this Lease and certifying that (i) this Lease is in full force and effect and has not been assigned, modified, supplemented or amended (except by such writings as shall be stated); (ii) all conditions under this Lease to be performed by the Requesting Party have been satisfied (stating exceptions, if any); (iii) no defenses, credits or offsets against the enforcement of this Lease by the Requesting Party exist (or stating those claimed); (iv) the sum of advance Rent, if any, paid by Tenant; (v) the date to which Rent has been paid; (vi) the amount of the Security Deposit held by Landlord, if any; and (vii) such other information as the Requesting Party reasonably requires. Persons receiving such statements of the non-Requesting Party shall be entitled to rely upon them. The failure of either party to timely execute, acknowledge and deliver such estoppel certificate shall constitute an acknowledgment by such party that statements included in the estoppel certificate are true and correct, without exception.

(b) In the event of the sale or assignment of Landlord's interest in the Land or the Building or if the holder of any existing or future mortgage, deed to secure debt, deed of trust, or the lessor under any existing or future underlying lease pursuant to which Landlord is the lessee, shall hereafter succeed to the rights of Landlord under this Lease, then at the option of such successor, Tenant shall attorn to and recognize such successor as Tenant's landlord under this Lease so long as such successor agrees in writing to accept this Lease and agrees not disturb Tenant's occupancy of the Premises (so long as Tenant is not in default hereunder), and shall promptly execute and deliver a commercially reasonable instrument that may be necessary to evidence such attornment. If any such successor requests such attornment, this Lease shall continue in full force and effect as a direct lease between such successor, as Landlord, and Tenant, subject to all of the terms, covenants and conditions of this Lease, regardless of whether Tenant executes and delivers the instrument requested by such successor landlord so long as such successor agrees in writing to accept this Lease and agrees not disturb Tenant's occupancy of the Premises so long as Tenant is not in default hereunder.

(c) This Lease shall be subject to and subordinate and inferior at all times to the lien of any mortgage, to the lien of any deed of trust or other method of financing or refinancing now or hereafter existing against all or a part of the real property upon which the Building is located, and to all renewals, modifications, replacements, consolidations and extensions of any of the foregoing. Tenant shall execute and deliver all commercially reasonable documents requested by any mortgagee, security holder or lessor to effect such subordination so long as Tenant's rights under this Lease are not adversely affected thereby. In the event of any act or omission by Landlord under this Lease which would give Tenant the right to terminate this Lease or to claim a partial or total eviction, if any, Tenant will not exercise any such right until: (A) it has given written notice (by United States certified or registered mail, postage prepaid) of such act or omission to the holder of any mortgage or deed of trust on the Land (so long as such holder's name and address have been furnished to Tenant); and (B) any such holder of any mortgage or deed of trust on the Property shall, following the giving of such notice, have failed with reasonable diligence to commence and to pursue reasonable action to remedy such act or omission in accordance with the terms of, and timeframes set forth in, this Lease.

(d) With respect to any first lien mortgages, deeds of trust or other liens entered into by and between Landlord and any such mortgage and/or any beneficiary of any deed of trust or other such lien granted by Landlord, or lessor under any ground lease (collectively as "**Landlord's Mortgagee**"), Landlord shall use commercially reasonable efforts to secure and deliver to Tenant a non-disturbance agreement on Landlord's Mortgagee's standard form (subject to reasonable negotiation by Tenant at Tenant's sole cost and expense), from and executed by Landlord's Mortgagee for the benefit of Tenant whereby, as a condition to any attornment or subordination by Tenant to Landlord's Mortgagee, Tenant shall not be disturbed in its possession of the Premises throughout the Term or its rights under the Lease terminated by Landlord's Mortgagee so long as Tenant is not in default.

22. **Notices**. Any notice required or permitted to be given hereunder shall be in writing and may be given by: (1) confirmed electronic mail (except for notices and other communications that have a potential legal effect such as any communication that triggers a payment or performance obligation, any notice of failure to perform any obligation, notices of default, notices or communications that begin or affect time periods to exercise rights, and the like) or hand delivery, which shall be deemed given on the date of delivery; (2) registered or certified mail and shall be deemed given the third day following the date of mailing; or (3) overnight delivery by a nationally recognized courier service and shall be deemed given the following day. All notices to Tenant shall be addressed to Tenant at the Premises. All notices to Landlord shall be addressed to Landlord's Address. Either party may change its address by notice given in accordance with this paragraph.

23. **Miscellaneous Provisions**.

(a) As the operation and creation of the Building and Landlord's business model contains significant intellectual property and because the ongoing methods of Landlord's operation are not typical, it is crucial that all parties adhere to a strict policy of non-disclosure and confidentiality. Furthermore, it is understood that terms of leases differ based on need, use, etc. Consequently, each party agrees to keep confidential the terms of this Lease, including, but is not limited to the Lease Term, Base Rent rates, special provisions, practices, allowances, etc.

(b) In the event of any legal proceeding between Tenant and Landlord to enforce any provision of this Lease or any right of either party hereto, the unsuccessful party to such legal proceeding shall pay to the successful party all costs and expenses, including reasonable attorneys' fees, incurred therein. To the extent permitted by law, Landlord and Tenant hereby waive the right to a jury trial in any legal action or proceeding relating to this Lease.

(c) Time is of the essence with respect to the performance of every provision of this Lease.

(d) The captions contained in this Lease are for convenience only and shall not be considered in the construction or interpretation of any provision hereof. The word "Landlord" means the owner of the Building from time to time, and in the event of any sale, conveyance or lease of the Building, the transferring Landlord shall be released from all covenants and conditions as Landlord hereunder in accordance with the terms hereof and without further agreement between the parties. No consent of Tenant shall be required in the event of any such sale, conveyance, or lease of the Building which is made subject to this Lease, or to any sale or conveyance of the Building pursuant to which Landlord leases the Building back from such purchaser or other transferee, in which case this Lease shall remain in full force and effect as a sublease between Landlord, as sublessor and Tenant, as sublessee, so long as Tenant's rights hereunder are not materially and adversely affected thereby.

(e) This Lease, any Addenda and the Exhibits attached hereto and incorporated herein contain all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest.

(f) Upon Tenant paying the Rent reserved hereunder and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the entire Lease Term hereof, subject to all the provisions of this Lease, as against persons claiming by, through, or under Landlord.

(g) No waiver by a party of any provision of this Lease shall be deemed to be a waiver of any other provision hereof or of any subsequent breach by a party of the same or any other provision. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act of Tenant, whether or not similar to the act so consented to or approved. No act or thing done by Landlord or Landlord's agents during the Lease Term shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such a surrender shall be valid unless in writing and signed by Landlord. The subsequent acceptance of Rent shall not be deemed a waiver of any preceding breach by Tenant of any term, covenant or condition of the Lease, other than the failure of Tenant to pay the particular Rent so accepted.

(h) If any monthly installment of Base Rent or any payment of Additional Rent is not paid by the 5th day of the month in which it is due, Tenant shall, upon demand, pay Landlord a late charge of 5% of the amount of such installment or payment. Such late charge is to defray the administrative costs and inconvenience and other expenses which Landlord will incur on account of such delinquency. In addition, any amounts payable to Landlord under this Lease, if not paid in full on or before the due date thereof, shall bear interest on the unpaid balance at the interest rate of 15% per annum (the "**Interest Rate**"). Landlord shall execute a 'zero tolerance' policy and recommends early payment or payment by regularly scheduled electronic method to avoid such situations.

(i) [Relocation option intentionally omitted].

(j) This Lease shall be binding upon, and inure to the benefit of the parties hereto, their heirs, successors, assigns, executors and administrators.

(k) This Lease shall be governed by the laws of the state of Utah.

(l) Tenant shall not operate on the Premises, and shall not permit any other person to operate on the Premises, any trade or business consisting (1) the operation of any private or commercial golf course, country club, massage parlor, hot tub facility, suntan facility, racetrack or other facility used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises, or (2) farming, as that term is defined in Section 2032A(e)(5)(A) or (B) and Section 45D of the Code, nor shall it enter into any sublease with a

tenant which intends to operate any such trade or business on the Premises. Tenant shall comply with the terms of any financing documents related to the Premises and applicable to a lessee of the Premises, including without limitation, all requirements relating to the operation of a "qualified business" under Section 45D of the Code and the Treasury Regulations thereunder upon Landlord's delivery to Tenant of a copy of each such requirement. Further, no recreational or medical marijuana may be grown or consumed on the Premises or in the Building by Tenant or its employees, guests or invitees.

(m) Should any mortgagee or beneficiary under a deed of trust require a modification of this Lease, which modification will not bring about any increased cost or expense to Tenant or will not in any other way adversely change the rights and obligations of Tenant hereunder, then and in such event, Tenant agrees to negotiate such amendment in good faith.

(n) If Tenant is a corporation or other legal entity, each individual executing this Lease on behalf of said entity represents and warrants that (1) he/she is duly authorized to execute and deliver this Lease on behalf of said entity in accordance with its bylaws or operating agreements; (2) this Lease is binding upon said corporation or entity; and (3) a resolution to that effect in a form reasonably acceptable to Landlord shall be provided immediately upon request.

(o) Landlord and all of its partners, shareholders, or members, on the one hand, and Tenant and its partners, shareholders, and members, on the other hand, as the case may be, shall have absolutely no personal liability with respect to any provision of this Lease, or any obligation or liability arising in connection therewith. Tenant shall look solely to the equity in the Building in which the Premises is located, for the satisfaction of any remedies of Tenant in the event of a breach by the Landlord of any of its obligations. Such exculpation of liability shall be absolute without any exception whatsoever.

(p) Tenant shall be solely responsible for the cost of installation and maintenance of any high-speed cable or fiber optic that Tenant requires in the Premises. Landlord shall provide reasonable access to the Building's electrical lines, feeders, risers, wiring and other machinery to enable Tenant to install high speed cable or fiber optic to serve its intended purpose, if any. All such cabling installed by Tenant shall be subject to Landlord's prior written approval and shall be tagged by Tenant at their point of entry into the Building, at the terminal end of the cable and in the riser closet indicating the type of cable, the Tenant's name and the service provided. Installation of cabling and/or low voltage wiring shall be performed by vendors reasonably approved by Landlord in advance of working in the Building. Tenant shall be responsible for the removal of such cabling and fiber optic at the termination or expiration of the Lease Term or the early termination of the Tenant's right to occupy the Premises. Failure to remove any abandoned or unused cabling at the expiration or termination of this Lease or the early termination of Tenant's right to occupy the Premises will be deemed to be a holdover under this Lease. In the event Tenant fails to remove such cabling as set forth herein, Landlord may, but shall not be obligated to, remove such cabling, all at Tenant's sole cost and expense.

(q) Any agreement by Landlord for free or abated rent or other charges applicable to the Premises, or for the giving or paying by Landlord to or for Tenant of any cash or other bonus, inducement or consideration for Tenant's entering into this Lease, including, but not limited to, any rent abatement, free rent, tenant finish allowance, free parking or commissions, all of which concessions are hereinafter referred to as "**Inducement Provision**" shall be deemed conditioned upon Tenant's full and faithful performance of all of the terms, covenants and conditions of the Lease to be performed or observed by Tenant during the term hereof as the same may be extended. Upon the occurrence of an uncured act of default by Tenant, any such

Inducement Provision shall automatically be deemed deleted from the Lease and of no further force or effect, and any Rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Landlord under such an Inducement Provision shall be immediately due and payable by Tenant to Landlord, and recoverable by Landlord, as Additional Rent due under the Lease. The acceptance by Landlord of Rent or the cure of the act of default by Tenant which initiated the operation of this subparagraph shall not be deemed a waiver by Landlord of the provisions of this subparagraph unless specifically so stated in writing by Landlord at the time of such acceptance.

(r) Upon periodic request from Landlord (but not more often than once per calendar quarter), Tenant shall report the number of people employed by Tenant at the Premises. This is needed so Landlord can deliver accurate data to local, state and/or federal authorities as it relates to Landlord's certification of the number of small and large businesses in occupying of the Building. Further, within ten (10) business days after Landlord's request, but not more than once per year, Tenant shall deliver to Landlord the then current financial statements of Tenant, which statements shall be certified by an officer of Tenant to be true and accurate. The terms and conditions of this Paragraph shall not be applicable if Tenant reports its financial condition to the United States Securities and Exchange Commission or if the financial statements of Tenant are readily available to the public. Landlord shall only request such financial statements for a legitimate business purpose, such as if requested by a prospective lender or purchaser, if Tenant is in default, if Tenant requests a consent to assignment or subletting, or if Tenant requests Landlord to subordinate its lien. Any such financial statements obtained by Landlord shall be kept strictly confidential and Landlord shall not disclose the same to any person or entity other than its attorneys, accountants, lenders, equity partner(s), brokers, management agents, or, subject to the execution of a confidentiality and non-disclosure agreement reasonably acceptable to Tenant, others with a legitimate business interest in Landlord or the Building.

(s) SHOULD LANDLORD AND TENANT MUTUALLY AGREE IN WRITING TO RELOCATE TENANT WITHIN THE BUILDING PURSUANT TO TENANT REQUEST, TENANT SHALL PAY LANDLORD A FEE OF $500.00. ADDITIONALLY, TENANT SHALL REIMBURSE LANDLORD FOR ACTUAL REASONABLE COSTS INCURRED BY LANDLORD, INCLUDING BUT NOT LIMITED TO REPAINTING, REPAIRING THE ORIGINAL PREMIESS, RELOCATING SIGNAGE AND ANY OTHER FEES INCURRED.

24. **Landlord Reservations**. Landlord reserves the following rights, exercisable without notice (except as provided herein) and without liability to Tenant for damage or injury to property, person, or business, and without effecting an eviction, constructive or actual, or disturbance of Tenant's use or possession, or giving rise to any claim for set off or abatement of Rent:

(a) to change the Building's name or street address (and Landlord shall provide written notice to Tenant at least five (5) business days prior to any such address change);

(b) to install, affix, and maintain any and all signs on the exterior and interior of the Building or the Land;

(c) to designate and approve, prior to installation, all types of window shades, blinds, drapes, awnings, window ventilators, and other similar equipment in the Common Areas or visible outside of the Premises, and to control all internal lighting within the Common Areas or visible outside of the Premises;

(d) to retain at all times, and to use in appropriate instances, keys to all doors within and into the Premises. No locks or bolts shall be altered, changed, or added without the prior written consent of Landlord;

(e) to decorate or to make repairs, alterations, additions, or improvements, whether structural or otherwise, in and about the Building, or any part thereof, and for such purposes to enter upon the Premises, and during the continuance of said work to temporarily close doors, entryways, public spaces, and corridors in the Building, and to interrupt or temporarily suspend Building services and facilities, Landlord to use reasonable efforts to minimize any interruption or interference with Tenant's use or occupancy of the Premises when performing such work;

(f) to have and retain a paramount title to the Premises, free and clear of any act of Tenant;

(g) to grant to anyone the exclusive right to conduct any business or to render any services in the Building (excluding the Premises); and

(h) to approve the weight, size, and location of safes and other heavy equipment and articles in and about the Premises and the Building, and to require all such items and furniture to be moved into and out of the Building and the Premises only at such times and in such manner as Landlord shall direct in writing. Movement of Tenant's property into or out of the Building, and within the Building solely at the risk and responsibility of Tenant, and Landlord reserves the right to require permits before allowing any such property to be moved into or out of the Building.

25. **Brokerage**. Landlord and Tenant each warrant to the other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting Jones Lang LaSalle ("**Tenant's Broker**"), on behalf of Tenant. Landlord is not represented by a broker. Tenant's Broker shall be paid per separate agreement. Landlord and Tenant shall indemnify the other party for any claims made by any brokers other than Tenant's Broker. Tenant shall indemnify and hold Landlord harmless for any claim to a commission by a broker not listed herein.

26. **Patriot Act Certification**. Tenant and Landlord each certifies to the other that neither such party, nor any of its constituent partners, managers, members or shareholders, nor any beneficial owner of such party or any such partner, manager, member or shareholder, nor any other representative or affiliate of such party is a "**Prohibited Person**," defined as (a) a person, entity or nation named as a terrorist, "Specially Designated National or Blocked Person," or other banned or blocked person pursuant to any law, order, rule or regulation that is enforced or administered by the U.S. Treasury Department's Office of Foreign Assets Control ("**OFAC**"), including, but not limited to, Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "**Executive Order**"), and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56, the "**Patriot Act**"); (b) a person, entity or nation owned or controlled by, or acting on behalf of, any person, entity or nation named as a terrorist, "Specially Designated National or Blocked Person," or other banned or blocked person pursuant to any law, order, rule or regulation that is enforced or administered by OFAC, including, but not limited to, the Executive Order and the Patriot Act; (c) a person, entity or nation engaged directly or indirectly in any activity prohibited by any law, order, rule or regulation that is enforced or administered by OFAC, including, but not limited to, the Executive Order and the Patriot Act; (d) a person, entity or nation with whom the Landlord is prohibited from dealing or otherwise engaging in any transaction pursuant to any terrorism or money laundering

law, including, but not limited to, the Executive Order and the Patriot Act; (e) a person, entity or nation that has been convicted, pleaded nolo contendere, indicted, arraigned or custodially detained on charges involving money laundering or predicate crimes to money laundering; or (f) a person, entity or nation who is affiliated with any person, entity or nation who is described above in subparagraphs (a) through (e) above. each party agrees to indemnify and save the other party and its representatives and -managing agent and mortgagee harmless against and from any and all claims, damages, losses, risks, liabilities and expenses, including attorneys' fees and costs, arising from or related to any breach of the foregoing certification.

27. **Landlord's Representations**. Landlord represents and warrants to Tenant that (unless otherwise indicated) as of the Effective Date:

(a) Landlord has good and marketable fee simple title to the Premises and the Land, with full right and authority to lease the Premises to Tenant;

(b) to Landlord's knowledge (but without independent investigation), there are no covenants, restrictions or other agreements that would interfere with the Permitted Use;

(c) to Landlord's knowledge: (i) neither the Building nor Land is in violation of any applicable laws relating to the treatment, storage, processing or disposal of hazardous materials; and (ii) there are not and have not been any releases of hazardous materials at, on or under the Building or Land that would give rise to a cleanup or remediation obligation under any applicable law; and

(d) to Landlord's knowledge, as of the Commencement Date: (i) the Building will comply with all laws and will be free from any material defect in materials or workmanship (excluding, however, any work performed in the Premises by Tenant); (ii) the Premises will be in good, structurally sound condition and watertight; (iii) the Building utilities and mechanical, electrical and HVAC systems will be in good, working condition and repair; (iv) there are no pending Condemnation Proceeding relating to or affecting the Building or Land, and Landlord has no current, actual knowledge that any such action is presently threatened or contemplated; and (v) as of the Commencement Date, Tenant shall have exclusive possession of the Premises.

IN WITNESS WHEREOF, the parties have duly executed this Lease the day and year first above written.

[*signatures on following page]*

LANDLORD:

INDUSTRY OFFICE SLC, LLC,
a Delaware limited liability company

By: */s/ H. Jason Winkler*
Name: H. Jason Winkler
Title: Manager

Dated: February 10, 2021

TENANT:

RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation

By: */s/ Tina Larson*
Tina Larson, President and COO

Dated: February 10, 2021

RIDER TO LEASE

ADDITIONAL PROVISIONS

1. This Rider Controls. The provisions set forth in this Rider control to the extent they conflict with any provision or provisions set forth in the body of this Lease.

2. Extension Options. Tenant shall have the right and option to extend the Lease for two (2) consecutive periods of one (1) year each under the same terms and conditions as stated in the Lease (each an "**Extension Option**"), with the exceptions that (a) no further extension options shall exist, and (b) monthly rental for such extension term shall be as follows:

FIRST EXTENSION OPTION

BASE RENT (OFFICE PREMISES)

Period	Annual Base Rent PSF	Estimated Expenses PSF*	Estimated Monthly Rent
Month 25 – Month 36	$ 26.52	$ TBD	

BASE RENT (LABORATORY PREMISES)

Period	Annual Base Rent PSF	Estimated Expenses PSF*	Estimated Monthly Rent
Month 25 – Month 36	$ 19.10	$ TBD	

SECOND EXTENSION OPTION

BASE RENT (OFFICE PREMISES)

Period	Annual Base Rent PSF	Estimated Expenses PSF*	Estimated Monthly Rent
Month 36 – Month 48	$ 27.32	$ TBD	

BASE RENT (LABORATORY PREMISES)

Period	Annual Base Rent PSF	Estimated Expenses PSF*	Estimated Monthly Rent
Month 36 – Month 48	$ 19.67	$ TBD	

* Estimate only. Additional Rent, including Building Expenses and Amenity Expenses, shall be calculated and reconciled as set forth in Paragraph 4 of the Lease.

Each Extension Option shall be exercisable by Tenant, if at all, only by timely delivery to Landlord of written notice of election at least six (6) months prior to the expiration of the then current Expiration Date, but no earlier than twelve (12) months prior to the expiration of the then current Expiration Date. The option herein granted shall be deemed to be personal to Tenant, and if Tenant subleases any portion of the Premises or otherwise assigns or transfers any interest thereof to another party (other than a Permitted Transfer), such option shall lapse. In the event that Tenant is in default of any term or condition at the time of its exercise notice beyond any applicable notice and grace period, then there shall be no extension or renewal of the Lease as provided herein. As they apply to Tenant's right to extend the term of the Lease, the parties acknowledge and agree that the terms "extend," "extension," "renew," and/or "renewal" shall be deemed the same.

3. Potential Expansion. Landlord shall use commercially reasonable efforts to accommodate Tenant's requirements for additional space. Any such expansion shall be subject to the parties agreeing on mutually acceptable terms, including then market rental. In the event that a mutually satisfactory agreement for larger space or additional space is reached, Landlord and Tenant shall enter into a new lease or amendment to the Lease for such space. Any expansion or relocation to larger space is contingent upon availability, the parties agreeing upon all applicable terms and conditions, and the full execution of a new lease or amendment.

4. Americans With Disabilities Act. Landlord and Tenant acknowledge that in accordance with the provisions of the Americans with Disabilities Act (the "**ADA**"), responsibility for compliance with the terms and conditions of Title III of the ADA may be allocated as between Landlord and Tenant. Notwithstanding anything to the contrary contained in the Lease, Landlord and Tenant agree that the responsibility for compliance with the ADA shall be allocated as follows: (i) Tenant shall be responsible for compliance with the provisions of Title III of the ADA with respect to existing conditions within the Premises (including, without limitation, the entry and doors thereto) during the Term (not including compliance with the ADA of initial improvements constructed as Landlord's Work in the Premises) and the construction by Tenant of alterations within the Premises; and (ii) Landlord shall be responsible for compliance with the provisions of Title III of the ADA with respect to the exterior of the Building, parking areas, sidewalks and walkways, and the areas appurtenant thereto, together with all other common areas of the Building not included within the Premises, and for the initial improvements constructed as Landlord's Work in the Premises. Landlord and Tenant each agree to indemnify and hold each other harmless from and against any claims, damages, costs, and liabilities arising out of Landlord's or Tenant's failure, as the case may be, to comply with Title III of the ADA as set forth above, which indemnification obligation shall survive the expiration or termination of this Lease. Landlord and Tenant each agree that the allocation of responsibility for ADA compliance shall not require Landlord or Tenant to supervise, monitor, or otherwise review the compliance activities of the other with respect to its assumed responsibilities for ADA compliance as set forth herein.

5. Generator and Outdoor Equipment.

(a) Subject to the terms and conditions hereinafter set forth, Tenant shall have the right to install and maintain, at Tenant's option, tanks for liquid nitrogen and non-flammable gases, chillers, and, for the purpose of providing auxiliary and/or emergency electric power to the Premises, one or more portable or permanent diesel powered or natural gas electric generators and related equipment (each, a "**Generator**"), each in the locations that are acceptable to Tenant and reasonably acceptable to Landlord.

(b) Tenant shall submit to Landlord for approval plans for the Generator (including connections and related equipment) which plans shall specify noise levels. Landlord shall not unreasonably withhold or delay its approval for said plans. Tenant shall also provide to Landlord completed and true and accurate Material Safety Data Sheets for all chemicals or other materials used in connection with the Generator or upon the Premises.

(c) Tenant shall comply with Section 8(c) above and all ordinances, codes and regulations regarding the Generator (including the storage and handling of diesel fuel or other petroleum products) and shall obtain all permits therefor. Prior to commencing installation, Tenant shall provide Landlord with (i) copies of all required governmental and quasi-governmental permits, licenses and authorizations which Tenant will obtain at its own expense and which Tenant will maintain at all time during the operation of the Generator; and (ii) a certificate of insurance evidencing insurance coverage as required by this Lease and any other insurance reasonably required by Landlord for the installation and operation of the Generator. Landlord may reasonably withhold approval if the installation or operation of the Generator may damage the structural integrity of the Building, interfere with any Building systems, or violate any applicable laws.

(d) All cost of installation, operation, maintenance and removal of the Generator shall be the obligation of Tenant, including the cost of repair for damage to any portion of the Land or Building caused by such installation, operation, maintenance or removal. Tenant warrants and represents that (i) Tenant shall repair in a good and workmanlike manner any damage to the Land and/or Building caused by the installation of the Generator, (ii) the operation and maintenance of the Generator shall not cause interference with any mechanical or other systems either located at or servicing the Property, and (iii) the installation, existence, maintenance and operation of the Generator shall not constitute a violation of any applicable laws, ordinances, rules, orders, regulations, etc. of any federal, state, county and municipal authorities having jurisdiction thereover. The installation of the Generator shall be made subject to and in accordance with all of the provisions of the Lease. The contractors performing the installation of the Generator and/or performing any work on the Land and Building shall be approved or designated by Landlord prior to the commencement of any work, which approval shall not be unreasonably withheld or delayed.

(e) Tenant shall indemnify and hold Landlord harmless from any and all damages, injury, loss, liability, costs or claims (including, without limitation, court costs and reasonable attorneys' fees) directly or indirectly resulting from the installation, operation, maintenance or removal of the Generator, except to the extent due to Landlord's negligence or willful misconduct.

6. Rooftop Equipment. In connection with Tenant's Permitted Use, Tenant may, at its sole cost and expense, install and operate (for Tenant's own use and not for use by third parties or "for profit" services provided for the benefit of third parties) during the Term, venting stacks and mechanical equipment (hereinafter the "**Rooftop Equipment**") on the roof of the Building at a location mutually acceptable to Landlord and Tenant (hereinafter the "**Installation Area**"). The installation of such Rooftop Equipment shall be subject to the following:

(a) Tenant shall not install or operate the Rooftop Equipment until the final location of the Rooftop Equipment receives prior written approval from Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. Without limitation to the generality of the preceding sentence, it shall not be unreasonable for Landlord to withhold approval if the location of any Rooftop Equipment if such location may (i) damage the Building or roof membrane, or (ii) limit or void the roof warranty. Prior to commencing installation, Tenant shall provide Landlord with (1) detailed plans and specifications for the installation of the Rooftop Equipment, (2) copies of all required permits, licenses and authorizations, which Tenant will obtain at its own expense and which Tenant will maintain at all times during the operation of the Rooftop Equipment, and (3) a Certificate of Insurance evidencing insurance coverage as required by this Lease and any other insurance reasonably required by Landlord for the installation and operation of the Rooftop Equipment.

(b) Tenant warrants and represents that (i) Tenant shall repair in a good and workmanlike manner any damage to the roof of the Building caused by the installation of the Rooftop Equipment, (ii) the maintenance of the Rooftop Equipment on the roof or the operation thereof shall not cause interference with any telecommunications, mechanical or other systems either located at or servicing the Building (whether belonging to or utilized by Landlord or any other tenant or occupant of the Building) or located at or servicing any building, premises or location in the vicinity of the Building limited however to that permissible under applicable F.C.C. regulations to the extent that such regulations apply, (iii) the installation, existence, maintenance and operation of the Rooftop Equipment shall not constitute a violation of any applicable laws, ordinances, rules, orders, regulations, etc. of any federal, state, county and municipal authorities having jurisdiction thereover.

(c) The installation of the Rooftop Equipment shall be made subject to and in accordance with all of the provisions of this Lease. The contractors performing the installation of the Rooftop Equipment and/or performing any work on or to the roof or risers of the Building shall be reasonably approved by Landlord prior to the commencement of any work, which approval shall not be unreasonably withheld, conditioned, or delayed.

(d) Tenant covenants and agrees that the installation, operation and removal of the Rooftop Equipment (if required to be removed by Tenant under Paragraph 9 of the Lease) will be at its sole risk. Without limiting the generality of any indemnities set forth in the Lease, Tenant agrees to indemnify and defend Landlord against all claims, actions, damages, liabilities and expenses including reasonable attorney's fees and disbursements in connection with the loss of life, personal injury, damage to property or business or any other loss or injury or as a result of any litigation arising out of the installation, operation or removal of the Rooftop Equipment (if required to be removed by Tenant under Paragraph 9 of the Lease), except to the extent due to Landlord's negligence or willful misconduct.

(e) Landlord, in its commercially reasonable discretion, may require Tenant, at any time prior to the Expiration Date, to terminate the operation of the Rooftop Equipment if it is causing physical damage to the structural exterior of the Building, interfering with any other service provided to other tenants in the Building, or violates FCC regulations or applicable law. Notwithstanding the foregoing, if Tenant can correct the damage or disturbance caused by the Rooftop Equipment to Landlord's reasonable satisfaction, Tenant may restore its operation. If the Rooftop Equipment is not corrected and restored to operation within thirty (30) days, Landlord, at its sole option, may require that Tenant remove the Rooftop Equipment at its own expense.

(f) At the expiration or sooner termination of this Lease (except as otherwise set forth in Paragraph 9 of this Lease), or upon termination of the operation of the Rooftop Equipment, or revocation of any license issued, Tenant shall remove the Rooftop Equipment (and all associated wiring and other appurtenances) from the Building and repair any damage caused thereby, at Tenant's sole cost and expense. Tenant shall leave the Installation Area in good order and repair. If Tenant does not remove the Rooftop Equipment when so required, Tenant hereby authorizes Landlord to remove and dispose of the Rooftop Equipment and to charge Tenant for all reasonable costs and expenses incurred.

7. Medical Use Provisions. The purpose of this Section is to address some, but not all, of Landlord's specific concerns about Tenant's Permitted Use. The terms and conditions of this Section shall be in addition to and not limit the generality of any other term or condition of the Lease.

(a) Bio-Medical Hazardous Materials - Compliance with Laws. During the Term of the Lease, Tenant shall comply with all statutes, ordinances, rules, orders, regulations and requirements of the federal, state, county and city governments and all departments thereof applicable to the presence, generation, storage, use, disposal, and removal of medicines, drugs, needles, medical waste, biological waste and any and all substances related thereto (collectively, "**bio-medical hazardous materials**") in, on or about the Premises. Tenant shall at all times maintain all licenses necessary to conduct the Permitted Use.

(b) Bio-Medical Hazardous Materials - Indemnification. Without limiting the generality of any indemnities set forth in the Lease, Tenant agrees to indemnify and forever hold harmless Landlord, its agents, successors, and assigns, and Landlord's mortgagee(s), as their interest may appear, from all claims, losses, damages, expenses and costs, including, but not limited to, attorneys' fees and clean up costs, incurred by reason of Tenant's presence, generation, storage, use, disposal and removal of bio-medical hazardous materials in, on, or about the Premises, or any part of the Land or Building. Tenant's obligation to observe or perform this covenant shall survive the Expiration Date or earlier termination of this Lease.

8. Signage. Tenant shall have the right to install, at Tenant's expense, identification signage on the Building on the north-facing Building façade fronting 600 South and in such other locations and designs that are mutually acceptable to Landlord and Tenant acting reasonably and in good faith. All such signage shall comply with applicable municipal code requirements and ordinances and shall be subject to Landlord's approval, which approval shall not be unreasonably withheld, conditioned, or delayed. All costs associated with the fabrication, installation, maintenance, removal and replacement of Tenant's signage shall be the sole responsibility of Tenant, and Tenant shall maintain such signage in good condition and repair. Tenant shall remove such signage and repair any damage caused thereby, at its sole cost and expense, upon the expiration or sooner termination of the Lease. Tenant shall also have the right, at Landlord's expense, to be listed in any building directory or interior signage that Landlord provides for other tenants of the Building.

9. Conflict. In the event of any express conflict or inconsistency between the terms of this Rider and the terms of the Lease, the terms of this Rider shall control and govern.

EXHIBIT A-1

LEGAL DESCRIPTION

PARCEL 1:

LOTS 1 AND 2, SIXTH SOUTH COMMERC!AL SUBDIVISION, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE AND OF RECORD IN THE SALT LAKE COUNTY RECORDERS OFFICE.

PARCEL 2:

EASEMENTS FOR ACCESS, INGRESS AND EGRESS APPURTENANT TO LOT 1 OF PARCEL 1 PURSUANT TO THAT CERTAIN GRANT OF EASEMENT DATED OCTOBER 09, 2002 AND RECORDED OCTOBER 10, 2002 AS ENTRY NO. 8382515 IN BOOK 8663 AT PAGE 8444 OF OFFICIAL RECORDS.

EXHIBIT B

DEPICTION OF THE PREMISES

[to be attached on or before March 31, 2021]

EXHIBIT C

WORK LETTER

The terms used herein shall have the meanings ascribed to them in the Lease, unless otherwise specifically stated herein.

1. Plans and Schedule. The "**Plans**" shall be those certain space plans to be prepared as soon as reasonably practicable by a licensed architect and mutually agreed upon by Landlord and Tenant, a copy of which shall be attached hereto as **Exhibit C-1**, for the work to be completed Landlord within the Office Premises (the "**Office Improvements**"), which shall be consistent with the specifications set forth on **Exhibit C-2** (the "**Office Specifications**"), and Laboratory Premises in accordance with this Work Letter. The parties acknowledge and agree that Landlord requires certain specification and other information from Tenant in order to prepare the Plans and complete Landlord's Work ("**Tenant's Specifications**"). The "**Schedule**" shall be the design and construction schedule prepared by Landlord, with input by Tenant, with each party working cooperatively and in good faith, for the completion of Landlord's Work, the timing of Tenant's entry within the Premises prior to the Commencement Date, and the completion of Tenant's work within the Laboratory Premises. The parties shall endeavor to complete the Schedule and attach it as an exhibit to this Work Letter as **Exhibit C-3** by no later than March 31, 2021, subject to each party's review and approval of the same. The Schedule shall include the following key dates and milestones and any other dates/milestones that are mutually agreed to by the parties:

(a) the estimated Commencement Date;

(b) the estimated Landlord Substantial Completion Date (as defined below);

(c) the date by which Tenant is required to deliver Tenant's Specifications to Landlord; and

(d) the conditions precedent and target dates for Tenant's entry within the Premises for purposes of completing its improvements within the Laboratory Premises.

2. Objectives; Landlord's Work.

The parties acknowledge and agree that the successful and timely completion of Landlord's Work (as defined below) and Tenant's improvements within the Laboratory Premises will require the parties to work together cooperatively and in good faith and to closely coordinate concerning all aspects of the design and construction of Landlord's Work and Tenant's improvements within the Laboratory Premises. The intent of the parties is to establish and maintain a collaborative design and construction process to meet the deadlines and other requirements set forth in this Work Letter.

Subject to the limitations and terms set forth herein, Landlord shall furnish and install substantially and in all material respects in accordance with the Plans the materials and items described therein ("**Landlord's Work**"). Landlord's Work within the Office Premises shall be delivered "turnkey" in accordance with the Office Specifications. Landlord's Work within the Laboratory Premises shall be delivered in Warm Shell Condition, as defined below; provided, however, that (i) Landlord shall only be obligated to pay the cost of constructing and delivering the Laboratory Premises in Warm Shell Condition (as defined below) and the Office Premises in accordance with the Office Specifications, and (ii) all costs of Landlord's Work or the Plans in excess of constructing the Warm Shell Condition for the Laboratory Premises or the Office Premises in excess of the Office Specifications shall be borne by Tenant pursuant to Section 3 below.

As used herein, "**Warm Shell Condition**" is as follows:

- A minimum 4" thick continuous flat concrete slab without plane changes, and a vapor barrier per Landlord's design. Any additional specialty costs will be borne by Tenant. Flat floor shall specifically be ACI Standards for FFL.
- Footings and mezzanine adequate for office use per co-design (the mezzanine shall be built to INDUSTRY standards with stairs (and no additional conveyance) and metal perimeter railing). The mezzanine shall have a polished concrete floor, and shall be without a drop ceiling or exterior drywall partitions.
- All demolition (demo plan attached as part of the Plans) complete, including non-bearing walls between columns per Landlord plans.
- Landlord, as part of Landlord's Work, shall provide adequate power (and associated INDUSTRY-standard distribution) in the office area of the Premises. In the event there is not sufficient power available to power the Laboratory Premises, the cost of sourcing additional power shall be at Tenant's cost. Landlord shall provide a single 200 amp electrical panel in the Laboratory Premises as part of Landlord's Work. Power distribution in the Laboratory Premises shall be at Tenant's sole cost.
- Water and gas lines stubbed into the Premises consistent with the Building's office standard (and any additional water service, new taps and upgrades to existing recently installed 12" city main line located in the 500 W ROW shall be at Tenant's cost). If Tenant requires additional gas than is currently available, then Tenant shall pay for additional cost.
- 4" Sewer line lateral stubbed to the Premises. Any sewer upgrades beyond the specifications set forth herein shall be borne by Tenant.
- INDUSTRY-standard HVAC units and capacity for the entirety of the space including main trunk and distribution lines per Landlord and Tenant codesign; Additional structural cost for added mass and weight distribution cost shall be borne by Tenant including additional infrastructure and RTU's above INDUSTRY standard.
- Building envelope shall be complete, watertight, and meet all code requirements as designed by Landlord.
- Space on the roof for Tenant equipment including ventilation stacks and other HVAC equipment. Any additional structural reinforcement and engineering analysis will be at Tenant's sole cost and expense. Any damage to the roof or other equipment shall be repaired at Tenant's sole cost.
- Exterior walls framed and insulated per building standard (B Occupancy Code Requirements).
- INDUSTRY-standard fire suppression wet system designed and installed throughout the office portion of the Premises plus sprinklers installed for shell condition in the Laboratory Premises. All costs to redesign the sprinkler system and costs for additional distribution throughout the Laboratory Premises will be borne by Tenant including but not limited to increased piping size, additional pumps to meet flow rates (if necessary), any specialty suppression and/or air evacuation system.
- Existing INDUSTRY SLC building fire alarm system panel for Tenant to tie into and all fire alarm devices required per building standard (B Occupancy Code Requirements).

- INDUSTRY-standard restroom group, complete with an ADA compliant restroom stall, and code compliant electrical closets, and janitor closets.
- Adequate egress doors for typical office use including ADA and exterior lighting requirements.
- Exterior patio(s) adjacent to the Premises – per co-design.
- No window coverings shall be provided by Landlord.
- Exterior walls drywalled and primed where appropriate per Tenant and Landlord co-design.
- One (1) 14’ x 14’ loading dock and door accessible by tractor trailer trucks (either at Building grade or above grade with internal ramps) in a location mutually approved by Landlord and Tenant.

3. Cost of Landlord Work. The cost of delivering to Tenant the Office Premises in accordance with the Office Specifications and the Laboratory Premises in Warm Shell Condition as set forth in Section 2 above shall, subject to any Change Orders (defined below), be borne by Landlord, and all other hard and soft construction costs associated with Landlord’s Work shall be borne by Tenant.

Notwithstanding the foregoing, Landlord shall provide to Tenant a credit against Tenant’s future Base Rent obligations, in an amount not to exceed Ten and No/100 Dollars ($10.00) per RSF of space in the Laboratory Premises, of Tenant’s cost of constructing the Laboratory Premises. By way of example and not limitation, if the Laboratory Premises are determined to be 30,000 RSF, and Tenant spends at least $300,000.00 toward constructing the Laboratory Premises as is evidenced by paid invoices, lien waivers, and any other documentation reasonably requested by Landlord, then Landlord shall provide to Tenant a credit in the amount of $300,000.00 against Tenant’s future Base Rent obligations.

No later than sixty (60) days after receipt of Tenant’s Specifications, Landlord shall cause to be prepared a budget and cost estimate for the construction of Landlord’s Work and all work reflected on the Plans, which budget and estimate shall be provided to Tenant and shall be based on actual bids received by contractors for such work. Tenant shall have thirty (30) days after receipt of the budget and cost estimate to pay to Landlord all costs of Landlord’s Work and the Plans in excess of the cost of (a) the Office Specifications for the Office Premises, and/or (b) the Warm Shell Condition for the Laboratory Premises (“**Excess Costs**”). If Tenant fails to pay the Excess Costs within thirty (30) days, then Landlord may, in its sole discretion, (i) keep this Lease in full force and effect, in which case Landlord shall retain all of its rights and remedies set forth in the Lease or at law or equity; or (ii) terminate this Lease, in which case this Lease shall terminate on the date set forth in Landlord’s notice, and Tenant shall reimburse to Landlord all actual and reasonable third-party costs incurred by Landlord in constructing Landlord’s Work. If the actual cost to construct Landlord’s Work is less than the amount that Tenant has paid Landlord for such Excess Costs, Landlord shall reimburse Tenant within thirty (30) days of completion of Landlord’s Work.

4. Extra Work; Omissions; Change Orders.

(a) Tenant may request substitutions, additional or extra work and/or materials over and above Landlord’s Work (“**Change Order**”) to be performed by Landlord, provided that the Change Order, in Landlord’s reasonable judgment: (1) shall not delay completion of the Warm Shell Condition or Landlord’s Work or otherwise delay the Commencement Date of the Lease; (2) shall be practicable and consistent with existing physical conditions in the Building and any other plans for the Building which have been filed with the appropriate municipality or other

governmental authorities having jurisdiction thereover; (3) shall not impair Landlord's ability to perform any of Landlord's obligations hereunder or under the Lease or any other lease of space in the Building; and (4) shall not affect any portion of the Building other than the Premises. All Change Orders shall require the installation of new materials at least comparable to Building standards and any substitution shall be of equal or greater quality than that for which it is substituted.

(b) In the event Tenant requests Landlord to perform the work specified in the Change Order and if Landlord accedes to such request, then and in that event, prior to commencing such work, Landlord shall submit to Tenant a written estimate ("**Estimate**") for said Change Order. Within five (5) business days after Landlord's submission of the Estimate, Tenant shall, in writing, either accept or reject the Estimate. Tenant's failure either to accept or reject the Estimate within said five (5) day period shall be deemed rejection thereof. In the event that Tenant rejects the Estimate or the Estimate is deemed rejected, Tenant shall within five (5) business days after such rejection propose to Landlord such necessary revisions of the Plans so as to enable Landlord to proceed as though no such Change Order had been requested. Should Tenant fail to submit such proposals regarding necessary revisions of the Plans within said five (5) business day period, Landlord, in its sole discretion, may proceed to complete Landlord's Work in accordance with the Plans already submitted, with such variations as in Landlord's sole discretion may be necessary so as to eliminate the Change Order.

(c) Tenant may request the omission of an item of Landlord's Work, provided that such omission shall not delay the completion of Landlord's Work and Landlord thereafter shall not be obligated to install the same. Credits for items deleted or not installed shall be granted in amounts equal to credits obtainable from subcontractors or materialmen. In no event shall there be any cash credits.

(d) In the event Landlord performs any work specified in the Change Order, Tenant shall pay to Landlord, upon acceptance of the Estimate a sum equal to the Estimate. If the cost of such Change Order is less than the estimate, Tenant shall be entitled to a refund or credit for the difference between the Estimate and the actual cost of such Change Order.

5. Punch Walk. When Landlord and its general contractor are of the reasonable opinion that completion of (a) Landlord's Work within the Office Premises in accordance with the Office Specifications or (b) Warm Shell Condition within the Laboratory Premises has been achieved, then Landlord shall so notify Tenant. Tenant agrees that upon such notification, Landlord and Tenant shall jointly (with Landlord's general contractor) promptly (on one (1) occasion and not later than five (5) business days after the date of Landlord's said notice) inspect the Office Premises or Laboratory Premises, as applicable, and furnish to Landlord a written statement that, as applicable, the Office Premises have been completed in accordance with the Office Specifications or the Laboratory Premises are in Warm Shell Condition (or Tenant shall set forth in such notice such items that remain uncompleted and that require completion in order for Landlord's Work within such portion of the Premises to be deemed complete, which Landlord shall promptly complete within thirty (30) days of receipt of Tenant's written statement) with the exception of certain specified and enumerated items (hereinafter referred to as the "**Punch List**").

6. Substantial Completion Date. Landlord's Work shall be deemed substantially complete when Landlord's Work as set forth on the Plans have been completed, excepting only minor or cosmetic items that will not materially and adversely affect Tenant's use or occupancy of the Office Premises or its completion of its improvements within the Laboratory Premises. It is

mutually agreed that if the Punch List consists only of items which would not materially impair Tenant's use or occupancy of the Office Premises or its completion of improvement within the Laboratory Premises, then, in such event, Tenant will acknowledge in writing that Landlord's Work is complete ("**Landlord Substantial Completion Date**" or "**Date of Landlord's Substantial Completion**"); provided, however, that such acknowledgment of acceptance shall not relieve Landlord of its obligations to promptly complete all such Punch List items. Notwithstanding the foregoing, in no event shall Landlord be obligated to repair latent defects, not originally listed on the Punch List, beyond a period of one (1) year after the Substantial Completion Date, as defined above. Promptly after the Commencement Date, the parties will execute an instrument in the form attached hereto as **Exhibit E**, confirming the Substantial Completion Date, the Commencement Date and the Expiration Date.

7. Landlord Obligations; Tenant Delay.

(a) Landlord's Obligation. Landlord shall use diligent and good faith efforts to complete Landlord's Work by the estimated Landlord Substantial Completion Date set forth in the Schedule. If Landlord fails to complete Landlord's Work by the estimated Landlord Substantial Completion Date (subject to extension due to any Change Orders, or due to force majeure or Tenant Delay, as each is defined below), this Lease shall continue in full force and effect and Tenant may extend the Commencement Date and the Outside Commencement Date by one day for each day of such delay. Notwithstanding anything contained in this Work Letter to the contrary, there shall be no abatement of Rent and no deferral of the Commencement Date if Landlord's Work is not substantially complete by the Landlord Substantial Completion Date due to any Tenant Delay.

(b) Tenant Delay. As used herein, "**Tenant Delay**" shall mean any event or occurrence which delays the completion of any Landlord Work in the Premises which is caused by or is described as follows: (i) special work, changes, alterations or additions requested or made by Tenant in the design or finish in any part or the Premises after approval of the plans and specifications; (ii) Tenant's delay in submitting plans, supplying information, approving plans, specifications or estimates (including, without limitation, Tenant's Specifications, as defined in Section 1 above), giving authorizations or otherwise; (iii) Tenant's failure to approve or delay payment for such work (including Change Orders) as Landlord undertakes to complete at Tenant's expense; (iv) the performance or completion, non-completion or delay in completion by Tenant or any person engaged by Tenant of any work in or about the Premises; or (v) any special work, materials or installations requested by Tenant that are not included in the Plans. In the event the Landlord Substantial Completion Date is delayed due to one or more Tenant Delays, then the Landlord Substantial Completion date shall be modified to be the date Landlord's Work would have been complete but for any Tenant Delays and monthly Rent will commence accordingly.

(c) Force Majeure. As used herein, "**force majeure**" means any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, acts of war, acts of terrorism, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, civil commotions, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform; provided, however that force majeure shall not apply to any monetary obligation owed by one party to the other, or to either party's obligations to carry the insurance requirements under the Lease.

8. Tenant's Entry Prior to Commencement Date. Tenant and its agents or laborers may enter the Premises subject to satisfaction of the milestones set forth in the Schedule at Tenant's sole risk in order to perform through Tenant's own contractors such work as Tenant may desire within the Laboratory Premises, at the same time that Landlord's contractors are working in the Premises. The foregoing license to enter prior to the Commencement Date, however, is conditioned upon Tenant's labor not materially interfering with Landlord's contractors. If at any time such entry shall cause material interference with Landlord's Work, this license may be withdrawn by Landlord upon five (5) days' written notice to Tenant; provided, however, the Commencement Date shall extend day for day (but no later than the Outside Commencement Date) until Tenant completes such improvements and has obtained a certificate of occupancy for the Premises. Such entry shall be deemed to be under and subject to all of the terms, covenants and conditions of the Lease, and Tenant shall comply with all of the provisions of the Lease which are the obligations or covenants of Tenant, except that the obligation to pay Rent shall not commence until the Commencement Date (but not later than the Outside Commencement Date). In the event that Tenant's agents or laborers incur any charges from Landlord, including, but not limited to, charges for use of construction or hoisting equipment on the Building site, such charges shall be deemed an obligation of Tenant and shall be collectible as Rent pursuant to the Lease, and upon default in payment thereof, Landlord shall have the same remedies as for a default in payment of Rent pursuant to the Lease.

9. Landlord's Entry After Substantial Completion, Commencement Date. At any time after the Landlord Substantial Completion Date and prior to the Commencement Date, Landlord may enter the Premises in accordance with the provisions of the Lease to complete Punch List items and Landlord shall coordinate such entry and work within the Laboratory Premises with Tenant and Tenant's contractors so as not to materially interfere with Tenant's work. If such entry by Landlord is required after the Commencement Date, Landlord may enter the Premises in accordance with the provisions of the Lease to complete such remaining Punch List items and such entry by Landlord and its agents, servants, employees or contractors for such purpose shall not constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any abatement or diminution of Rent, or relieve Tenant from any obligation under this Lease, or impose any liability upon Landlord or its agents (except as set forth in the Lease). Tenant hereby accepts any and all reasonable disturbances associated with such entry and agrees to reasonably cooperate with Landlord (and such cooperation shall include, without limitation, moving furniture as necessary).

10. Delays. Landlord and Tenant mutually acknowledge that Landlord's construction process in order to complete Landlord's Work and Tenant's construction process to complete its improvements to the Laboratory Premises each requires a coordination of activities of Landlord and Tenant and a compliance by Tenant and Landlord without delay of all obligations imposed upon Tenant and Landlord pursuant to this **Exhibit C** and that time is of the essence in the performance of Tenant's obligations and Landlord's obligations hereunder and Tenant's and Landlord's compliance with the terms and provisions of this **Exhibit C**.

11. Provisions Subject to Lease. The provisions of this **Exhibit C** are specifically subject to the provisions of the Lease.

EXHIBIT C-3

SCHEDULE

[to be attached on or before March 31, 2021]

EXHIBIT D

Intentionally omitted

EXHIBIT E

COMMENCEMENT DATE, PREMISES AREA MEASUREMENT AND BASE RENT CONFIRMATION CERTIFICATE

LANDLORD: **INDUSTRY OFFICE SLC, LLC**, a Delaware limited liability company

TENANT: Recursive Pharmaceuticals, Inc, a Delaware corporation

This Lease Commencement Certificate is made by Landlord and Tenant pursuant to that certain Lease (the "Lease") entered into as of _____ ___, 2021, for the premises known as Suite [_____] in the Building known as 650 South 500 West, Salt Lake City, Utah (the "Premises"). The Premises are confirmed to be [_____] rentable square feet, which is comprised of [_____] rentable square feet of Office Premises and [_____] rentable square feet of Laboratory Premises.

1. Lease Commencement Date. Landlord and Tenant acknowledge and agree that the Substantial Completion Date, as contemplated in the Lease, is _____, 20___, the Commencement Date, as contemplated by the Summary of Basic Terms of the Lease, is_____, 20__, and the Expiration Date is_____, 20__. Rent as contemplated by the Lease begins accruing to Landlord's benefit as of _____, 20__. All covenants in the Lease contemplated to begin on the Commencement Date shall commence as of the Commencement Date.

INSERT SPECIFIC DATE	INSERT MONTHLY RENT
INSERT SPECIFIC DATE	INSERT MONTHLY RENT
INSERT SPECIFIC DATE	INSERT MONTHLY RENT

2. Acceptance of Premises. Tenant has inspected and examined the Premises, and, subject to the terms of the Lease and based on such inspection, Tenant finds the Premises acceptable and satisfactory in their current, "as is" condition, except for the "Punchlist Items" attached hereto (if any). [All of Landlord's Work has been fully completed and fulfilled.] The attached list of Punchlist Items constitutes all matters which Tenant does not find fully and completely acceptable, and as to which Tenant desires Landlord to perform corrective work.

LANDLORD:

INDUSTRY OFFICE SLC, LLC, a Delaware limited liability company

By: _____
Name: H. Jason Winkler
Title: Manager

TENANT:

RECURSION PHARMACEUTICALS, INC., a Delaware corporation

By: _____
Name: _____
Title: _____

EXHIBIT F

WIRELESS CONNECTIVITY

INTERNET

INDUSTRY Salt Lake City provides a secure wireless & wired network via the SIC™ platform. This technology platform includes campus-wide Wi-Fi connectivity, security, redundant Internet feeds from multiple providers, and it operates even during power outages. Internet usage may be charged to Tenant via Building Expenses or billed separately at Landlord's discretion. **Charges for Internet usage are subject to change, provided costs remain similar to comparable market competitors**. Internet usage is not included in Base Rent.

The SIC™ technology platform includes:

- campus-wide high-speed Wi-Fi connectivity
- security (firewall, independent VLAN, user access controls)
- tenant specific user access controls (per company)
- operation during power outages

Tenants may:

- Connect and manage employees' campus-wide access to the SIC™ Platform.
    - Connect seamlessly with:
    - SD-WAN
    - VPN
    - IoT & IIoT
    - Voice
    - Telemetry
    - Audio/Video
    - Multiple other devices & systems

Tenants may, at additional expense(s) which will be added to regular invoicing:

- Leverage the SIC™ Technology Platform's integrated redundant Internet feeds.
- Connect their own independently-contracted, and SIC™ integrated, wired Internet feed(s).
- Connect and/or host their own firewall inside of the provided SIC™ firewall.
- Add Ethernet wired drops to tenant space(s).
- Utilize static public IP addresses.
- Leverage additional technical services if/as needed.

Tenants may NOT, so long as Landlord provides a SIC™ Platform in the Building:

- Broadcast or operate their own Wi-Fi network(s), as this would degrade the performance of the existing, professionally designed & operated campus-wide RF network.

While Tenant may install its own dedicated network to integrate with the SIC™ Platform, Tenant will remain responsible for its share of all costs associated with Tenant having access to the SIC™ Platform amenity – which shall be billed and payable monthly and shall not be included in the building expenses.

Additional hosting and services are available. Please contact Landlord for a schedule of fees and applicable service.

ADDENDUM A TO OFFICE BUILDING LEASE

Rules and Regulations

1. CONDUCT

Tenant shall not conduct its practice or business, or advertise such business, profession or activities of Tenant conducted in the Premises in any manner which violates local, state or federal laws or regulations.

2. HALLWAYS AND STAIRWAYS

Tenant shall not obstruct or use for storage, or for any purpose other than ingress and egress, the sidewalks, entrance, passages, courts, corridors, vestibules, halls, elevators and stairways of the Building.

3. NUISANCES

Except for such commercially reasonable and customary noises, odors and other impacts that are inherent to the Permitted Use, Tenant shall not make or permit any noise, odor or act that is objectionable to other occupants of the Building or to emanate from the Premises, and shall not create or maintain a nuisance thereon. Tenants understand that on occasion there will be a lot of activity and special events being held by each of the Tenants of the Building. These activities and special events must be planned ahead of time and approved by the Landlord with a minimum of seven (7) days' notice given to the other Tenants of the building.

4. AUDIO EQUIPMENT, ETC.

Tenant shall not operate any audio equipment or similar instrument in such a manner as to unreasonably disturb other tenants of the Building or the neighborhood. Except as provided in the Lease, Tenant shall not install any antennae, aerial wires or other equipment outside the Building without the prior written approval of Landlord.

5. LOCKS

No additional locks or bolts of any kind shall be placed upon any of the doors or windows by Tenant, nor shall any changes be made in existing locks or the mechanism thereof. Tenant must upon the expiration of its tenancy restore to Landlord all keys to the Premises and toilet rooms either furnished to or otherwise procured by Tenant, and in the event of loss of any keys so furnished, Tenant shall pay to Landlord the cost thereof. Landlord shall charge a market fee for cutting keys (which may change from time to time) and Landlord does require all keys are cut and provided by Landlord's locksmith.

6. OBSTRUCTING LIGHT, DAMAGE

The sash doors, sashes window glass doors, lights and skylights that reflect or admit light into the halls or other places of the Building shall not be covered or obstructed unduly. The toilets and urinals shall not be used for any purpose other than those for which they were intended and constructed, and no rubbish, newspapers or other substance of any kind shall be thrown into them. Waste and excessive or unusual use of water shall not be allowed. Tenant shall not mark, drive nails, screw or drill into, paint, nor in any way deface the walls, ceilings, partitions, floors, wood, stone or iron work. The expense of any breakage, stoppage or damage resulting from a violation of this rule by Tenant shall be borne by Tenant. Tenant shall be permitted to hang pictures on office walls, but it must be done in a workmanlike manner and in such a way as not to damage or deface such walls. Notwithstanding the forgoing, Tenant shall utilize Landlord’s preferred vendor for mounting, attaching or painting anything in or one stone, brick or concrete walls.

7. WIRING

Electrical wiring of every kind shall be introduced and connected only as directed by Landlord, and neither boring nor cutting of wires will be allowed except with the consent of the Landlord. The location of the telephone, call boxes, etc., shall be subject to the approval of Landlord.

8. EQUIPMENT, MOVING, FURNITURE, ETC.

Landlord shall approve the weight, size and position of all fixtures, equipment and other property brought into the Building, and the times of moving which must be done under the supervision of Landlord. Landlord will not be responsible for any loss of or damage to any such equipment or property from any cause, and all damage done in the Building by moving or maintaining any such property shall be repaired at the expense of Tenant. All equipment shall be installed as required by law, and in accordance with and subject to written approval received on written application of Tenant. Move-in and move-out of Tenant’s furniture, fixtures and equipment shall be limited to before or after normal business hours as reasonably defined by Landlord.

9. REQUIREMENTS OF TENANT

The requirements of Tenant will be attended to only upon application at the office of Landlord or its Property Manager. Employees or Landlord or its Property Manager shall not perform any work nor do anything outside their regular duties unless under special instructions from Landlord or its Property Manager. No such employees shall admit any person, Tenant or otherwise, to any other office without instruction from the office of Landlord or its Property Manager. All janitorial services personnel, guards or any outside contractors employed by Tenant shall be subject to the regulations and control of Landlord, but shall not act as an agent or servant of Landlord.

10. ACCESS TO BUILDING

Any person entering or leaving the Building may be questioned by Building security regarding his/her business in the Building and may be required to sign in and out. Anyone who fails to provide a satisfactory reason for being in the Building may be excluded.

11. PETS, REFUSE

Landlord reserves the right to bar the presence of pets at its sole discretion. Landlord may require Tenant’s employees to sign a dog indemnity and behavior agreement if Tenant’s employees choose to bring dogs into the Building.

Tenant shall not allow anything to be placed on the outside window ledges of the Premises or to be thrown out of the windows of the Building. Tenant shall not place or permit to be placed any obstruction or refuse in any public part of the Building.

12. EQUIPMENT DEFECTS

Tenant shall give Landlord prompt notice of any accidents to or defects in the water pipes, gas pipes, electric lights and fixtures, heating apparatus, or any other service equipment.

13. PARKING

Unless otherwise specified by Landlord, Tenant and its employees may park automobiles only in the designated parking areas provided by Landlord. Parking Permit issued by Landlord must be visible on vehicles parked in designated areas. Except as set forth in the Lease, Tenant agrees that Landlord assumes no responsibility of any kind whatsoever in reference to such automobile parking area or the use thereof by Tenant or its agents or employees. There shall be no assigned parking spaces in the designated parking areas.

14. CONSERVATION AND SECURITY

Tenant will see that all windows and doors are securely locked, and that all faucets and electric light switches are turned off before leaving the Building.

15. SIGNAGE

No sign, advertisement or notice shall be inscribed, painted or affixed on any part of the inside or outside of the Building unless of such color, size and style and in such place upon or in the Building as shall be first designated by Landlord. Landlord shall have the right to remove all non-permitted signs without notice to Tenant and at the expense of Tenant.