

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 3, 2024

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

Delaware
(State or other jurisdiction of incorporation)

001-40323
(Commission File Number)
41 S Rio Grande Street
Salt Lake City, UT 84101
(Address of principal executive offices) (Zip code)

46-4099738
(I.R.S. Employer Identification No.)

(385) 269 - 0203
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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

Item 7.01. Regulation FD Disclosure.

On September 3, 2024, Recursion Pharmaceuticals, Inc. ("Recursion" or the "Company") released an updated investor presentation. The investor presentation will be used from time to time in meetings with investors. A copy of the presentation is attached hereto as Exhibit 99.1.

The information furnished in this Item 7.01 (including Exhibit 99.1), shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 8.01. Other Events.***SYCAMORE Trial Top-Line Results***

On September 3, 2024, the Company issued a press release announcing top-line results of its SYCAMORE trial, a 12-month Phase 2 randomized double-blind, placebo-controlled, safety, tolerability and exploratory efficacy study for REC-994 in symptomatic cerebral cavernous malformation patients. A copy of the press release is attached hereto as Exhibit 99.2 and incorporated by reference herein.

Certain Financial Information Relating to the Proposed Transaction with Exscientia

As previously disclosed in the Current Report on Form 8-K filed on August 8, 2024 (the "Original Form 8-K"), the Company, entered into a transaction agreement dated August 8, 2024 (the "Transaction Agreement") with Exscientia plc ("Exscientia"). The Transaction Agreement provides that, subject to the terms and conditions set forth therein, including the requisite approval of each of the Company's stockholders and Exscientia's shareholders, the Company will acquire the entire issued and to be issued share capital of Exscientia pursuant to a scheme of arrangement under Part 26 of the United Kingdom Companies Act 2006 (the "Scheme of Arrangement" and such transaction, the "Transaction").

In connection with the Transaction Agreement, the proposed Transaction, and the related transactions described in this Current Report on Form 8-K and the Original Form 8-K, which description is hereby incorporated by reference herein, the Company is providing the following information:

The Company is filing the following financial information related to Exscientia and the proposed Transaction:

- The audited consolidated statement of financial position of Exscientia as of and for the years ended December 31, 2023, and December 31, 2022, and the related consolidated statement of loss and other comprehensive (loss)/income, of changes in equity and of cash flows for each of the three years in the period ended December 31, 2023 are attached as Exhibit 99.3 hereto and incorporated by reference herein.
 - The unaudited condensed consolidated financial statements of Exscientia as of June 30, 2024, and June 30, 2023, and for the three and six months ended June 30, 2024, and June 30, 2023, and the notes related thereto are attached as Exhibit 99.4 hereto and incorporated by reference herein.
 - The unaudited pro forma condensed combined balance sheet of Recursion as of June 30, 2024, which combines the unaudited condensed consolidated balance sheets of Recursion and Exscientia as of June 30, 2024 and gives effect to the proposed Transaction as if it occurred on June 30, 2024, and the unaudited pro forma condensed combined statements of operation of Recursion and Exscientia for the year ended December 31, 2023, and the six months ended June 30, 2024, which combines the historical results of
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Recursion and Exscientia for the year ended December 31, 2023 and the six months ended June 30, 2024 and gives effect to the proposed Transaction as if it occurred on January 1, 2023, and the notes related thereto are filed as Exhibit 99.5 hereto and incorporated by reference herein.

The consent of PricewaterhouseCoopers LLP, Exscientia's independent registered public accounting firm, is attached as Exhibit 23.1 hereto.

Risk Factors Relating to the Transaction

Completion of the Transaction is subject to certain conditions, some of which are outside of the parties' control, and if these conditions are not satisfied or waived, the Transaction will not be completed.

The obligation of Recursion and Exscientia to complete the Transaction is subject to customary conditions under the Transaction Agreement, including (i) required approvals from Recursion stockholders and Exscientia shareholders, (ii) clearance under the Hart-Scott Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder (the "HSR Act") and certain other merger control and investment laws and regulations of non-U.S. jurisdictions, (iii) the sanction of the Scheme of Arrangement by the High Court of Justice of England and Wales (the "Court"), (iv) the absence of any law or order that enjoins, prevents, prohibits, or makes illegal the consummation of the Transaction; and (v) the Recursion Shares issuable in the Transaction having been approved for listing on Nasdaq.

The requirement to satisfy the applicable conditions could delay completion of the Transaction for a significant period of time or prevent the Transaction from occurring at all. There can be no assurance that the conditions to the closing of the Transaction will be satisfied or, where applicable, waived or that the Transaction will be completed. Any delay in completing the Transaction could cause Recursion not to realize some or all of the benefits that the parties expect Recursion to achieve if the Transaction is successfully completed within the expected timeframe.

Further, as a condition to approving the Transaction, governmental authorities may impose conditions, terms, obligations or restrictions on the conduct of the parties' business after the completion of the Transaction. If the parties were to become subject to any conditions, terms, obligations or restrictions, it is possible that such conditions, terms, obligations or restrictions will delay completion of the Transaction or otherwise adversely affect the parties' business, financial condition, or operations. Furthermore, governmental authorities may require that the parties divest assets or businesses as a condition to the closing of the Transaction. If the parties are required to divest assets or businesses, there can be no assurance that Recursion or Exscientia will be able to negotiate such divestitures expeditiously or on favorable terms or that the governmental authorities will approve the terms of such divestitures.

In addition, if the Effective Time shall not have occurred by August 8, 2025, either Recursion or Exscientia may choose not to proceed with the Transaction and terminate the Transaction Agreement. Recursion and Exscientia may also terminate the Transaction Agreement under certain other circumstances.

Some of the conditions to the Transaction and termination rights may be waived by Recursion or Exscientia without resoliciting Recursion stockholder or Exscientia shareholder approval.

Certain conditions to completing the Transaction and termination rights set forth in the Transaction Agreement may be waived, in whole or in part, by Recursion or Exscientia. If any conditions or termination rights are waived after the approval of Recursion stockholders or of Exscientia shareholders has been obtained, Recursion and Exscientia will evaluate whether amendment of a future joint proxy statement and resolicitation of proxies would be warranted. Subject to applicable law, if Recursion and Exscientia determine that resolicitation of Exscientia shareholders or Recursion stockholders is not warranted, the parties will have the discretion to complete the Transaction without seeking such additional Recursion stockholder approval or Exscientia shareholder approval, as applicable.

Failure to complete the Transaction could negatively impact the Recursion stock price or Exscientia ADS price and the future business and financial results of Recursion and Exscientia, respectively.

If the Transaction is not completed for any reason, including as a result of a failure to obtain required approvals from Recursion stockholders and Exscientia shareholders, the ongoing businesses of Recursion and Exscientia may be adversely affected and, without realizing any of the benefits of having completed the Transaction, Recursion and Exscientia would be subject to a number of risks, including the following:

- Recursion may be required, under certain circumstances, to pay Exscientia a termination fee of approximately \$58.77 million or reimburse Exscientia for certain fees and expenses;
- Exscientia may be required, under certain circumstances, to pay Recursion a termination fee of approximately \$6.88 million;
- Recursion and Exscientia are subject to certain restrictions on the conduct of their businesses and capital raising activities prior to completing the Transaction, which may adversely affect their respective abilities to execute certain of their respective business strategies going forward if the Transaction is not completed;
- Recursion and Exscientia have incurred and will continue to incur significant costs and fees associated with the proposed Transaction, such as legal, accounting, financial advisor and printing fees, regardless of whether the Transaction is completed;
- Recursion and Exscientia may experience negative reactions from the financial markets, including negative impacts on their stock price and Exscientia ADS price, respectively;
- Recursion and Exscientia may experience negative reactions from their business partners, regulators and employees; and
- matters relating to the Transaction (including integration planning) will require substantial commitments of time and resources by Recursion's and Exscientia's management, which would otherwise have been devoted to day-to-day operations and other opportunities that may have been beneficial to Recursion and Exscientia as independent companies.

In addition, Recursion and Exscientia could be subject to litigation related to the Transaction that may prevent the Transaction from being completed in the time frame expected or at all. Litigation related to the Transaction may also result from failure to complete the Transaction or related to any enforcement proceeding commenced against Recursion or Exscientia to perform its obligations under the Transaction Agreement. If such Transaction litigation occurs it may result in significant costs of defense, indemnification and liability. If the Transaction is not completed, the related litigation risks may materialize and may adversely affect Recursion's or Exscientia's respective businesses, financial conditions, financial results and stock price or Exscientia's ADS price, respectively.

The number of Recursion Class A Common Stock that Exscientia shareholders will receive pursuant to the Transaction (the "Recursion Shares") is based on a fixed exchange ratio that will not be adjusted to reflect changes in the market value of Recursion Shares or Exscientia ordinary shares ("Exscientia Shares") or Exscientia ADSs or the number of Recursion Shares or Exscientia Shares or Exscientia ADSs outstanding prior to the completion of the Transaction. Further, when Recursion stockholders and Exscientia shareholders vote on the issuance of Recursion Shares, Scheme of Arrangement, and other related matters, as applicable, they will not know the exact market value of the Recursion Shares, or the aggregate number of Recursion Shares, that will be issued in connection with the Transaction.

Upon completion of the Transaction, Exscientia shareholders will be entitled to receive 0.7729 Recursion Shares for each Exscientia Share and Exscientia ADS (the "Exchange Ratio") that such Exscientia shareholders own. The market value of the Recursion Shares that Exscientia shareholders will be entitled to receive when the Transaction and Scheme of Arrangement are completed could vary significantly due to a change in the market value of Recursion Shares from the date the Transaction Agreement was entered into, the date of a future special meeting of Recursion stockholders to approve the proposals relevant to the transaction (the "Recursion Special Meeting") or the meetings of Exscientia shareholders to approve proposals relevant to the transaction (the "Exscientia Shareholder Meetings"). Because the Exchange Ratio will not be adjusted to reflect any changes in the market value of Recursion Shares or Exscientia ADSs, such market price fluctuations may affect the relative value that Exscientia shareholders and Exscientia ADS holders will receive. Changes in market value may result from a variety of factors, including

changes in the business, operations or prospects of Recursion or Exscientia, market assessments of the likelihood that the Transaction will be completed, market assessments of the value of Recursion, the timing of the Transaction, regulatory considerations, governmental actions, general market and economic conditions, legal proceedings and other factors, each of which may be beyond the control of Recursion or Exscientia. Prior to making any investment decision, stockholders and shareholders are urged to obtain updated market quotations for Recursion Shares and Exscientia ADSs.

It is anticipated that, based on the number of Exscientia Shares and Recursion Shares outstanding as of August 7, 2024, calculated on a fully diluted basis, immediately following completion of the Transaction, pre-Transaction Recursion stockholders will own approximately 74% of Recursion on a fully diluted basis and former Exscientia shareholders will own approximately 26% of Recursion on a fully diluted basis. The Exchange Ratio will not be adjusted based on the number of Recursion Shares or Exscientia Shares or Exscientia ADSs outstanding prior to the completion of the Transaction. As a result, the exact aggregate equity stakes that pre-Transaction Recursion stockholders and former Exscientia shareholders will hold in Recursion immediately following the completion of the Transaction will depend on the number of Recursion Shares and Exscientia Shares issued and outstanding immediately prior to the Effective Time. The number of Recursion Shares or Exscientia Shares or Exscientia ADSs outstanding may change based on issuances of Recursion Shares or Exscientia Shares in connection with capital raising activities, strategic transactions or grants of equity awards by either Recursion or Exscientia, subject to the terms and conditions of the Transaction Agreement.

The issuance of Recursion Shares in the Transaction, and the trading of Recursion Shares after completion of the Transaction may cause the market price of Recursion Shares to fall.

The issuance of Recursion Shares in connection with the Transaction could have the effect of decreasing the market price for Recursion Shares, including as a result of market assessments of the business, operations or prospects of Recursion, Exscientia and the combined company, as well as benefits anticipated to be derived from the Transaction. In addition, following completion of the Transaction, Recursion Shares are expected to be publicly traded on Nasdaq, enabling former Exscientia shareholders and Exscientia ADS holders to sell the Recursion Shares that they receive in the Transaction. Such sales of Recursion Shares may take place promptly following the Transaction and could have the effect of decreasing the market price for Recursion Shares, including below the market price of the Recursion Shares or Exscientia Shares or Exscientia ADSs owned by such Recursion stockholders or Exscientia shareholders or ADS holders, respectively, prior to completion of the Transaction.

The Transaction may be completed even though a material adverse effect subsequent to the announcement of the Transaction, such as industry-wide changes or other events, may occur.

In general, either Recursion or Exscientia may, on the terms and conditions set forth in the Transaction Agreement, refuse to complete the Transaction if there is a material adverse effect affecting the other party. However, some types of changes do not permit either Recursion or Exscientia to refuse to complete the Transaction, even if such changes would have a material adverse effect on either of the parties. For example, any changes in conditions generally affecting the industry in which Exscientia or its subsidiaries operate, or any change in regulatory, legislative or political conditions or conditions in securities, credit, financial, debt or other capital markets, in each case in the United States or any foreign country, except to the extent affecting Exscientia or Recursion in a disproportionate manner relative to other businesses operating in the industries in which they operate, or changes in the market value of Recursion Shares, Exscientia Shares, or Exscientia ADSs, would not give the other party the right to refuse to complete the Transaction. If adverse changes occur that affect either party, but the parties are still required to complete the Transaction, the share price of Recursion Shares and the business and financial results of Recursion may suffer.

The Transaction Agreement contains provisions that restrict Recursion's and Exscientia's ability to pursue alternatives to the Transaction and, in specified circumstances, would require Recursion or Exscientia to pay the other party a termination fee.

Under the Transaction Agreement, each of Recursion and Exscientia is restricted, subject to certain exceptions, from soliciting, initiating, knowingly facilitating, assisting or encouraging, discussing or negotiating, or furnishing non-public information with regard to, any inquiry, proposal or offer for an acquisition proposal from any third person or entity. If any party receives an acquisition proposal and such party's board of directors determines (after

consultation with such party's financial advisors and outside legal counsel) that such proposal constitutes a superior proposal for Recursion or Exscientia, as the case may be, and the Recursion Board or the Exscientia Board, respectively, makes a change in recommendation in response to such proposal to the stockholders or shareholders of such company, Recursion, on the one hand, or Exscientia, on the other hand, would be entitled, upon complying with certain requirements, to terminate the Transaction Agreement, subject to the terms of the Transaction Agreement. Under such circumstances, Recursion may be required to pay Exscientia a termination fee of approximately \$58.77 million or Exscientia may be required to pay Recursion a termination fee of approximately \$6.88 million. These provisions could discourage a third party that may have an interest in acquiring all or a significant part of either company from considering or proposing such an acquisition, even if such third party was prepared to enter into a transaction that would be more favorable to one of the companies and its respective stockholders or shareholders than the Transaction.

Until the completion of the Transaction or the termination of the Transaction Agreement pursuant to its terms, Recursion and Exscientia are each prohibited from entering into certain transactions and taking certain actions that might otherwise be beneficial to Recursion and its stockholders and/or Exscientia and its shareholders, respectively.

From and after the date of the Transaction Agreement and prior to the completion of the Transaction or the termination of the Transaction Agreement pursuant to its terms, the Transaction Agreement restricts Recursion and Exscientia from taking specified actions without the consent of the other party and requires that their respective businesses be conducted in the ordinary course. These restrictions may prevent Recursion or Exscientia, as applicable, from taking actions during the pendency of the Transaction that would have been beneficial, including capital raising activities. Adverse effects arising from these restrictions during the pendency of the Transaction could be exacerbated by any delays in the completion of the Transaction or termination of the Transaction Agreement.

Recursion and Exscientia will incur significant transaction and related costs in connection with the Transaction.

Recursion and Exscientia have incurred and expect to incur a number of non-recurring direct and indirect costs associated with the Transaction. These costs and expenses include fees paid to financial, legal and accounting advisors, severance and other potential employment-related costs, including payments that may be made to certain Recursion and Exscientia employees, filing fees, printing expenses and other related charges. Some of these costs are payable by Recursion and Exscientia regardless of whether the Transaction is completed. There are also processes, policies, procedures, operations, technologies and systems that must be integrated in connection with the Transaction and the integration of the two companies' businesses. While both Recursion and Exscientia have assumed that a certain level of expenses would be incurred in connection with the Transaction and the other transactions contemplated by the Transaction Agreement and continue to assess the magnitude of these costs, there are many factors beyond their control that could affect the total amount or the timing of the integration and implementation expenses.

There may also be additional unanticipated significant costs in connection with the Transaction that Recursion and Exscientia may not recoup, including as a result of litigation related to the Transaction. These costs and expenses could reduce the realization of efficiencies and strategic benefits Recursion and Exscientia expect Recursion to achieve from the Transaction. Although Recursion and Exscientia expect that these benefits will offset the transaction expenses and implementation costs over time, this net benefit may not be achieved in the near term or at all.

In connection with the Transaction, Recursion and Exscientia may be required to take write-downs or write-offs, restructuring and impairment or other charges that could negatively affect the business, assets, liabilities, prospects, outlook, financial condition and results of operations of Recursion or Exscientia.

Although Recursion and Exscientia have conducted due diligence in connection with the Transaction and related transactions, they cannot assure you that this diligence revealed all material issues that may be present, that it would be possible to uncover all material issues through a customary amount of due diligence or that factors outside of Recursion's and Exscientia's control will not later arise. Even if Recursion's and Exscientia's due diligence successfully identifies certain risks, unexpected risks may arise and previously known risks may materialize in a manner not consistent with Recursion's and Exscientia's preliminary risk analysis. Further, as a result of the Transaction, purchase accounting and the proposed operation of Recursion going forward, Recursion and Exscientia

may be required to take write-offs or write-downs, restructuring and impairment or other charges. As a result, Recursion and Exscientia may be forced to write-down or write-off assets, restructure its operations or incur impairment or other charges that could negatively affect the business, assets, liabilities, prospects, outlook, financial condition and results of operations of Recursion and/or Exscientia.

After the Transaction, Recursion stockholders and Exscientia shareholders will have a reduced ownership and voting interest in Recursion than they currently have in Recursion and Exscientia respectively, and will exercise less influence over Recursion's management.

It is anticipated that, based on the number of Exscientia Shares and Recursion Shares outstanding as of August 7, 2024, calculated on a fully diluted basis, immediately following completion of the Transaction, pre-Transaction Recursion stockholders will own approximately 74% of Recursion on a fully diluted basis and former Exscientia shareholders will own approximately 26% of Recursion on a fully diluted basis. The Exchange Ratio will not be adjusted based on the number of Recursion Shares or Exscientia Shares or Exscientia ADSs outstanding prior to the completion of the Transaction. Consequently, Recursion stockholders will have a reduced ownership of Recursion than they currently have of Recursion and will exercise less influence over the management and policies of Recursion than they currently have over the management and policies of Recursion. Former Exscientia shareholders will have a reduced ownership of Recursion than they currently have of Exscientia and will exercise less influence over the management and policies of Recursion than they currently have over the management and policies of Exscientia.

Recursion and Exscientia may have difficulty attracting, motivating and retaining executives and other key employees due to uncertainty associated with the Transaction.

Recursion's success after completion of the Transaction will depend in part upon the ability of Recursion to retain key employees of Exscientia and Recursion. Competition for qualified personnel can be intense. Current and prospective employees of Exscientia or Recursion may experience uncertainty about the effect of the Transaction, which may impair Exscientia's and Recursion's ability to attract, retain and motivate key management, technical and other personnel prior to and following the Transaction. Employee retention may be particularly challenging during the pendency of the Transaction, as employees of Exscientia and Recursion may experience uncertainty about their future roles with Recursion.

In addition, pursuant to change in control and/or severance provisions in Exscientia's severance schemes and employment agreements, certain key employees of Exscientia are entitled to receive severance payments upon certain qualifying terminations of their employment. Certain key Exscientia employees potentially could terminate their employment following specified circumstances set forth in the applicable severance scheme or employment agreement, including certain changes in such key employees' title, status, authority, duties, responsibilities or compensation, and be entitled to receive severance. Such circumstances could occur in connection with the Transaction as a result of changes in roles and responsibilities.

While Recursion and Exscientia may employ the use of certain retention programs, there can be no guarantee that they will prove to be successful. If key employees of Recursion or Exscientia depart, the integration of the companies may be more difficult and Recursion's business following the Transaction may be harmed. Furthermore, Recursion may be required to incur significant costs in identifying, hiring, training and retaining replacements for departing employees and may lose significant expertise and talent relating to the businesses of Exscientia, which may adversely affect Recursion's ability to realize the anticipated benefits of the Transaction. In addition, there could be disruptions to or distractions for the workforce and management associated with activities of labor groups or integrating employees into Recursion. Accordingly, no assurance can be given that Recursion will be able to attract or retain key employees of Recursion or Exscientia to the same extent that those companies have been able to attract or retain their own employees in the past.

Recursion's and Exscientia's business relationships may be subject to disruption due to uncertainty associated with the Transaction.

Companies with which Recursion or Exscientia do business may experience uncertainty associated with the Transaction, including with respect to current or future business or strategic relationships with Recursion or Exscientia. Recursion's and Exscientia's business and strategic relationships may be subject to disruption as partners

and others may attempt to negotiate changes in existing business relationships or consider entering into business relationships with parties other than Recursion or Exscientia. These disruptions could have an adverse effect on the businesses, financial condition, results of operations or prospects of Recursion, including an adverse effect on Recursion's ability to realize the anticipated benefits of the Transaction. The risk and adverse effect of such disruptions could be exacerbated by a delay in completion of the Transaction.

The respective opinions of Recursion's and Exscientia's financial advisors will not reflect changes in circumstances between the signing of the Transaction Agreement and the completion of the Transaction.

The Recursion board of directors (the "Recursion Board") and the Exscientia board of directors (the "Exscientia Board") received opinions from their respective financial advisors in connection with their determinations to approve the Transaction Agreement, the Transaction and all other transactions contemplated by the Transaction Agreement. However, Recursion and Exscientia do not expect to receive updated opinions from their respective financial advisors prior to completion of the Transaction, and thus, the opinions do not speak as of the time of the Recursion Special Meeting, the Exscientia Shareholder Meetings, or completion of the Transaction or as of any date other than the date of such opinions. Changes in the operations and prospects of Recursion or Exscientia, general market and economic conditions and other factors that may be beyond the control of Recursion or Exscientia and on which the financial advisors' opinions were based may significantly affect the relative value of Recursion and Exscientia and the prices of Recursion Shares, Exscientia's Shares, or Exscientia's ADSs by the time the Transaction is completed.

Exscientia's executive officers and directors have interests in the Transaction that may be different from the interests of Exscientia shareholders generally.

When considering the recommendation of the Exscientia Board that Exscientia shareholders approve the Scheme of Arrangement, Exscientia shareholders should be aware that directors and executive officers of Exscientia have certain interests in the Transaction that may be different from or in addition to the interests of Exscientia shareholders generally. These interests include, but are not limited to, the treatment of Exscientia equity compensation awards in the Scheme of Arrangement. The Exscientia Board was aware of these interests and considered them, among other things, in evaluating and negotiating the Transaction Agreement and the Transaction and in recommending that the Exscientia shareholders approve the Scheme of Arrangement. Additional information regarding such interests will be included in the joint proxy statement to be filed by Recursion and Exscientia with the SEC relating to the Transaction.

Completion of the Transaction may trigger change-in-control or other provisions in certain agreements that Recursion or Exscientia is party to.

The completion of the Transaction may trigger change-in-control or other provisions in certain agreements that Recursion or Exscientia is party to. If Recursion or Exscientia, as applicable, is unable to negotiate waivers of those provisions, the respective counterparties may exercise their rights and remedies under the applicable agreements, including in some instances potentially terminating the agreements or seeking damages or other remedies. Even if Recursion or Exscientia, as applicable, is able to negotiate waivers, the respective counterparties may require a fee for such waivers or seek to renegotiate the agreements on terms less favorable to the combined business.

Risks Relating to Recursion Following Completion of the Transaction

In addition to the risks described below, you should carefully consider the risks discussed under "—Risks Relating to Exscientia's Business," and the risk contained in Recursion's most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q, as these risks will be applicable to the business of Recursion following the completion of the Transaction.

The failure to integrate successfully the businesses of Recursion and Exscientia in the expected timeframe would adversely affect Recursion's future business and financial performance following the Transaction.

The combination of two independent companies is a complex, costly and time-consuming process. As a result, the combined company will be required to devote significant management attention and resources to integrate the business practices and operations of Exscientia and Recursion. The integration process may disrupt the business of

either or both of the companies and, if implemented ineffectively, could preclude realization of the full benefits expected by Exscientia and Recursion from the Transaction. The failure of Recursion to meet the challenges involved in successfully integrating the operations of Exscientia and Recursion or otherwise to realize the anticipated benefits of the Transaction could cause an interruption of the activities of Recursion and could seriously harm its results of operations. In addition, the overall integration of the two companies may result in material unanticipated problems, expenses, liabilities, competitive responses, loss of customer relationships and diversion of management's attention, and may cause Recursion's stock price to decline. The difficulties of combining the operations of Recursion and Exscientia include, among others:

- managing a significantly larger company;
- coordinating geographically separate organizations, including extensive operations outside of the U.S.;
- the potential diversion of management's focus and resources from other strategic opportunities and from operational matters;
- performance shortfalls at one or both of the companies as a result of the diversion of management's attention caused by completing the Transaction and integrating the companies' operations;
- aligning and executing the strategy of Recursion following the Transaction;
- retaining existing business relationships and executing new strategic or commercial relationships;
- maintaining employee morale and retaining key management and other employees;
- the disruption of, or the loss of momentum in, each company's ongoing business or inconsistencies in standards, controls, systems, procedures and policies;
- integrating two unique business cultures, which may prove to be incompatible;
- the possibility of faulty assumptions underlying expectations regarding the integration process;
- consolidating corporate and administrative infrastructures and eliminating duplicative operations;
- integrating IT, communications and other systems;
- changes in applicable laws and regulations;
- managing tax costs or inefficiencies associated with integrating the operations of Recursion and Exscientia;
- unforeseen expenses or delays associated with the Transaction; and
- taking actions that may be required in connection with obtaining regulatory approvals.

Many of these factors will be outside of Recursion's control and any one of them could result in increased costs, decreased revenues and diversion of management's time and energy, which could materially impact the combined company's business, financial condition and results of operations. In addition, even if the operations of Recursion and Exscientia are integrated successfully, Recursion may not realize the full benefits of the Transaction, including the cost savings or other benefits and synergies that Recursion and Exscientia expect. These benefits may not be achieved within the anticipated timeframe, or at all. As a result, Recursion and Exscientia cannot assure their respective stockholders, shareholders and ADS holders that the combination of Recursion and Exscientia will result in the realization of the full benefits anticipated from the Transaction.

The anticipated benefits of the Transaction may vary from expectations.

Recursion may fail to realize the anticipated cost savings or other benefits expected from the Transaction, which could adversely affect its business, financial condition and operating results. The success of the Transaction will depend, in significant part, on Recursion's ability to successfully integrate the businesses of Recursion and Exscientia and realize the anticipated strategic benefits and synergies from the Transaction. Recursion and Exscientia believe that the combination of the two businesses will complement each party's strategy by providing a

balanced and diversified product portfolio, operational efficiencies, supply chain optimization, complementary geographic footprints, product development synergies and capital raising opportunities. However, achieving these goals requires, among other things, realization of the targeted cost synergies expected from the Transaction. The anticipated benefits of the Transaction and actual operating, technological, strategic and revenue opportunities may not be realized fully or at all, or may take longer to realize than expected. If Recursion is not able to achieve these objectives and realize the anticipated benefits and synergies expected from the Transaction within the anticipated timeframe or at all, Recursion's business, financial condition and operating results may be adversely affected.

The future results of Recursion will suffer if Recursion does not effectively manage its expanded operations following the Transaction.

Following the Transaction, the size of the business of Recursion will increase significantly beyond the current size of either Recursion's or Exscientia's business. Recursion's future results depends, in part, upon its ability to manage this expanded business, which will pose substantial challenges for management, including challenges related to the management and monitoring of new operations and associated increased costs and complexity. There can be no assurance that Recursion will be successful or that it will realize the expected operating efficiencies, cost savings, revenue enhancements and other benefits currently anticipated from the Transaction.

Business issues currently faced by Recursion or Exscientia may be imputed to the operations of the other.

To the extent either Recursion or Exscientia currently has, or is perceived by business partners to have, operational challenges, such as performance, management or workforce issues, those challenges may raise concerns by existing business partners of the other company following the Transaction, which may limit or impede Recursion's future ability to obtain additional business from those business partners.

The market price of Recursion Shares may be volatile.

The market price of Recursion Shares may be volatile. Broad general economic, political, market and industry factors may adversely affect the market price of Recursion Shares, regardless of Recursion's actual operating performance and the success of the integration of Recursion and Exscientia. Factors that could cause fluctuations in the price of Recursion Shares include:

- actual or anticipated variations in operational and financial results, including the results of clinical trials with respect to Recursion's and Exscientia's drug product candidates;
- changes in price targets or financial projections by Recursion, if any, or by any securities analysts that may cover Recursion Shares;
- conditions or trends in the industry, including regulatory changes or changes in the securities marketplace;
- announcements by Recursion or its competitors of strategic or commercial partnerships or other transactions;
- announcements of investigations or regulatory scrutiny of Recursion's operations or lawsuits filed against it;
- additions or departures of key personnel; and
- issuances or sales of Recursion Shares, including sales of shares by Recursion's directors and officers or its key investors.

Future sales of Recursion Shares by Recursion or its stockholders in the public market, or the perception that such sales may occur, could reduce the price of Recursion Shares, and any additional capital raised by Recursion through the sale of equity or convertible securities may dilute ownership in Recursion.

The sale of Recursion Shares in the public market, or the perception that such sales could occur, could harm the prevailing market price of Recursion Shares. These sales, or the possibility that these sales may occur, also might make it more difficult for Recursion to sell equity securities in the future at a time and at a price that Recursion deems appropriate.

It is anticipated that, based on the number of Exscientia Shares and Recursion Class A Common Stock and Recursion Class B Common Stock outstanding as of August 7, 2024, calculated on a fully diluted basis, immediately following completion of the Transaction, pre-Transaction Recursion stockholders will own approximately 74% of Recursion on a fully diluted basis and former Exscientia shareholders will own approximately 26% of Recursion on a fully diluted basis.

All Recursion Shares that will be issued in connection with the Transaction are expected to be freely tradable without restriction or further registration under the Securities Act, except for any Recursion Shares held by Recursion's affiliates, as that term is defined under Rule 144 of the Securities Act ("Rule 144"), including certain of Recursion's directors, executive officers and other affiliates, which shares may be sold in the public market only if they are registered under the Securities Act or are sold pursuant to an exemption from registration such as Rule 144.

In addition, Recursion intends to file a registration statement with the SEC on Form S-8 providing for the registration of Recursion Shares issued or reserved for issuance under Exscientia's equity incentive plans, as proposed to be amended and assumed by Recursion. Subject to the satisfaction of vesting conditions, shares registered under the registration statement on Form S-8 may be made available for resale immediately in the public market without restriction.

In the future, Recursion may also issue its securities in connection with capital raising activities, strategic transactions or grants of equity awards, or otherwise. Recursion cannot predict the size of future issuances of Recursion Shares or securities convertible into Recursion Shares or the effect, if any, that future issuances and sales of Recursion Shares will have on the market price of Recursion Shares. Sales of substantial amounts of Recursion Shares (including shares issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices of Recursion Shares.

Recursion's ability to utilize its U.S. net operating loss carryforwards may be limited.

Recursion and its affiliates have substantial net operating loss ("NOL") carryforwards and other tax attributes. To the extent that Recursion continues to generate taxable losses as expected, unused losses will carry forward to offset future taxable income, if any, until such unused losses expire, except the federal NOLs generated during and after fiscal year 2018 are carried forward indefinitely. Under Section 382 of the United States Internal Revenue Code of 1986, as amended (the "Code"), if a corporation undergoes an "ownership change," its ability to use pre-change NOL carryforwards and certain other pre-change tax attributes (such as research tax credits) to offset its post-change income could be subject to an annual limitation. An "ownership change" is generally defined as a greater than 50% change by value in the ownership of the corporation's equity by one or more 5% shareholders over a three-year period. Such annual limitation could result in the expiration of a portion of Recursion's NOL carryforwards before full utilization thereof. Recursion may have experienced ownership changes within the meaning of Section 382 in the past, and Recursion may experience some ownership changes in the future as a result of subsequent shifts in stock ownership, including as a result of the Transaction, follow-on offerings or subsequent shifts in Recursion's stock ownership (some of which are outside Recursion's control). In addition, Exscientia is expected to undergo an ownership change in connection with this Transaction. As a result, if Recursion attains profitability, Recursion may be unable to use all or a material portion of its NOL carryforwards and other tax attributes for federal and state tax purposes, which could result in increased tax liability and adversely affect its future cash flows.

Recursion's actual financial position and results of operations may differ materially from the unaudited pro forma financial information included in this Current Report on Form 8-K.

While the unaudited pro forma financial information contained in this Current Report on Form 8-K represents the best estimates of Recursion's and Recursion's management, it is presented for illustrative purposes only and may not be an accurate indication of Recursion's financial position or results of operations if the Transaction were completed on the dates indicated. The unaudited pro forma financial information has been derived from the audited and unaudited historical financial statements of Recursion and Exscientia and certain adjustments and assumptions have been made. The unaudited pro forma financial information does not include any fair value adjustments associated with the assets and liabilities of Exscientia with the exception of the fair value of intangible assets, as Recursion's and Exscientia's management have preliminarily concluded that these historical carrying values approximate their fair values as of June 30, 2024. The process for estimating the fair value of acquired assets requires the use of judgment in determining the appropriate assumptions and estimates. These estimates may be revised as additional

information becomes available and as additional analyses are performed. Differences between preliminary estimates in the unaudited pro forma financial information and the final acquisition accounting will occur and could have a material impact on the unaudited pro forma financial information and Recursion's financial position and future results of operations.

In addition, the assumptions used in preparing the unaudited pro forma financial information may not prove to be accurate, and other factors may affect Recursion's financial condition or results of operations following the closing of the Transaction. Any potential decline in Recursion's financial condition or results of operations may cause significant fluctuations in the price of Recursion Shares.

Recursion will be exposed to greater foreign currency exchange risk.

Upon completion of the Transaction, Recursion expects that a greater portion of its business will take place in international markets. Recursion will conduct its business and prepare its consolidated financial statements in its functional currency, while the financial statements of each of its subsidiaries will be prepared in the functional currency of that entity and the business of that entity will be conducted in the functional currency of that entity. Accordingly, fluctuations in the exchange rate of the functional currencies of Recursion's foreign currency entities against the functional currency of Recursion will impact its results of operations and financial condition. Accordingly, it is expected that Recursion's revenues and earnings will be exposed to the risks that may arise from fluctuations in foreign currency exchange rates, which could have a material adverse effect on Recursion's business, results of operations or financial condition.

Risks Relating to Exscientia's Business

Risks Related to Exscientia's Financial Position

Exscientia has a history of significant operating losses, and Exscientia expects to incur losses over the next several years.

Exscientia has a history of significant operating losses. Exscientia's net losses before taxation were £162.1 million for the year ended December 31, 2023. As of December 31, 2023, Exscientia had accumulated total losses of £349.5 million since inception. Exscientia is still in the early stages of development of its own drug discovery programmes. Exscientia has no drug products licensed for commercial sale and has not generated any revenue from its own drug product sales to date. Exscientia expects to continue to incur significant expenses and operating losses over the next several years. Exscientia's operating expenses and net losses may fluctuate significantly from quarter-to-quarter and year-to-year. Exscientia anticipates that its expenses will increase substantially as it:

- continues to invest in and develop its computational platform and software solutions;
 - continues its research and development efforts for its internal and joint arrangement drug discovery programmes;
 - conducts preclinical studies, submit investigational new drug applications, or INDs, and comparable foreign applications, and conduct clinical trials for any of its current or future drug candidates;
 - seeks marketing approvals for any drug candidates that successfully complete clinical trials;
 - establishes a sales, marketing and distribution infrastructure and scale-up manufacturing capabilities, whether alone or with third parties, to commercialise any drug candidates for which it may obtain regulatory approval, if any;
 - maintains, expands, enforces, defends and protects its intellectual property;
 - hires additional software engineers, programmers, sales and marketing and other personnel to support the development of its software solutions;
 - hires additional clinical, quality control and other scientific personnel;
-

- experiences any delays or encounter any issues with any of the above, including but not limited to failed studies, complex results, safety issues or other regulatory challenges;
- acquires and integrates new technologies, businesses or other assets; and
- adds operational, financial and management information systems and personnel to support its operations as a public company.

Exscientia's operating history may make it difficult for you to evaluate the success of its business to date and to assess its future viability.

Exscientia commenced operations in July 2012, and its operations to date have been limited to organizing and staffing its company, business planning, raising capital, conducting discovery and research activities, developing its drug discovery platform, filing patent applications, identifying potential drug candidates, undertaking research activities and identifying and entering into collaborations that would allow it to further develop viable drug candidates. Exscientia has not yet demonstrated its ability to successfully complete any clinical trials, obtain marketing approvals, manufacture a commercial-scale product or arrange for a third party to do so on its behalf, or conduct sales, marketing and distribution activities necessary for successful product commercialisation. Consequently, any predictions you make about Exscientia's future success or viability may not be as accurate as they could be if Exscientia had a longer operating history.

In addition, as an early-stage company, Exscientia may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. Exscientia will need to transition at some point from a company with a research and development focus to a company capable of supporting commercial activities. Exscientia may not be successful in such a transition.

If Exscientia and its present and future collaborators are unable to successfully develop and commercialise drug products, revenues may be insufficient for Exscientia to achieve or maintain profitability.

Exscientia has never generated revenue from drug product sales and its most advanced drug candidate is in a Phase 1/2 clinical trial. Exscientia currently generates revenue primarily from upfront and milestone payments under its agreements with its collaborators. To achieve and maintain profitability, Exscientia must succeed in developing, and eventually commercialising, a drug product or drug products that generate significant revenue. As such, Exscientia will be dependent on the ability of its platform to identify promising molecules for preclinical and clinical development. Achieving success in drug development will require Exscientia and its 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 Exscientia or its collaborators may obtain regulatory approval. All Exscientia's wholly owned drug candidates and those that it has developed with its collaborators are in the preliminary stages of most of these activities. Exscientia and its collaborators may never succeed in these activities and, even if Exscientia or its collaborators do, Exscientia may never generate revenues that are significant enough to achieve profitability. Because of the intense competition that Exscientia's technology platform faces in the market and the numerous risks and uncertainties associated with biopharmaceutical product development, Exscientia is unable to accurately predict when, or if, it will be able to achieve or sustain profitability.

Even if Exscientia achieves profitability, it may not be able to sustain or increase profitability. Exscientia's failure to become and remain profitable would depress the value of Exscientia and could impair its ability to raise capital, expand its business, maintain its research and development efforts, increase sales of its software, develop a pipeline of drug candidates, enter into collaborations or even continue its operations. A decline in the value of Exscientia could also cause you to lose all or part of your investment.

Exscientia's interim and annual results may fluctuate significantly, which could adversely impact the value of its ADSs.

Exscientia's results of operations, including its revenues, gross profit, profitability and cash flows, have historically varied from period-to-period, and Exscientia expects that they will continue to do so. As a result, period-to-period comparisons of Exscientia's operating results may not be meaningful, and Exscientia's interim and annual results should not be relied upon as an indication of future performance. Exscientia's interim and annual financial results may fluctuate as a result of a variety of factors, many of which are outside of its control. Factors that may cause fluctuations in Exscientia's interim and annual financial results include, without limitation, those listed elsewhere in this "Risk Factors" section and those listed below:

- the amount and timing of operating expenses related to the maintenance and expansion of Exscientia's business, operations and infrastructure;
- the success of its drug discovery collaborators in developing and commercialising drug products for which Exscientia is entitled to receive upfront payments, milestone or royalty payments and the timing of receipt of such payments, if any;
- Exscientia's ability to enter into new collaboration agreements;
- Exscientia's ability to collect receivables from its collaborators;
- unforeseen business disruptions that increase Exscientia's costs or expenses;
- the timing and success of the introduction of new software solutions by Exscientia or its competitors or any other change in the competitive dynamics of its industry, including consolidation among competitors, customers or strategic collaborators;
- changes in the fair value of or receipt of distributions or proceeds on account of the equity interests Exscientia holds in its drug discovery collaborators;
- future accounting pronouncements or changes in Exscientia's accounting policies;
- general economic, industry and market conditions, including within the life sciences industry; and
- the timing and amount of expenses related to Exscientia's drug discovery programmes, the development or acquisition of technologies or businesses and potential future charges for impairment of goodwill from acquired companies.

Exscientia may need additional funding in the future which may not be available on terms acceptable to it, or at all. If Exscientia is unable to raise additional capital or to generate cash flows necessary to maintain or expand its operations, Exscientia may not be able to compete successfully, which would harm its business, operations, financial condition and prospects.

Exscientia expects to devote substantial financial resources to its ongoing and planned activities, including the development of its current and future drug discovery programmes and continued investment in its technology platform. Exscientia expects its expenses to increase substantially in connection with these activities, particularly as Exscientia advances its internal drug discovery programmes, initiate and complete preclinical and investigational new drug enabling studies, and invest in the further development of its platform.

Exscientia and its current drug discovery collaborators, from whom it is entitled to receive milestone payments upon achievement of various development, regulatory and commercial milestones as well as royalties on commercial sales, if any, under the collaboration agreements that it has entered into with them, face numerous risks in the development of drugs, including conducting preclinical and clinical tests, obtaining regulatory approval and achieving product sales. In addition, the amounts Exscientia is entitled to receive upon the achievement of such milestones tend to be smaller for near-term development milestones and increase if and as a collaborative drug candidate advances through development to commercialisation and will vary depending on regulatory approval and the level of commercial success achieved, if any. Accordingly, Exscientia may need to obtain substantial additional capital to fund its continuing operations.

As of December 31, 2023, Exscientia had cash, cash equivalents and short term bank deposits of £363.0 million. Exscientia believes that its existing cash, cash equivalents and short term bank deposits will be sufficient to fund its operations and capital expenditure requirements for at least the next twelve months. However, Exscientia has based this estimate on assumptions that may prove to be wrong, and Exscientia's operating plans may change as a result of many factors currently unknown to it. As a result, Exscientia could deplete its capital resources sooner than it currently expects. Exscientia's future capital requirements will depend on many factors, including:

- the scope, timing, progress and extent of spending to support research and development efforts of its drug candidates, including preclinical studies and clinical trials;
- the costs, timing and outcome of regulatory review of its drug candidates;
- the development requirements of other drug candidates that Exscientia may pursue;
- the costs of acquiring, licensing or investing in drug discovery technologies;
- the timing and receipt of payments from its collaborations;
- its ability to establish additional discovery collaborations on favourable terms, if at all;
- the timing and receipt of any distributions or proceeds it may receive from its equity stakes in companies;
- the costs of preparing, filing and prosecuting patent applications, obtaining, maintaining, enforcing and protecting its intellectual property rights and defending intellectual-property-related claims;
- the costs of expanding its operations, including its sales and marketing efforts to drive market recognition of its platform and address competitive developments;
- the costs of future commercialisation activities, including product sales, marketing, manufacturing and distribution, for any drug candidate for which it receives marketing approval;
- the impacts of the global geopolitical tension, supply chain disruptions, worsening macroeconomic conditions, including rising interest rates and inflation; and
- the costs of operating as a public company.

In the event that Exscientia requires additional financing, it may not be able to raise such financing on terms acceptable to it or at all. In addition, Exscientia may seek additional capital due to favourable market conditions or strategic considerations, even if it believes it has sufficient funds for its current or future operating plans. If Exscientia is unable to raise additional capital on terms acceptable to it or at all or generate cash flows necessary to maintain or expand its operations and invest in its computational platform, Exscientia may not be able to compete successfully, which would harm its business, financial condition, results of operations and prospects.

Unfavourable global economic and geopolitical conditions could adversely affect Exscientia's business, financial condition or results of operations.

Exscientia's financial condition or results of operations could be adversely affected by general conditions in the global economy and in the global financial markets or by geopolitical events such as the war in Ukraine or the conflict between Hamas and Israel. For example, inflation rates, particularly in the United States and the U.K., increased in 2023 to levels not seen in decades. Increased inflation, even if rates are decreasing, may result in increased operating costs (including labour costs) and may affect Exscientia's operating budgets. A weak or declining economy could strain Exscientia's suppliers, possibly resulting in supply disruption, or cause delays in payments for its services by third-party payors or its collaborators. While the long-term economic impact of either the war in Ukraine or the conflict between Hamas and Israel is difficult to assess or predict, each of these events has caused significant disruptions to the global financial markets. In addition, Exscientia's potential collaborators' businesses and cash flows have recently been and may continue to be negatively impacted by the global economic developments and geopolitical uncertainty which has led and may continue to lead to a decreased willingness to enter into new research and development partnerships and collaborations across the life sciences industry. If the disruptions and slowdown deepen or persist, Exscientia may not be able to enter into new collaboration agreements

or to raise any additional financing on terms acceptable to it or at all. Any of the foregoing could harm Exscientia's business and it cannot anticipate all of the ways in which the current economic climate and financial market conditions could adversely impact its business.

Risks Related to the Discovery and Development of Exscientia's Drug Candidates

Exscientia is substantially dependent on its technology platform to identify promising molecules to accelerate drug discovery and development. Exscientia's platform technology may fail to discover and design molecules with therapeutic potential or may not result in the discovery and development of commercially viable products for it or its collaborators.

Exscientia uses its technology platform to conduct AI-enabled laboratory experimentation and its technology platform underpins all its efforts. As a result, the quality and sophistication of Exscientia's platform and technology is critical to its ability to conduct its research discovery activities, to design and deliver promising molecule candidates and to accelerate and lower the cost of drug discovery as compared to traditional methods for its partnerships. Exscientia originated the first three AI-designed precision drugs to enter human clinical trials. Because AI-designed drug candidates are novel, there is greater uncertainty about Exscientia's ability to develop, advance and commercialise drug candidates using its AI-design process.

While the results of certain of Exscientia's internal drug discovery programmes and drug discovery collaborations suggest that its platform is capable of accelerating drug discovery and identifying high-quality drug candidates, these results do not assure future success for its drug discovery collaborators or for Exscientia with its internal drug discovery programmes. Even if Exscientia or its drug discovery collaborators are able to develop drug candidates that demonstrate potential in preclinical studies, Exscientia or its collaborators may not succeed in demonstrating safety and efficacy of these drug candidates in human clinical trials. Moreover, preclinical and clinical data are susceptible to error and inaccurate or varying interpretations and analyses, and many companies that believed their drug candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain marketing approval of their drug candidates.

All of Exscientia's drug candidates are in early-stage clinical development or in preclinical development. If Exscientia is unable to advance its drug candidates through clinical development, to obtain regulatory approval and ultimately to commercialise its drug candidates, or if it experiences significant delays in doing so, Exscientia's business will be materially harmed.

Four drug candidates that Exscientia has developed are currently in clinical trials: The Phase 1/2 clinical trial of GTAEXS617, Exscientia's jointly owned candidate with GT Apeiron ("GTA"), commenced in July 2023. BMY-licensed EXS4318 and an additional two compounds that Exscientia developed for one of its collaborators for which Exscientia has no economic interest are all currently in clinical trials. Thus far, no approved therapeutics have been developed using AI. There is no assurance that any current or future clinical trials of Exscientia's drug candidates will be successful or will generate positive clinical data, and Exscientia may not receive marketing approval from the U.S. Food and Drug Administration, or FDA, or other regulatory authorities for any of its drug candidates. Exscientia has never submitted an IND to the FDA. Exscientia's other drug candidates are in preclinical development. There can be no assurance that the FDA will permit the INDs for any of Exscientia's drug candidates to go into effect in a timely manner or at all.

Biopharmaceutical development is a long, expensive and uncertain process, and delay or failure can occur at any stage of any of Exscientia's clinical trials. Failure to obtain regulatory approval for Exscientia's drug candidates will prevent it from commercialising and marketing its drug candidates. Successful development of Exscientia's drug candidates will depend on many factors, including:

- completing preclinical studies;
 - submission of INDs and comparable foreign applications for and receipt of allowance to proceed with Exscientia's planned clinical trials or other future clinical trials;
 - initiating, enrolling and completing clinical trials;
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- obtaining positive results from Exscentia's preclinical studies and clinical trials that demonstrate safety and efficacy for its drug candidates;
- receiving approvals for commercialisation of Exscentia's drug candidates from applicable regulatory authorities;
- establishing sales, marketing and distribution capabilities and successfully launching commercial sales of Exscentia's products, if and when approved, whether alone or in collaboration with others;
- making arrangements with third-party manufacturers for, or establishing, clinical and commercial manufacturing capabilities;
- manufacturing Exscentia's drug candidates at an acceptable cost;
- acceptance of Exscentia's products, if and when approved, by patients, the medical community and third-party payors; and
- maintaining and growing an organisation of scientists, medical professionals and businesspeople who can develop and commercialise Exscentia's products and technology.

Many of these factors are beyond Exscentia's control, including the time needed to adequately complete clinical testing and the regulatory submission process. It is possible that none of Exscentia's drug candidates will ever obtain regulatory approval, even if it expends substantial time and resources seeking such approval. If Exscentia does not achieve one or more of the above-listed requirements in a timely manner or at all, or if any other factor impacts the successful development of biopharmaceutical products, Exscentia could experience significant delays or an inability to successfully develop its drug candidates, which would materially harm its business, financial condition, results of operations and prospects.

Clinical development involves a lengthy and expensive process with uncertain outcomes. If Exscentia's preclinical studies and clinical trials are not sufficient to support regulatory approval of any of its drug candidates, Exscentia may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development of such drug candidate.

All of Exscentia's drug candidates are in preclinical development or early-stage clinical trials and their risk of failure is high. Clinical testing is expensive, is difficult to design and implement, can take many years to complete and has an uncertain outcome. Exscentia cannot guarantee that any of its clinical trials will be conducted as planned or completed on schedule, or at all. A failure of one or more clinical trials can occur at any stage of testing, which may result from a multitude of factors, including, but not limited to, flaws in trial design, dose selection issues, participant enrolment criteria and failure to demonstrate favourable safety or efficacy traits.

Before Exscentia can commence clinical trials for a drug candidate, it must complete extensive preclinical testing and studies that support its planned INDs and other regulatory filings in the United States and abroad. Exscentia cannot be certain of the timely completion or outcome of its preclinical testing and studies and cannot predict if regulatory authorities will accept Exscentia's proposed clinical programmes or if the outcome of its preclinical testing and studies will ultimately support the further development of any drug candidates. As a result, Exscentia cannot be sure that it will be able to submit INDs or corresponding regulatory filings for its preclinical programmes on the timelines it expects, if at all, and Exscentia cannot be sure that submission of INDs or non-U.S. regulatory filings will result in regulatory authorities allowing clinical trials to begin.

The time required to obtain approval from the FDA, the European Commission, or other non-U.S. regulatory authorities is unpredictable but typically takes many years following the commencement of clinical trials and depends upon numerous factors, including the substantial discretion of regulatory authorities. Before obtaining marketing approval from regulatory authorities for the sale of any drug candidate, Exscentia must complete preclinical development and then conduct extensive clinical trials to demonstrate the safety and efficacy of such drug candidate in humans. Clinical trials may fail to demonstrate that Exscentia's drug candidates are safe and effective for indicated uses. Even if the clinical trials are successful, changes in marketing approval policies during the development period, changes in or the enactment or promulgation of additional statutes, regulations or guidance

or changes in regulatory review for each submitted product application may cause delays in the approval or rejection of an application.

Furthermore, drug candidates are subject to continued preclinical safety studies, which may be conducted concurrently with Exscientia's clinical testing. The outcomes of these safety studies may delay the launch of or enrolment in future clinical trials and could impact Exscientia's ability to continue to conduct its clinical trials.

Other events that may prevent successful or timely completion of clinical development include:

- inability to generate sufficient preclinical, toxicology or other in vivo or in vitro data to support the initiation of clinical trials;
 - delays in reaching a consensus with regulatory authorities on trial design;
 - delays in reaching agreement on acceptable terms with prospective contract research organisations, or CROs and clinical trial sites;
 - delays in opening clinical trial sites or obtaining required institutional review board, or IRB, or institutional biosafety committee, or IBC, approval, or a positive opinion from an ethics committee, or that of the equivalent review groups for sites outside the United States, at each clinical trial site;
 - imposition of a clinical hold by regulatory authorities, including as a result of a serious adverse event or after an inspection of Exscientia's clinical trial operations or trial sites;
 - failure by us, any CROs Exscientia engages or any other third parties to adhere to clinical trial requirements;
 - failure to perform in accordance with Good Clinical Practices, or GCPs;
 - failure by investigators and clinical sites to adhere to protocols leading to variable results;
 - failure of Exscientia's delivery approach in humans;
 - delays in the testing, validation, manufacturing and delivery of Exscientia's drug candidates to the clinical sites, including delays by third parties with whom Exscientia has contracted to perform certain of those functions;
 - failure of Exscientia's third-party contractors to comply with regulatory requirements or to meet their contractual obligations to it in a timely manner, or at all;
 - inability to enrol participants or delays in having enrolled participants complete their participation in a trial or return for post-administration follow-up;
 - clinical trial sites or participants dropping out of a trial;
 - selection of clinical endpoints that require prolonged periods of clinical observation or analysis of the resulting data;
 - clinical trials of Exscientia's drug candidates may produce negative or inconclusive results, and Exscientia may decide, or regulators may require it, to conduct additional clinical trials or abandon development programmes;
 - occurrence of serious adverse events associated with the drug candidate or administration of the drug candidate that are viewed to outweigh its potential benefits;
 - occurrence of serious adverse events or other unexpected events in trials of the same class of agents conducted by other sponsors;
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- changes in regulatory requirements and guidance that require amending or submitting new clinical trial protocols;
- changes in the legal or regulatory regimes domestically or internationally related to patient rights and privacy; or
- lack of adequate funding to continue a given clinical trial.

Any inability to successfully complete preclinical studies and clinical trials could result in additional costs to Exscentia or impair its ability to generate revenues from product sales, regulatory and commercialisation milestones and royalties. In addition, if Exscentia makes manufacturing or formulation changes to its drug candidates, Exscentia may need to conduct additional preclinical studies or clinical trials to bridge its modified drug candidates to earlier versions. Clinical trial delays also could shorten any periods during which Exscentia may have the exclusive right to commercialise its drug candidates or allow its competitors to bring products to market before Exscentia does, which could impair its ability to successfully commercialise its drug candidates and may harm its business, financial condition, results of operations and prospects.

Exscentia's research activities and clinical trials may fail to demonstrate adequately the safety and efficacy of GTAEXS617 or any other drug candidate, which would prevent or delay development, regulatory approval and commercialisation.

Before obtaining regulatory approvals for the commercial sale of any drug candidate, including GTAEXS617, Exscentia must demonstrate, through lengthy, complex and expensive research activities and clinical trials, that its drug candidates are both safe and effective for use in each target indication. Research activities and 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 processes, and, because GTAEXS617 is in early stages of development, there is a high risk of failure and Exscentia may never succeed in developing it as a marketable product.

Any clinical trial that Exscentia may conduct may not demonstrate the safety and efficacy necessary to obtain regulatory approval to market its drug candidates. If the results of Exscentia's ongoing or future clinical trials are inconclusive with respect to the safety, potency, purity and efficacy of its drug candidates, if Exscentia does not meet the clinical endpoints with statistical and clinically meaningful significance, or if there are safety concerns associated with its drug candidates, Exscentia may be prevented from or delayed in obtaining marketing approval for such drug candidates. In some instances, there can be significant variability in safety and efficacy results between different clinical trials of the same drug candidate due to numerous factors, including changes in trial procedures set forth in protocols, manufacturing variances, differences in the size and type of the patient populations, changes in and adherence to the clinical trial protocols and the rate of dropout among clinical trial participants.

Exscentia has successfully completed only one clinical trial, and Exscentia may be unable to do so again for any drug candidates it develops.

Exscentia has successfully completed only one clinical trial, and Exscentia has not yet demonstrated its ability to successfully obtain a regulatory approval, manufacture a commercial-scale product or arrange for a third party to do so on its behalf, or conduct sales and marketing activities necessary for successful commercialisation of a drug candidate. Exscentia may not be able to file any additional CTAs or any INDs for its drug candidates on the timelines it expects, if at all. Moreover, Exscentia cannot be sure that submission of an IND or comparable foreign application will result in the FDA, or non-U.S. regulatory authority, allowing further clinical trials to begin, or that, once begun, issues will not arise that require Exscentia to suspend, vary 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 Exscentia receives from regulatory authorities is subject to change. For example, a regulatory authority could change its position, including on the acceptability of its trial designs or the

clinical endpoints selected, which may require Exscientia to complete additional clinical trials or impose stricter approval conditions than it currently expects.

If Exscientia is required to conduct additional preclinical studies or clinical trials or other testing of its drug candidates beyond those that it currently contemplates, if Exscientia is unable to successfully complete clinical trials of its 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, Exscientia may:

- be delayed in obtaining marketing approval for its drug candidates;
- not obtain marketing approval at all;
- obtain approval for indications or patient populations that are not as broad as intended or desired;
- be subject to post-marketing testing requirements; or
- have the product removed from the market after obtaining marketing approval.

Exscientia may incur additional costs or experience delays in initiating or completing, or ultimately be unable to complete, the development and commercialisation of its drug candidates.

Exscientia may experience delays in initiating or completing its preclinical studies and clinical trials, including as a result of delays in obtaining, or failure to obtain, the FDA's or comparable non-U.S. regulatory authorities' clearance to initiate clinical trials under future INDs or comparable non-U.S. applications. Additionally, Exscientia cannot be certain that preclinical studies or clinical trials for its drug candidates will not require redesign, enrol an adequate number of subjects on time or be completed on schedule, if at all. Exscientia may experience numerous unforeseen events during, or as a result of, preclinical studies and clinical trials that could delay or prevent its ability to receive marketing approval or commercialise its drug candidates, including:

- Exscientia may receive feedback from regulatory authorities that requires it to modify the design or implementation of its preclinical studies or clinical trials;
 - regulators or IRBs may not authorise Exscientia or its investigators, or ethics committees may not issue positive opinions permitting Exscientia or its investigators, to commence a clinical trial or conduct a clinical trial at a prospective trial site;
 - Exscientia may experience delays in reaching, or fail to reach, agreement on acceptable terms with prospective trial sites and prospective CROs, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
 - preclinical studies or clinical trials of Exscientia's drug candidates may produce negative or inconclusive results, and Exscientia may decide, or regulators may require it, to conduct additional preclinical studies or clinical trials or Exscientia may decide to abandon product development programmes;
 - the number of patients required for clinical trials of Exscientia's drug candidates may be larger than it anticipates, enrolment in these clinical trials may be slower than Exscientia anticipates or participants may drop out of these clinical trials or fail to return for post-treatment follow-up at a higher rate than Exscientia anticipates;
 - Exscientia's third-party contractors may fail to comply with regulatory requirements, fail to maintain adequate quality controls, be unable to provide it with sufficient product supply to conduct or complete preclinical studies or clinical trials, or fail to meet their contractual obligations to it 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 Exscientia add new clinical trial sites or investigators;
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- Exscientia may elect to, or regulators, IRBs or ethics committees may require Exscientia or its 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 Exscientia's drug candidates may be greater than it anticipates;
- the supply or quality of Exscientia's drug candidates or other materials necessary to conduct clinical trials of its drug candidates may be insufficient or inadequate;
- Exscientia's drug candidates may have undesirable side effects or other unexpected characteristics, causing Exscientia or its investigators, or regulators, IRBs or ethics committees to suspend or terminate the trials, or reports may arise from preclinical or clinical testing of other cancer therapies that raise safety or efficacy concerns about its drug candidates; and
- regulatory authorities may revise the requirements for approving Exscientia's drug candidates, or such requirements may not be as Exscientia anticipates.

Exscientia could encounter delays if a clinical trial is suspended or terminated by it, by the IRBs or ethics committees of the institutions at which such trials are being conducted, by the Data Safety Monitoring Board, or DSMB, for such trials or by the FDA or other regulatory authorities. Such authorities may impose such a suspension or termination or clinical hold due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or Exscientia's 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 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 Exscientia's drug candidates. Further, the FDA or comparable non-U.S. regulatory authorities may disagree with Exscientia's clinical trial design and Exscientia's interpretation of data from clinical trials, or may change the requirements for approval even after it has reviewed and commented on the design for Exscientia's clinical trials.

Moreover, principal investigators for Exscientia's current and future clinical trials may serve as scientific advisors or consultants to it from time to time and receive compensation in connection with such services. Under certain circumstances, Exscientia may be required to report some of these relationships to the FDA or comparable non-U.S. regulatory authorities. The FDA or comparable non-U.S. regulatory authority may conclude that a financial relationship between Exscientia and a principal investigator has created a conflict of interest or otherwise affected the interpretation of the study. The FDA or comparable non-U.S. regulatory authority may therefore question the integrity of the data generated at the applicable clinical trial site and the utility of the clinical trial itself may be jeopardised. This could result in a delay in approval, or rejection, of Exscientia's marketing applications by the FDA or comparable non-U.S. regulatory authority, as the case may be, and may ultimately lead to the denial of marketing approval of one or more of Exscientia's drug candidates.

Exscientia's product development costs will also increase if it experiences delays in testing or obtaining regulatory approvals. Exscientia does not know whether any of its future clinical trials will begin as planned, or whether any of its 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 could also shorten any periods during which Exscientia may have the exclusive right to commercialise its drug candidates or allow its competitors to bring products to market before Exscientia does and impair its ability to successfully commercialise its drug candidates. Any delays in Exscientia's preclinical or future clinical development programmes may harm its business, financial condition and growth prospects significantly.

If Exscientia experiences delays or difficulties in the enrolment of patients in clinical trials, its receipt of necessary regulatory approvals could be delayed or prevented.

Exscientia may not be able to initiate or continue clinical trials for its drug candidates if it is unable to locate and enrol a sufficient number of eligible patients to participate in these trials as required by the FDA or similar regulatory authorities outside the United States. In particular, because Exscientia is deploying its drug discovery platform across a broad target space, Exscientia's ability to enrol eligible patients may be limited or may result in

slower enrolment than it anticipates. For example, because some of Exscientia's drug candidates target rare diseases, it may have difficulty enrolling a sufficient number of eligible patients or enrolment may be slower than it anticipates. In addition, some of Exscientia's competitors have ongoing clinical trials for drug candidates that treat the same indications as its drug candidates, and patients who would otherwise be eligible for Exscientia's clinical trials may instead enrol in clinical trials of its competitors' drug candidates.

In addition to the competitive trial environment, the eligibility criteria of Exscientia's planned clinical trials will further limit the pool of available study participants as Exscientia will require that patients have specific characteristics that it can measure to assure their cancer is either severe enough or not too advanced to include them in a study. Exscientia may not be able to identify, recruit and enrol a sufficient number of patients to complete its clinical studies for a number of reasons, including:

- the severity of the disease under investigation;
- the eligibility criteria and overall design of the clinical trial in question;
- the perceived risks and benefits of the drug candidate under study;
- clinicians' and patients' perceptions as to the potential advantages of the drug candidate being studied in relation to other available therapies, including any new drugs that may be approved for the indications Exscientia is investigating;
- the ability to obtain and maintain patient consents;
- the efforts to facilitate timely enrolment in clinical trials;
- the patient referral practices of physicians;
- the size and nature of the patient population required for analysis of the trial's primary endpoints;
- the ability to monitor patients adequately during and after treatment;
- the proximity and availability of clinical trial sites for prospective patients;
- the risk that patients enrolled in clinical trials will drop out of the clinical trials before completion of their treatment; and
- factors Exscientia may not be able to control, such as potential future pandemics that may limit patients, principal investigators, staff or clinical site availability.

Delays in patient enrollment may result in increased costs or may affect the timing or outcome of the planned clinical trials, which could prevent completion of these clinical trials and adversely affect Exscientia's ability to advance the development of its drug candidates. In addition, many of the factors that may lead to a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of Exscientia's drug candidates.

Success in preclinical studies or clinical trials may not be predictive of results in future clinical trials.

Positive results from early preclinical studies and clinical trials of Exscientia's drug candidates are not necessarily predictive of the results of later preclinical studies and any future clinical trials of Exscientia's drug candidates. Even if Exscientia is able to complete its planned preclinical studies and clinical trials of its drug candidates according to its current development timeline, the results from such preclinical studies and clinical trials of its drug candidates may not be replicated in subsequent preclinical studies or clinical trial results. If Exscientia cannot replicate such positive results in its later preclinical studies and future clinical trials, Exscientia may be unable to successfully develop, obtain regulatory approval for and commercialise its drug candidates. For example, Exscientia stopped the Phase 1/2 clinical trial of EXS21546 after receiving information demonstrating that the drug candidate was not sufficiently promising to justify further clinical development.

Many companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in late-stage clinical trials after achieving positive results in early-stage development, and Exscientia cannot be certain that it will not face similar setbacks. These setbacks have been caused by, among other things, preclinical and other non-clinical findings made while clinical trials were underway, or safety or efficacy observations made in preclinical studies and clinical trials, including previously unreported adverse events. Moreover, preclinical, non-clinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that believed their drug candidates performed satisfactorily in preclinical studies and clinical trials nonetheless failed to obtain FDA or European Commission approval.

Additionally, future clinical trials that Exscientia may plan might utilise an "open-label" trial design. An "open-label" clinical trial is one where both the patient and investigator know whether the patient is receiving the investigational drug candidate or either an existing approved drug or placebo. Most typically, open-label clinical trials test only the investigational drug candidate and sometimes may do so at different dose levels. Open-label clinical trials are subject to various limitations that may exaggerate any therapeutic effect as patients in open-label clinical trials are aware when they are receiving treatment. Open-label clinical trials may be subject to a "patient bias" where patients perceive their symptoms to have improved merely due to their awareness of receiving an experimental treatment. In addition, open-label clinical trials may be subject to an "investigator bias" where those assessing and reviewing the physiological outcomes of the clinical trials are aware of which patients have received treatment and may interpret the information of the treated group more favourably given this knowledge. The results from an open-label trial may not be predictive of future clinical trial results with any of Exscientia's drug candidates for which it includes an open-label clinical trial when studied in a controlled environment with a placebo or active control.

Interim, "topline," and preliminary data from Exscientia's clinical trials that Exscientia announces or publishes from time to time may change as more patient data become available and are subject to audit and verification procedures that could result in material changes in the final data.

From time to time, Exscientia may publicly disclose preliminary or topline data from its clinical trials, which is based on a preliminary analysis of then-available data, and the results and related findings and conclusions are subject to change following a more comprehensive review of the data related to the particular study or trial. Exscientia also makes assumptions, estimations, calculations and conclusions as part of its analyses of data, and Exscientia may not have received or had the opportunity to fully and carefully evaluate all data. As a result, the topline or preliminary results that Exscientia reports may differ from future results of the same studies, or different conclusions or considerations may qualify such results, once additional data have been received and fully evaluated. Topline data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data Exscientia previously published. As a result, topline data should be viewed with caution until the final data are available. From time to time, Exscientia may also disclose interim data from its clinical trials. Interim data from clinical trials that Exscientia may complete are subject to the risk that one or more of the clinical outcomes may materially change as patient enrolment continues and more patient data become available or as patients from its clinical trials continue other treatments for their disease. Adverse differences between preliminary or interim data and final data could significantly harm Exscientia's business prospects. Further, disclosure of interim data by Exscientia or by its competitors could result in volatility in the price of the Exscientia ADSs.

If the interim, topline, or preliminary data that Exscientia reports differ from actual results, or if others, including regulatory authorities, disagree with the conclusions reached, Exscientia's ability to obtain approval for, and commercialise, its drug candidates may be harmed, which could harm its business, financial condition, results of operations and prospects. In addition, the information Exscientia chooses to publicly disclose regarding a particular clinical trial is based on what is typically extensive information, and you or others may not agree with what Exscientia determines is material or otherwise appropriate information to include in its disclosure.

Exscientia's current and future clinical trials or those of its current or future collaborators may reveal significant adverse events not seen in its preclinical or non-clinical studies and may result in a safety profile that could inhibit regulatory approval or market acceptance of any of its drug candidates.

Before obtaining regulatory approvals for the commercial sale of any products, Exscientia must demonstrate through lengthy, complex and expensive preclinical studies and clinical trials that its 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. There is typically an extremely high rate of attrition for 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 non-clinical studies and initial clinical trials. If the results of Exscientia's ongoing or future preclinical studies and clinical trials are inconclusive with respect to the safety and efficacy of its drug candidates, if Exscientia does not meet the clinical endpoints with statistical and clinically meaningful significance, or if there are safety concerns associated with its drug candidates, Exscientia may be prevented from or delayed in obtaining marketing approval for such drug candidates. In some instances, there can be significant variability in safety or efficacy results between different clinical trials of the same drug candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, changes in and adherence to the clinical trial protocols and the rate of dropout among clinical trial participants. While Exscientia has not yet initiated clinical trials for certain of its drug candidates, it is likely, as is the case with many oncology therapies, that there will be side effects associated with their use. Results of Exscientia's trials could reveal a high and unacceptable severity and prevalence of side effects. Further, Exscientia's drug candidates could cause undesirable side effects in clinical trials related to on-target toxicity. If on-target toxicity is observed, or if Exscientia's drug candidates have characteristics that are unexpected, Exscientia may need to abandon their development or limit development to narrower uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective. In addition, Exscientia's drug candidates could cause undesirable side effects that it has not observed yet to date. Exscientia also may develop future drug candidates for use in combination with one or more existing cancer therapies. The uncertainty resulting from the use of Exscientia's drug candidates in combination with other cancer therapies may make it difficult to accurately predict side effects in future clinical trials. Most drug candidates that commence clinical trials are never approved as products and there can be no assurance that any of Exscientia's current or future clinical trials will ultimately demonstrate positive results or support further clinical development of any of its drug candidates.

If significant adverse events or other side effects are observed in any of Exscientia's current or future clinical trials, Exscientia may have difficulty recruiting patients to its clinical trials, patients may drop out of its trials or Exscientia may be required to abandon the trials or its development efforts of one or more drug candidates altogether. Exscientia, the FDA or other applicable regulatory authorities, or an IRB or ethics committee 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 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 Exscientia's business, financial condition, results of operations and prospects.

Exscientia intends to develop GTAEXS617, and potentially other future drug candidates, for use in combination with other therapies, which exposes it to additional risks.

Exscientia intends to develop GTAEXS617 for use in combination with one or more currently approved cancer therapies. If a drug candidate Exscientia develops were to receive marketing approval for use in combination with these existing therapies, Exscientia would continue to bear the risks that the FDA or similar foreign regulatory authorities could revoke approval of the therapies used in combination with its drug candidate or that safety, efficacy, manufacturing or supply issues could arise with such existing therapies. Exscientia would be subject to similar risks if it develops any of its drug candidates for use in combination with other drugs or for indications other than cancer. This could result in Exscientia's own products being removed from the market or being less successful commercially.

Exscientia may also potentially evaluate other drug candidates in combination with one or more other cancer therapies that have not yet been approved for marketing by the FDA or similar foreign regulatory authorities. Exscientia will not be able to market and sell any drug candidate it develops in combination with any such cancer therapies that do not ultimately obtain marketing approval whether alone or in combination with its product. In addition, unapproved cancer therapies face the same risks described with respect to Exscientia's drug candidates

currently in development and clinical trials, including the potential for serious adverse effects, delay in their clinical trials and lack of FDA or comparable non-U.S. regulatory authorities' approval. If safety, efficacy, manufacturing or supply issues arise with the products Exscientia chooses to evaluate in combination with its drug candidates, Exscientia may be unable to obtain approval of or market such combination.

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

Exscientia is currently conducting clinical trials outside the United States, and Exscientia may in the future conduct clinical trials outside the United States, including in China, Australia, Europe, elsewhere in Asia or other foreign jurisdictions. The acceptance of trial data from clinical trials conducted outside the United States by the FDA or non-U.S. regulatory authorities 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 such 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 recognised competence pursuant to GCP regulation; 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. In general, the patient population for any clinical trials conducted outside the United States must be representative of the population for whom Exscientia intends to label the drug candidate in the United States. Additionally, the FDA's clinical trial requirements, including sufficient size of patient 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 Exscientia's business plan, and which may result in Exscientia's drug candidates not receiving approval or clearance for commercialisation in the applicable jurisdiction.

Exscientia may seek orphan drug designation for certain of its drug candidates, and it 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 Exscientia's business strategy, Exscientia may seek orphan drug designation for certain of its drug candidates, and such efforts may be unsuccessful. Regulatory authorities in some jurisdictions, including the United States and the European Union, 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 the European Union, Regulation (EC) No. 141/2000 provides that the European Commission, after receiving the positive opinion of the EMA's Committee for Orphan Medicinal Products, may grant orphan drug designation to promote the development of drugs where their sponsor can establish that: (1) the product is intended for the diagnosis, prevention or treatment of life-threatening or chronically debilitating conditions; (2) either (a) such conditions affect not more than 5 in 10,000 persons in the European Union when the application is made, or (b) the product without the benefits derived from orphan status would not generate sufficient return in the European Union to justify the necessary investment in developing the medicinal product; and (3) there exists no satisfactory authorized method of diagnosis, prevention, or treatment of the condition that has been authorized in the European Union, or even if such method exists, the product will be of significant benefit to those affected by that condition. Orphan medicinal product designation entitles an applicant to incentives such fee reductions or fee waivers, protocol assistance, and access to the centralized marketing authorization procedure.

Generally, if a drug candidate with an orphan drug designation subsequently receives the first marketing approval in the United States or the European Union 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 European Commission from approving another marketing application for the same drug and indication for that time period, except in limited circumstances. In the E.U., the EMA cannot accept another marketing authorization application or accept an application to extend an existing authorization for a similar product. The applicable period is seven years in the United States and ten years in the European Union. In the E.U., this ten year period may be extended by two years for medicinal products in relation to which the marketing authorization holder has complied with a related agreed pediatric investigation plan. No extension to any supplementary protection certificate can be granted on the basis of pediatric studies for orphan indications. No extension to any supplementary protection certificate can be granted on the basis of pediatric studies for orphan indications. Orphan medicinal product designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process. The exclusivity period in the European Union can be reduced to six years if, at the end of the fifth year, it is established that a drug no longer meets the criteria on the basis of which it received orphan drug designation, including if the drug is sufficiently profitable so that market exclusivity is no longer justified or where the prevalence of the condition has increased above the threshold.

Even if Exscentia obtains 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 and the European Commission can subsequently approve another drug for the same condition if the FDA or the European Commission (as applicable) conclude 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. If, in either the United States or the European Union the manufacturer is unable to assure sufficient quantities of the drug to meet the needs of patients with the rare disease or condition, orphan designation may also be lost. 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 Exscentia may seek orphan drug designations for its drug candidates, Exscentia may never receive such designations. Even if Exscentia does receive such designations, there is no guarantee that it will receive approval of the product for the therapeutic indication for which orphan designation was granted.

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

If the FDA or a comparable foreign regulatory authority approves any of Exscentia's drug candidates, the manufacturing processes, labelling, packaging, distribution, import, export, adverse event reporting, storage, advertising, promotion, monitoring 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 current Good Manufacturing Practices, or cGMPs, and GCPs for any clinical trials that Exscentia's conduct post-approval. Additionally, manufacturers are required to comply with extensive FDA, and comparable foreign regulatory authority requirements, including ensuring that quality control and manufacturing procedures conform to cGMP regulations and applicable product tracking and tracing requirements. Any regulatory approvals that Exscentia receives for its 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, including Phase 4 clinical trials, and surveillance to monitor the safety and efficacy of the product. A product may not be promoted for uses that are not approved by the FDA or such other regulatory authorities as reflected in the product's approved labelling, although physicians may, in their independent medical judgement, prescribe legally available products for "off-label" uses. If any of Exscentia's current or future drug candidates is approved for marketing, and Exscentia is found to have improperly promoted off-label uses of those products, it may become subject to significant liability. The FDA may also require a Risk Evaluation and Mitigation

Strategy, or REMS, to approve Exscentia's drug candidates, which could entail requirements for a medication guide, physician communication plans or additional elements to ensure safe use, such as restricted distribution

methods, patient registries and other risk minimisation tools. Similar strategies may be required by non-U.S. authorities. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with Exscientia's third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

- restrictions on marketing or manufacturing of the product, withdrawal of the product from the market, or voluntary or mandatory product recalls;
- manufacturing delays and supply disruptions where regulatory inspections identify noncompliance requiring remediation;
- revisions to the labelling, including limitation on approved uses or the addition of warnings, contraindications or other safety information, including boxed warnings;
- imposition of a REMS, or comparable foreign strategies, which may include distribution or use restrictions;
- requirements to conduct additional post-market clinical trials to assess the safety of the product;
- clinical trial holds;
- fines, warning letters or other regulatory enforcement action;
- refusal by the FDA or comparable foreign regulatory authority to approve pending applications or supplements to approved applications filed by Exscientia or suspension, variation or revocation of approvals;
- 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 and other regulatory authorities' policies may change, and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of Exscientia's drug candidates.

The policies of the FDA, the competent authorities of the E.U. Member States, the EMA, the European Commission and other comparable regulatory authorities responsible for clinical trials may change and additional government regulations may be enacted. For instance, the regulatory landscape related to clinical trials in the E.U. recently changed. The E.U. Clinical Trials Regulation, or CTR, which was adopted in April 2014 and repeals the E.U. Clinical Trials Directive, became applicable on January 31, 2022. The CTR allows sponsors to make a single submission to both the competent authority and an ethics committee in each E.U. Member State, leading to a single decision for each E.U. Member State. The assessment procedure for the authorization of clinical trials has been harmonized as well, including a joint assessment by all E.U. Member States concerned, and a separate assessment by each E.U. Member State with respect to specific requirements related to its own territory, including ethics rules. Each E.U. Member State's decision is communicated to the sponsor via the centralized E.U. portal. Once the clinical trial approved, clinical study development may proceed. The CTR foresees a three-year transition period. The extent to which ongoing and new clinical trials will be governed by the CTR varies. For clinical trials in relation to which application for approval was made on the basis of the Clinical Trials Directive before January 31, 2023, the Clinical Trials Directive will continue to apply on a transitional basis until January 31, 2025. By that date, all ongoing trials will become subject to the provisions of the CTR. The CTR will apply to clinical trials from an earlier date if the related clinical trial application was made on the basis of the CTR or if the clinical trial has already transitioned to the CTR framework before January 31, 2025. Compliance with the CTR requirements by Exscientia and its third-party service providers, such as CROs, may impact Exscientia's developments plans.

In light of the entry into application of the CTR on January 31, 2022, Exscientia may be required to transition clinical trials for which it has obtained regulatory approvals in accordance with the CTD to the regulatory framework of the CTR. Transition of clinical trials governed by the CTD to the CTR will be required for clinical trials which will have at least one site active in the E.U. on January 30, 2025. A transitioning application would need to be submitted to the competent authorities of E.U. Member States through the Clinical Trials Information Systems and related regulatory approval obtained to continue the clinical trial past January 30, 2025. This would require

financial, technical and human resources. If Exscentia is unable to transition its clinical trials in time, the conduct of those clinical trials may be negatively impacted.

It is currently unclear to what extent the U.K. will seek to align its regulations with the E.U. in the future. The U.K. regulatory framework in relation to clinical trials is derived from existing E.U. legislation (as implemented into U.K. law, through secondary legislation). On January 17, 2022, the U.K. Medicines and Healthcare products Regulatory Agency, or MHRA, launched an eight-week consultation on reframing the U.K. legislation for clinical trials. The U.K. Government published its response to the consultation on March 21, 2023 confirming that it would bring forward changes to the legislation. These resulting legislative amendments will determine how closely the U.K. regulations will align with the CTR. Failure of the U.K. to closely align its regulations with the E.U. may have an effect on the cost of conducting clinical trials in the U.K. as opposed to other countries and/or make it harder to seek a marketing authorization for the Company's product candidates on the basis of clinical trials conducted in the U.K..

In addition, on April 26, 2023, the European Commission adopted a proposal for a new Directive and Regulation to revise the existing pharmaceutical legislation. If adopted in the form proposed, the recent European Commission proposals to revise the existing E.U. laws governing authorization of medicinal products may result in a decrease in data and market exclusivity opportunities for Exscentia's product candidates in the E.U. and make them open to generic or biosimilar competition earlier than is currently the case with a related reduction in reimbursement status.

Moreover, in December 2023, the E.U. Parliament and the Council reached a provisional agreement on the "AI Act" which is intended to introduce legislation governing the development, placing on the market and use of artificial intelligence in the E.U.. If adopted, Exscentia may be subject to additional regulatory requirements under the AI Act.

If Exscentia is slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if Exscentia is not able to maintain regulatory compliance, it may not be able to obtain, may suffer a delay in obtaining, or lose any marketing approval that it may have obtained, which would adversely affect its business, financial condition, results of operations and prospects.

Obtaining and maintaining regulatory approval of Exscentia's drug candidates in one jurisdiction does not mean that it will be able to obtain regulatory approval of its drug candidates in other jurisdictions.

Exscentia may submit marketing applications in countries in addition to the United States. Regulatory authorities in jurisdictions outside of the United States have requirements for approval of drug candidates with which Exscentia must comply prior to marketing in those jurisdictions. Obtaining foreign regulatory approvals and compliance with foreign regulatory requirements could result in significant difficulties and costs for Exscentia and could delay or prevent the introduction of its products in certain countries. If Exscentia fails to comply with the regulatory requirements in international markets and/or receive applicable marketing approvals, Exscentia's target market will be reduced and its ability to realise the full market potential of its drug candidates will be harmed.

Obtaining and maintaining regulatory approval of Exscentia's drug candidates in one jurisdiction does not guarantee that Exscentia 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 U.S., including additional preclinical 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 the risks associated with FDA approval. In many jurisdictions outside the U.S., a drug candidate must be approved for reimbursement before it can be approved for sale in that jurisdiction. In some cases, the price that Exscentia may intend to charge for its products will also be subject to approval.

Risks Related to Exscentia's Business

Exscientia may not be successful in its efforts to identify or discover drug candidates and may fail to capitalise on programmes, collaborations or drug candidates that may present a greater commercial opportunity or for which there is a greater likelihood of success.

Research programmes to identify new drug candidates require substantial technical, financial and human resources. Exscientia may fail to identify additional potential drug candidates for clinical development. A failure to demonstrate the utility of Exscientia's platform by using it itself to discover drug candidates for internal development could harm Exscientia's business prospects. Because Exscientia has limited resources, it focuses its research programmes on targets where it believes its computational assays are predictive for experimental assays, where it believes it is theoretically possible to discover a molecule with properties that are required for the molecule to become a drug and where it believes there is a meaningful commercial opportunity, among other factors. Currently, the focus of Exscientia's internal drug discovery programmes is in the areas of oncology, immunology and anti-virals. Exscientia may forego or delay pursuit of opportunities with certain programmes, collaborations or drug candidates or for indications that later prove to have greater commercial potential. However, the development of any drug candidate Exscientia pursues may ultimately prove to be unsuccessful or less successful than another potential drug candidate that it might have chosen to pursue on a more aggressive basis with its capital resources. If Exscientia does not accurately evaluate the commercial potential for a particular drug candidate, it may relinquish valuable rights to that drug candidate through strategic collaboration, partnership, licensing or other arrangements in cases in which it would have been more advantageous for Exscientia to retain sole development and commercialisation rights to such drug candidate. Alternatively, Exscientia may allocate internal resources to a drug candidate in a therapeutic area in which it would have been more advantageous to enter into a collaboration.

Exscientia faces substantial competition, which may result in others discovering, developing or commercialising products before or more successfully than it does.

The development and commercialisation of new pharmaceutical products is highly competitive and subject to rapid and significant technological advancements. Exscientia faces competition from major multi-national pharmaceutical companies, biotechnology companies and speciality pharmaceutical companies. A number of large pharmaceutical and biotechnology companies currently market and sell products, or are developing drug candidates, for the treatment of cancer. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large, established companies. Potential competitors also include academic institutions, government agencies and other public and private research organisations.

Exscientia's competitors with development-stage programmes may obtain marketing approval from the FDA or other comparable regulatory authorities for their drug candidates more rapidly than Exscientia does, and they could establish a strong market position before Exscientia is able to enter the market. In addition, Exscientia's competitors may succeed in developing, acquiring or licensing technologies and products that are more effective, more effectively marketed and sold or less costly than any drug candidates that Exscientia may develop, which could render its drug candidates non-competitive and obsolete and result in its competitors establishing a strong market position for either the product or a specific indication before Exscientia is able to enter the market.

Many of Exscientia's competitors, either alone or with their strategic collaborators, have substantially greater financial, technical and human resources than Exscientia does. Accordingly, Exscientia's competitors may be more successful than it is in obtaining approval for treatments and achieving widespread market acceptance, which may render Exscientia's treatments obsolete or non-competitive. Mergers and acquisitions in the biotechnology and pharmaceutical industries may result in even more resources being concentrated among a smaller number of Exscientia's competitors. These competitors also compete with Exscientia in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical studies, as well as in acquiring technologies complementary to, or necessary for, Exscientia's programmes.

Exscientia is aware of several companies using various technologies, including AI and other sophisticated computational tools, to accelerate drug development and improve the quality of identified drug candidates. These companies include Relay Therapeutics, AbCellera, Schrodinger, Recursion Pharmaceuticals, PathAI, Insitro, Valo Health, Cellarity, XtalPi, BenevolentAI, Datavant and Atomwise.

Exscientia has invested, and expects to continue to invest, in research and development efforts that further enhance its technology platform. If the return on these investments is lower or develops more slowly than Exscientia expects, its revenue and results of operations may suffer.

Exscientia uses its technological capabilities for the discovery of new drugs and, since its inception, Exscientia has invested, and expect to continue to invest, in research and development efforts that further enhance its technology platform. These investments may involve significant time, risks and uncertainties, including the risk that the expenses associated with these investments may affect Exscientia's margins and results of operations and that such investments may not generate sufficient technological advantages relative to alternatives in the market, which would in turn, impact revenues generated to offset the liabilities assumed and expenses associated with these investments. The software industry changes rapidly as a result of technological and product developments, which may render Exscientia's platform's ability to identify and develop drug candidates less efficient than other technologies and platforms. Exscientia believes that it must continue to invest a significant amount of time and resources in its technology platform to maintain and improve its competitive position. If Exscientia does not achieve the benefits anticipated from these investments, if the achievement of these benefits is delayed or if its technology is not able to accelerate the process of drug discovery as quickly as it anticipates, Exscientia's revenue and results of operations may be adversely affected.

Exscientia must adapt to rapid and significant technological change and respond to introductions of new products and technologies by competitors to remain competitive.

In addition to using Exscientia's platform for the discovery and development of its own drug candidates, Exscientia provides its drug discovery solution and capabilities in industries that are characterized by significant enhancements and evolving industry standards. As a result, Exscientia and its collaborators' needs are rapidly evolving. If Exscientia does not appropriately innovate and invest in new technologies, including within the field of AI, Exscientia's platform may become less competitive, and its collaborators could move to new technologies offered by its competitors or engage in drug discovery themselves. Exscientia believes that because of the initial time investment required by many of its collaborators to reach a decision about whether to collaborate with Exscientia, it may be difficult to regain a commercial relationship with such collaborators should they enter into a partnership or collaboration agreement with a competitor. Without the timely introduction of new solutions and technological enhancements, Exscientia's offerings will likely become less competitive over time, in which case its competitive position and results of operations could suffer. Accordingly, Exscientia focuses significant efforts and resources on the development and identification of new technologies and markets to further broaden and deepen its capabilities and expertise in AI drug discovery and development. To the extent Exscientia fails to timely introduce new and innovative technologies or solutions, adequately predict its collaborators' needs or fail to obtain desired levels of market acceptance, its business may suffer and its results of operations could be adversely affected.

Exscientia's adoption and deployment of AI and machine learning ("AI/ML") technologies in its drug discovery platform and processes may not be effective and may expose it to operational challenges, reputational harm and legal liability.

The industry in which Exscientia competes is characterized by rapid technological advancements, frequent introductions of new products and heavy competition. The discovery of new drugs and the achievement of new targets remain vital to Exscientia's success, and the effective implementation of AI/ML technologies into Exscientia's drug discovery platform is a critical element of its business that has the potential to provide significant benefits to its business.

As with many developing technologies, AI presents risks and challenges that could affect its further development, adoption, and use, and therefore Exscientia's business especially as the use of AI/ML technologies becomes more important to Exscientia's operations over time. Exscientia's AI algorithms may be flawed, or the datasets it uses may be insufficient, of poor quality, or contain biased information, which may lead to flawed, biased, and inaccurate results. Further, Exscientia's AI algorithms may rely in part on unknown third-party intellectual property rights, and the outputs it generates or seeks may be infringing on those rights, which exposes Exscientia to potential legal risk. Inappropriate or controversial data practices by data scientists, engineers, and end-users of Exscientia's systems could impair the acceptance of AI solutions. These deficiencies could undermine the decisions, predictions, or analysis that AI applications produce, subjecting Exscientia to legal liability, and brand or reputational harm. Emerging ethical issues surround the use of AI/ML technologies, and Exscientia may be subject to reputational and

legal risk if Exscentia enables or offers AI-based technologies that are controversial because of their impact on healthcare access, privacy, or other social issues.

Exscentia faces increased competition from other companies that are using AI/ML technologies and related methods for drug discovery, some of which have more resources than Exscentia does and may have developed more effective methods than Exscentia has, which may reduce Exscentia's effectiveness in identifying potential targets and attracting collaborators to work with Exscentia. Even with the successful implementation of AI/ML technologies, Exscentia may fail to correctly identify indications and allocate R&D resources efficiently, which could adversely impact its pipeline and ability to compete effectively.

AI/ML technologies are relatively new and the business, legal and ethical landscape regarding their use, commercialization and regulation is unsettled and constantly evolving. Uncertainty in the legal regulatory regime relating to AI/ML technologies may require significant resources to modify and maintain business practices to comply with new or rapidly changing U.S. and non-U.S. laws and regulations. Several jurisdictions around the globe, including the U.K., the E.U. and certain U.S. states have proposed, enacted or are considering laws governing the development and use of AI/ML. In the U.K., the government has published a white paper calling for existing regulators to implement certain specific principles to guide and inform the responsible development and use of AI/ML. In the E.U., regulators have reached political agreement on the text of the Artificial Intelligence Act, which, when adopted and in force, will have a direct effect across all E.U. jurisdictions and could impose onerous obligations related to the use of AI-related systems. Other jurisdictions may decide to adopt similar or more restrictive legislation that may render the use of such technologies challenging.

Exscentia relies upon third-party providers of cloud-based infrastructure to host its software solutions. Any disruption in the operations of these third-party providers, limitations on capacity or interference with Exscentia's use could adversely affect its business, financial condition, results of operations and prospects.

Exscentia outsources substantially all of the infrastructure relating to its hosted software solutions to third-party hosting services. Customers of Exscentia's hosted software solutions need to be able to access Exscentia's computational platform at any time, without interruption or degradation of performance, and Exscentia provides them with service-level commitments with respect to uptime. Exscentia's hosted software solutions depend on protecting the virtual cloud infrastructure hosted by third-party hosting services by maintaining its configuration, architecture, features and interconnection specifications, as well as the information stored in these virtual data centres, which is transmitted by third-party internet service providers. Any limitation on the capacity of Exscentia's third-party hosting services could impede its ability to onboard new customers or expand the usage of its existing customers, which could adversely affect its business, financial condition and results of operations. In addition, any incident affecting Exscentia's third-party hosting services' infrastructure that may be caused by cyber-attacks, natural disasters, climate change, fires, floods, severe storms, earthquakes, power loss, telecommunications failures, terrorist or other attacks and other similar events beyond Exscentia's control could negatively affect its cloud-based solutions. A prolonged service disruption affecting Exscentia's cloud-based solutions for any of the foregoing reasons would negatively impact Exscentia's ability to serve its customers and could damage its reputation with current and potential customers, expose Exscentia to liability, cause it to lose customers or otherwise harm its business. Exscentia 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 Exscentia uses.

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

Defects or disruptions in Exscentia's technology platform could result in diminishing demand for the drug candidates discovered using such platforms and a reduction in its revenues, and subject it to substantial liability.

Exscentia's ability to effectively deploy its drug discovery platform depends upon the continuous, effective and reliable operation of its software and related tools and functions. Exscentia's technology platform is inherently complex and may contain defects or errors. The risk of errors is particularly significant when a new software

application is first introduced or when new versions or enhancements of existing software applications are used in Exscientia's technology platform. Exscientia has from time to time found defects in its software, and new errors in its existing software may be detected in the future. Any errors, defects, disruptions or other performance problems with Exscientia's technology platform could adversely impact the efficacy of Exscientia's drug discovery processes, delay its drug discovery and collaboration timelines, hurt its reputation or damage its collaborators' businesses. If any of these events occurs, Exscientia's collaborators may delay or withhold payment to Exscientia, cancel their agreements with Exscientia, elect not to renew, make service credit claims, warranty claims or other claims against Exscientia, and Exscientia could lose future revenues. The occurrence of any of these events could result in diminishing demand for Exscientia's technology platform and any drug candidates discovered through such a platform, a reduction of Exscientia's revenues and increased expenses of litigation or substantial liability.

The market opportunities for Exscientia's drug candidates may be smaller than it anticipates or may be limited to those patients who are ineligible for or have failed prior treatments, and Exscientia's estimates of the prevalence of its target patient populations may be inaccurate.

Exscientia's current and future target patient populations are based on its beliefs and estimates regarding the incidence or prevalence of certain types of cancers that may be addressable by its drug candidates, which is derived from a variety of sources, including scientific literature and surveys of clinics. Exscientia's projections may prove to be incorrect and the number of potential patients may turn out to be lower than expected. Even if Exscientia obtains significant market share for its drug candidates, because the potential target populations could be small, Exscientia may never achieve profitability without obtaining regulatory approval for additional indications, including use of its drug candidates for first-line and second-line therapy.

Cancer therapies are sometimes characterised by line of therapy (first-line, second-line, third-line, etc.), and the FDA often approves new therapies initially only for a particular line or lines of use. When cancer is detected early enough, first-line therapy is sometimes adequate to cure the cancer or prolong life without a cure. Whenever first-line therapy, usually chemotherapy, antibody drugs, tumour-targeted small molecules, hormone therapy, radiation therapy, surgery or a combination of these, proves unsuccessful, second-line therapy may be administered. Second-line therapies often consist of more chemotherapy, radiation, antibody drugs, tumour-targeted small molecules or a combination of these. Third-line therapies can include chemotherapy, antibody drugs and small molecule tumour-targeted therapies, more invasive forms of surgery and new technologies. Exscientia expects to initially seek approval of some of its drug candidates as second- or third-line therapies for patients who have failed other approved treatments. Subsequently, for those drug candidates that prove to be sufficiently beneficial, if any, Exscientia would expect to seek approval as a second-line therapy and potentially as a first-line therapy, but there is no guarantee that its drug candidates, even if approved for third-line therapy, would be approved for second-line or first-line therapy. In addition, Exscientia may have to conduct additional clinical trials prior to gaining approval for any of its current or future drug candidates as potential second-line or first-line therapies.

Even if Exscientia obtains regulatory approval of its current or future drug candidates, the products may not gain market acceptance among physicians, patients, hospitals, cancer treatment centres and others in the medical community.

The use of artificial intelligence, machine learning and other technology-based platforms to discover compounds and molecules and develop optimally-designed drug candidates is still a recent phenomenon; and therefore, the drug candidates resulting from such a process may not become broadly accepted by physicians, patients, hospitals and others in the medical community, even if approved by the appropriate regulatory authorities for marketing and sale. If Exscientia obtains regulatory approval for any of its current programmes or any future drug candidates and such drug candidates do not gain an adequate level of market acceptance, Exscientia could be prevented from or significantly delayed in achieving profitability. Various factors will influence whether Exscientia's drug candidates, if approved, are accepted in the market, including:

- the efficacy of its drug candidates as demonstrated in clinical trials, and, if required by any applicable authority in connection with the approval for the applicable indications, the ability of its drug candidates to provide patients with incremental health benefits, as compared with other available therapies;
 - potential product liability claims;
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- physicians, hospitals and patients considering its drug candidates as safe and effective treatment options;
- the willingness of the target patient population to try new therapies and of physicians to prescribe these therapies;
- the prevalence and severity of any side effects of its drug candidates;
- product labelling or product insert requirements of the FDA or other non-U.S. regulatory authorities;
- limitations or warnings contained in the labelling approved by the FDA or other non-U.S. regulatory authorities;
- the cost of treatment in relation to current and future treatment alternatives;
- pricing of its products and the availability of coverage and adequate reimbursement from third-party payors and government authorities;
- the willingness of patients to pay out-of-pocket in the absence of coverage by third-party payors and government authorities;
- relative convenience and ease of administration, including as compared to current and future alternative treatments and competitive therapies; and
- the effectiveness of its sales and marketing efforts.

Even if Exscientia's drug candidates, if approved, achieve market acceptance, Exscientia may not be able to maintain that market acceptance over time if new products or technologies are introduced that are more favourably received than its products, are more cost effective or render its products obsolete.

The effects of health epidemics in regions where Exscientia, or the third parties on which it relies, have business operations could adversely impact its business, including its preclinical studies and clinical trials, as well as the business or operations of its CROs or other third parties with whom it conducts business.

Exscientia's business could be adversely affected by health epidemics in regions where it has concentrations of clinical trial sites or other business operations, and could cause significant disruption in the operations of third-party manufacturers and CROs upon whom it relies.

Quarantines, shelter-in-place and similar government orders, or the perception that such orders, shutdowns, or other restrictions on the conduct of business operations could occur, whether related to new variants of COVID-19 or other infectious diseases, could impact personnel at third-party manufacturing facilities in the United Kingdom and other countries, or the availability or cost of materials, which would disrupt Exscientia's supply chain. In addition, Exscientia's business operations, preclinical studies and clinical trials may be affected by another pandemic, including delays or difficulties in enrolling, treating and retaining patients in its clinical trials.

Exscientia has in the past and may in the future acquire other companies or technologies, which could divert its management's attention, result in additional dilution to its shareholders and otherwise disrupt its operations and adversely affect its operating results.

In August 2021, Exscientia acquired 100% of the outstanding share capital of Allicyte GmbH, or Allicyte, a precision medicine biotechnology company. Following the acquisition, Allicyte was merged with the Group's 100% owned subsidiary, Alphaexscientia Beteiligungs GmbH, and the merged entity was renamed as Exscientia GmbH. Exscientia may in the future seek to acquire or invest in additional businesses, solutions or technologies that Exscientia believes could complement or expand its solutions, enhance its technical capabilities or otherwise offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause Exscientia to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not they are consummated.

Exscientia has limited experience in acquiring new businesses. If Exscientia acquires additional businesses in the future, it will face all of these challenges again. Exscientia cannot assure you that following any acquisition it will achieve the expected synergies to justify the transaction, due to a number of factors, including:

- inability to integrate or benefit from acquired technologies or services in a profitable manner;
- incurrence of acquisition-related costs;
- unanticipated costs or liabilities associated with the acquisition;
- difficulty integrating the accounting systems, operations and personnel of the acquired business;
- difficulties and additional expenses associated with supporting legacy products and hosting infrastructure of the acquired business;
- difficulty converting the customers of the acquired business onto Exscientia's solutions and contract terms, including disparities in the revenues, licensing, support or professional services model of the acquired company;
- diversion of management's attention from other business concerns;
- adverse effects to Exscientia's existing business relationships with business partners and customers as a result of the acquisition;
- the potential loss of key employees;
- use of resources that are needed in other parts of Exscientia's business; and
- use of substantial portions of Exscientia's available cash to consummate the acquisition.

In addition, a significant portion of the purchase price of companies Exscientia acquires may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. In the future, if Exscientia's acquisitions do not yield expected returns, Exscientia may be required to take charges to its operating results based on this impairment assessment process, which could adversely affect its results of operations.

Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect Exscientia's operating results. In addition, if an acquired business fails to meet Exscientia's expectations, its business, financial condition, results of operations and prospects may suffer.

Clinical trial and product liability lawsuits against Exscientia could divert its resources, cause it to incur substantial liabilities and limit commercialisation of its drug candidates.

Exscientia faces an inherent risk of clinical trial and product liability exposure related to the testing of drug candidates in clinical trials, and Exscientia will face an even greater risk if it commercially sells any products that it may develop. While Exscientia currently has no products that have been approved for commercial sale, the current and future use of drug candidates by it in clinical trials, and the sale of any approved products in the future, may expose it to liability claims. These claims might be made by patients who use the product, healthcare providers, pharmaceutical companies or others selling such products. If Exscientia cannot successfully defend itself against claims that its drug candidates or products caused injuries, Exscientia will incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in:

- decreased demand for Exscientia's drug candidates, if approved;
 - injury to Exscientia's reputation and significant negative media attention;
 - withdrawal of clinical trial participants;
 - significant costs to defend any related litigation;
 - substantial monetary awards to trial participants or patients;
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- loss of revenue;
- reduced resources of Exscientia's management to pursue its business strategy; and
- the inability to commercialise Exscientia's drug candidates.

Exscientia will need to increase its insurance coverage as it expands its clinical trials or if Exscientia commences commercialisation of any drug candidates. If a successful clinical trial or product liability claim or series of claims is brought against Exscientia for uninsured liabilities or in excess of insured liabilities, Exscientia's assets may not be sufficient to cover such claims and its business operations could be impaired.

Exscientia's insurance policies are expensive and protect it only from some business risks, which leaves it exposed to significant uninsured liabilities.

Exscientia does not carry insurance for all categories of risk that its business may encounter and its policies have limits and significant deductibles. Some of the policies Exscientia currently maintains include clinical trial, product liability, general liability, property, employment and director and officer insurance.

Exscientia's existing insurance coverage and any additional coverage it acquires in the future may not be sufficient to reimburse it for expenses or losses Exscientia may suffer. Moreover, insurance coverage is becoming increasingly expensive, and Exscientia may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect it against losses. Any significant uninsured liability may require Exscientia to pay substantial amounts, and a successful liability claim or series of claims in which judgements exceed Exscientia's insurance coverage could adversely affect its business, financial condition, results of operations and prospects.

Risks Related to Collaborators and Other Third Parties

Exscientia's drug discovery collaborators have significant discretion regarding the clinical development of the programmes subject to the collaboration. The failure of Exscientia's collaborators to perform their obligations under Exscientia's collaboration agreements could negatively impact Exscientia's business. Exscientia may never realise the return on its investment of resources in its drug discovery collaborations.

Exscientia uses its technology platform to engage in drug discovery with collaborators who are engaged in drug discovery and development. These collaborators include pre-commercial biotechnology companies and large-scale pharmaceutical companies. When Exscientia engages in drug discovery with these collaborators, it enters into agreements that provide it the right to receive option fees, cash milestone payments upon the achievement of specified development, regulatory and commercial sales milestones for the drug discovery targets and potential royalties. From time to time, Exscientia may take equity stakes in its drug discovery collaborators.

Exscientia's drug discovery collaborations may not lead to development or commercialisation of drug candidates that result in its receipt of such option fees, milestone payments or royalties in a timely manner, or at all. Exscientia's drug discovery collaborators may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialisation of any drug candidates. In addition, Exscientia's ability to realise return from its 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 Exscientia's collaborations and may not perform their obligations as expected;
 - drug discovery collaborators may not pursue development or commercialisation of any drug candidates for which Exscientia is entitled to option fees, milestone payments or royalties or may elect not to continue or renew development or commercialisation programmes 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;
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- drug discovery collaborators may delay clinical trials for which Exscientia is entitled to milestone payments;
- drug discovery collaborators have significant discretion in determining when to make announcements about the status of Exscientia's collaborations, including about preclinical and clinical developments and timelines for advancing the collaborative programmes;
- Exscientia may not have access to, or may be restricted from disclosing, certain information regarding its collaborators' drug candidates being developed or commercialised and, consequently, may have limited ability to inform Exscientia's shareholders and ADS holders 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 Exscientia is entitled to milestone payments or royalties if the collaborator believes that the competitive products are more likely to be developed or can be commercialised under terms that are more economically attractive;
- drug candidates discovered in drug discovery collaborations with Exscientia may be viewed by its collaborators as competitive with their own drug candidates or products, which may cause Exscientia's collaborators to cease to devote resources to the commercialisation of any such drug candidates;
- existing drug discovery collaborators and potential future drug discovery collaborators may begin to perceive Exscientia to be a competitor more generally, particularly as Exscientia advances its internal drug discovery programmes, and therefore may be unwilling to continue existing collaborations with Exscientia or to enter into new collaborations with it;
- drug discovery collaborators may fail to comply with applicable regulatory requirements regarding the development, manufacture, distribution or marketing of a drug candidate or product, which may impact Exscientia's 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 commercialisation of drug candidates for which Exscientia is eligible to receive milestone payments, or might result in litigation or arbitration;
- drug discovery collaborators may not properly obtain, maintain, enforce, defend or protect Exscientia's intellectual property or proprietary rights or may use its proprietary information in such a way as to potentially lead to disputes or legal proceedings that could jeopardise or invalidate Exscientia's or their intellectual property or proprietary information or expose Exscientia 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 Exscientia to litigation and potential liability; and
- drug discovery collaborations may be terminated prior to Exscientia's receipt of any significant value from the collaboration.

If any drug discovery collaborations that Exscientia enters into does not result in the successful development and commercialisation of drug products that result in option fees, milestone payments, or royalties to Exscientia, it may not realise satisfactory, if any, returns on the resources it has invested in the drug discovery collaboration. Moreover, even if a drug discovery collaboration initially leads to the achievement of milestones that result in payments to Exscientia, it may not continue to do so.

If Exscientia is not able to establish or maintain partnerships to develop and commercialise any of the drug candidates it discovers internally, it may have to alter its development and commercialisation plans for those drug candidates and its business could be adversely affected.

Exscientia has worked closely with its partners, such as Bristol Myers Squibb Company, or BMJ, to develop and advance drug discovery programmes past the discovery stage and into preclinical studies or human clinical trials. Exscientia expects to rely on future collaborators for the development and potential commercialisation of drug candidates it discovers internally when Exscientia believes it will help maximise the commercial value of the drug candidate. Exscientia faces significant competition in seeking appropriate collaborators for these activities, and a number of more established companies may also be pursuing development and commercialisation for the same or similar drug candidates. These established companies may have a competitive advantage over Exscientia due to their size, financial resources and greater clinical development and commercialisation expertise. Furthermore, collaborations are complex and time-consuming to negotiate and document. Whether Exscientia reaches a definitive agreement for such collaborations will depend, among other things, upon its 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 preclinical studies and 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 Exscientia's 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 Exscientia for its drug candidate.

If Exscientia is unable to reach agreements with suitable collaborators on a timely basis, on acceptable terms or at all, Exscientia may have to curtail the development of a drug candidate, reduce or delay its development programme or one or more of its other development programmes or increase its expenditures and undertake development or commercialisation activities at its own expense. If Exscientia elects to fund and undertake development or commercialisation activities on its own, Exscientia may need to obtain additional expertise and additional capital, which may not be available to Exscientia on acceptable terms or at all. If Exscientia fails to enter into collaborations and does not have sufficient funds or expertise to undertake the necessary development and commercialisation activities, it may not be able to further develop any drug candidates or bring them to market.

In recent periods, Exscientia has depended on a limited number of collaborators for its revenue, the loss of any of which could have an adverse impact on its business.

In recent periods, a limited number of collaborations accounted for a significant portion of Exscientia's revenues. For the year ended December 31, 2023, one of Exscientia's partners accounted for 72% of its revenue, with another accounting for a further 25%. These collaborations cover a large number of programmes under contract, and therefore represent a large portion of potential downstream value. As a result, if Exscientia fails to maintain its relationships with its collaborators or if any of its collaborators discontinue their programmes, Exscientia's future results of operations could be materially and adversely affected.

Exscientia may never realise a return on its equity investments in its drug discovery collaborators.

Exscientia has decided to take and may decide in the future to take equity stakes in its drug discovery collaborators. Exscientia may never realise a return on its equity investments in its drug discovery collaborators. None of the drug discovery collaborators in which Exscientia holds equity generate revenue from commercial sales of drug products. They are therefore dependent on the availability of capital on favourable terms to continue their operations. In addition, if the drug discovery collaborators in which Exscientia holds equity raise additional capital, Exscientia's ownership interest in and degree of control over these drug discovery collaborators will be diluted, unless it has sufficient resources and chooses to invest in them further or successfully negotiate contractual anti-dilution protections for its equity investment. The financial success of Exscientia's equity investment in any collaborator will likely be dependent on a liquidity event, such as a public offering, acquisition or other favourable market event reflecting appreciation in the value of the equity Exscientia holds. The capital markets for public offerings and acquisitions are dynamic, and the likelihood of liquidity events for the companies in which Exscientia holds equity interests could significantly worsen. Further, valuations of privately held companies are inherently complex due to the lack of readily available market data. If Exscientia determines that any of its investments in such companies have experienced a decline in value, Exscientia may be required to record an impairment, which could negatively impact its financial results. All of the equity Exscientia holds in its drug discovery collaborators is subject to a risk of partial or total loss of its investment.

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

Exscentia does not currently own or operate, nor does it have any plans to establish in the future, any manufacturing facilities or personnel. Exscentia relies, and expect to continue to rely, on third parties for the manufacture of its drug candidates for preclinical development and clinical testing, as well as for the commercial manufacture of its products if any of its drug candidates receive marketing approval. This reliance on third parties increases the risk that Exscentia will have less direct control over the conduct, timing and completion of such manufacturing and thus, will not have sufficient quantities of its drug candidates or products or such quantities at an acceptable cost or quality, which could delay, prevent or impair its development or commercialisation efforts.

The facilities used by Exscentia contract manufacturers to manufacture its drug candidates must be inspected by the FDA and non-U.S. regulatory authorities pursuant to pre-approval inspections that will be conducted after Exscentia submits its marketing applications to the FDA and non-U.S. regulatory authorities. Exscentia has limited control over the manufacturing process of, and will depend on, its contract manufacturers for compliance with cGMPs, with which they are required to comply, in connection with the manufacture of its drug candidates. If Exscentia's contract manufacturers cannot successfully manufacture material that conforms to its specifications and the strict regulatory requirements of the FDA or other non-U.S. regulatory authorities, they will not be able to pass regulatory inspections and/or maintain regulatory compliance for their manufacturing facilities. In addition, Exscentia has limited control over the ability of its 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 its drug candidates or if it finds deficiencies or withdraws any such approval in the future, Exscentia may need to find alternative manufacturing facilities, which would significantly impact its ability to develop, obtain regulatory approval for or market its drug candidates, if approved. Exscentia, or its contract manufacturers, any future collaborators and their contract manufacturers could be subject to periodic unannounced inspections by the FDA or other non-U.S. authorities, to monitor and ensure compliance with cGMP. Despite Exscentia's efforts to audit and verify regulatory compliance, one or more of its third-party manufacturing vendors may be found on regulatory inspection by the FDA or other non-U.S. authorities to be noncompliant with cGMP regulations. Exscentia's failure, or the failure of its third party manufacturers, to comply with applicable regulations could result in sanctions being imposed on Exscentia, including shutdown of the third-party vendor or invalidation of drug product lots or processes, warning or untitled letters, clinical holds, fines, injunctions, civil penalties, delays, suspension, variation or withdrawal of requisite approvals (including marketing approvals), licence revocation, seizures or recalls of drug candidates or products, if approved, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect Exscentia's business and supplies of its drug candidates, if approved.

Exscentia may be unable to establish any agreements with third-party manufacturers or to do so on acceptable terms. Even if Exscentia is able to establish agreements with third-party manufacturers, reliance on third-party manufacturers entails additional risks to those discussed above, including:

- reliance on the third party for regulatory compliance and quality assurance;
- the possible breach of the manufacturing agreement by the third party;
- damage to Exscentia's brand reputation caused by defective products or drug candidates produced by the third party;
- the possible misappropriation of Exscentia's proprietary information, including its trade secrets and know-how; and
- the possible termination or non-renewal of the agreement by the third party at a time that is costly or inconvenient for Exscentia.

Exscentia's drug candidates and any products that it may develop may compete with other drug candidates and approved products for access to manufacturing facilities. There is a limited number of manufacturers that operate

under cGMP regulations and that might be capable of manufacturing for Exscientia. These third-party manufacturers may also have relationships with other commercial entities, including its competitors, for whom they may also be manufacturing certain products and/or drug candidates, which could affect their performance on Exscientia's behalf.

Any performance failure on the part of Exscientia's existing or future manufacturers could delay clinical development or marketing approval. If Exscientia's current contract manufacturers cannot perform as agreed, Exscientia may be required to replace such manufacturers, which may cause it to incur additional costs and undergo further delays in identifying and qualifying any such replacement. There is a natural transition period when a new third party commences work, which may cause delays that materially impact Exscientia's ability to meet the anticipated timelines for manufacturing its products and drug candidates. In addition, changes in manufacturers often involve changes in manufacturing procedures and processes, which could require that Exscientia conduct bridging studies between its prior clinical supply used in its clinical trials and that of any new manufacturer. Exscientia may be unsuccessful in demonstrating the comparability of clinical supplies which could require the conduct of additional clinical trials.

Given Exscientia's current and anticipated future dependence upon others for the manufacture of its drug candidates or products, if these third parties do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to Exscientia's clinical protocols or regulatory requirements or for other reasons, Exscientia's financial results and the commercial prospects for its drug candidates would be harmed, Exscientia's costs could increase and its ability to generate revenue could be delayed.

Exscientia relies on third parties to conduct its clinical trials of GTAEXS617 and expects to rely on third parties to conduct future clinical trials. If these third parties do not carry out their contractual duties, comply with regulatory requirements or meet expected deadlines, Exscientia may not be able to obtain regulatory approval for or commercialise its drug candidates and its business could be substantially harmed.

Exscientia does not have the ability to independently conduct clinical trials. Exscientia relies, and expect to continue to rely, on medical institutions, clinical investigators, contract laboratories, collaborators and other third parties, such as CROs, to assist in the conduct of clinical trials for Exscientia's drug candidates, including its clinical trials of GTAEXS617. Exscientia may also rely on academic and private non-academic institutions to conduct and sponsor clinical trials relating to its drug candidates. Exscientia will not control the design or conduct of the investigator-sponsored trials, and it is possible that the FDA or non-U.S. regulatory authorities will not view these investigator-sponsored trials as providing adequate support for future clinical trials, whether controlled by Exscientia or third parties, for any one or more reasons, including elements of the design or execution of the trials or safety concerns or other trial results.

Such third-party arrangements will likely provide Exscientia certain information rights with respect to the investigator-sponsored trials, including access to and the ability to use and reference the data, including for its own regulatory filings, resulting from the investigator-sponsored trials. However, Exscientia would not have control over the timing and reporting of the data from investigator-sponsored trials, nor would Exscientia own the data from the investigator-sponsored trials. If Exscientia is unable to confirm or replicate the results from the investigator-sponsored trials or if negative results are obtained, Exscientia would likely be further delayed or prevented from advancing further clinical development of its drug candidates. Further, if investigators or institutions breach their obligations with respect to the clinical development of Exscientia's drug candidates, or if the data prove to be inadequate compared to the first-hand knowledge Exscientia might have gained had the investigator-sponsored trials been sponsored and conducted by it, then its ability to design and conduct any future clinical trials itself may be adversely affected.

Though Exscientia relies, and expect to continue to rely, heavily on third parties for execution of clinical trials for its drug candidates and as such, control only certain aspects of their activities, Exscientia still remains responsible for ensuring that each of its clinical trials is conducted in accordance with the applicable protocol, legal and regulatory requirements and scientific standards and its reliance on CROs will not relieve it of its regulatory responsibilities. For any violations of laws and regulations during the conduct of Exscientia's clinical trials, it could be subject to warning letters or enforcement action that may include civil penalties up to and including criminal prosecution.

Exscientia, its principal investigators and its CROs are required to comply with regulations, including GCPs, for conducting, monitoring, recording and reporting the results of clinical trials to ensure that the data and results are scientifically credible and accurate, and that the trial patients are adequately informed of the potential risks of participating in clinical trials and their rights are protected. These regulations are enforced by the FDA, the Competent Authorities of the European Economic Area, or EEA countries, and comparable non-U.S. regulatory authorities for any products in clinical development. The FDA and non-U.S. regulatory authorities enforce GCP regulations through periodic inspections of clinical trial sponsors, principal investigators and trial sites. If Exscientia, its principal investigators or its CROs fail to comply with applicable GCPs, the clinical data generated in its clinical trials may be deemed unreliable and the FDA or comparable non-U.S. regulatory authorities may require it to perform additional clinical trials before approving its marketing applications. Exscientia cannot assure you that, upon inspection, the FDA or non-U.S. regulatory authorities will determine that any of its future clinical trials will comply with GCPs. In addition, Exscientia's clinical trials must be conducted with drug candidates produced under cGMP regulations. Exscientia's failure or the failure of its principal investigators or CROs to comply with these regulations may require it to repeat clinical trials, which would delay the regulatory approval process and could also subject it to enforcement action. In the United States, Exscientia also is required to register ongoing clinical trials and post the results of completed clinical trials on a government-sponsored database, ClinicalTrials.gov, within certain timeframes. Comparable registration and transparency requirements may apply outside of the United States. Failure to do so can result in fines, adverse publicity and civil and criminal sanctions.

Although Exscientia designed its Phase 1/2 clinical trial of GTAEXS617 and intend to design the future clinical trials for its other drug candidates, Exscientia expects that CROs will assist in the conduct all of its clinical trials. As a result, Exscientia may have limited direct control over many important aspects of its development programmes, including their conduct and timing. Exscientia's reliance on third parties to conduct future clinical trials also results in less direct control over the management of data developed through clinical trials than would be the case if Exscientia were relying entirely upon its own staff. Communicating with outside parties can also be challenging, potentially leading to mistakes as well as difficulties in coordinating activities. Outside parties may:

- have staffing difficulties;
- fail to comply with contractual obligations;
- experience regulatory compliance issues;
- undergo changes in priorities or become financially distressed; or
- form relationships with entities, some of which may be Exscientia's competitors.

These factors may materially adversely affect the willingness or ability of third parties to conduct Exscientia's clinical trials and may subject Exscientia to unexpected cost increases that are beyond its control. If the principal investigators or CROs do not perform clinical trials in a satisfactory manner, breach their obligations to Exscientia or fail to comply with regulatory requirements, the development, regulatory approval and commercialisation of Exscientia's drug candidates may be delayed, Exscientia may not be able to obtain regulatory approval and commercialise its drug candidates or its development programme may be materially and irreversibly harmed. If Exscientia is unable to rely on clinical data collected by its principal investigators or CROs, Exscientia could be required to repeat, extend the duration of or increase the size of any clinical trials it conducts and this could significantly delay commercialisation and require significantly greater expenditures.

If any of Exscientia's relationships with these third-party principal investigators or CROs terminate, Exscientia may not be able to enter into arrangements with alternative investigators or CROs. If principal investigators or CROs do not carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to Exscientia's clinical protocols, regulatory requirements or for other reasons, any clinical trials such principal investigators or CROs are associated with may be extended, delayed or terminated, and Exscientia may not be able to obtain regulatory approval for or successfully commercialise its drug candidates. As a result, Exscientia believes that its financial results and the commercial prospects for its drug candidates in the subject indication would be harmed, its costs could increase and its ability to generate revenue could be delayed.

The third parties upon whom Exscientia relies for the supply of the active pharmaceutical ingredients used in its drug candidates are its sole source of supply, and the loss of any of these suppliers could harm its business.

The active pharmaceutical ingredients, or APIs, used in Exscientia's drug candidates are mostly supplied to it from single-source suppliers. Exscientia's ability to successfully develop its drug candidates, and to ultimately supply its commercial products in quantities sufficient to meet the market demand, depends in part on its ability to obtain the API for these products in accordance with regulatory requirements and in sufficient quantities for clinical testing and commercialisation. Exscientia does not currently have arrangements in place for a redundant or second-source supply of any such API in the event any of its current suppliers of such API cease their operations for any reason. Exscientia is also unable to predict how changing global economic conditions or potential global health concerns will affect its third-party suppliers and manufacturers. Any negative impact of such matters on Exscientia's third-party suppliers and manufacturers may also have an adverse impact on its results of operations or financial condition.

For all of Exscientia's drug candidates, it intends to identify and qualify additional manufacturers to provide such API prior to submission of a new drug application, or NDA, to the FDA and/or a marketing authorisation application, or MAA, to the EMA. Exscientia is not certain, however, that its single-source suppliers will be able to meet its demand for their products, either because of the nature of its agreements with those suppliers, its limited experience with those suppliers or its relative importance as a customer to those suppliers. It may be difficult for Exscientia to assess their ability to timely meet its demand in the future based on past performance. While Exscientia suppliers have generally met its demand for their products on a timely basis in the past, they may subordinate Exscientia's needs in the future to their other customers.

Establishing additional or replacement suppliers for the API used in Exscientia's drug candidates, if required, may not be accomplished quickly. If Exscientia is 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 Exscientia seeks to maintain adequate inventory of the API used in its drug candidates, any interruption or delay in the supply of components or materials, or its inability to obtain such API from alternate sources at acceptable prices in a timely manner could impede, delay, limit or prevent its development efforts, which could harm its business, results of operations, financial condition and prospects.

Exscientia relies on CROs to synthesise any molecules with therapeutic potential that it discovers. If such organisations do not meet Exscientia's supply requirements, development of any drug candidate may be delayed.

Exscientia currently relies and expects to continue to rely on third parties to synthesise any molecules with therapeutic potential that it discovers. Reliance on third parties may expose Exscientia to different risks than if it were to synthesise molecules itself. If these third parties do not successfully carry out their contractual duties, meet expected deadlines or synthesise molecules in accordance with regulatory requirements, if there are disagreements between Exscientia and such parties or if such parties are unable to expand capacities, Exscientia may not be able to fulfil, or may be delayed in producing sufficient drug candidates to meet, its supply requirements due to environmental or other factors such as climate change. These facilities may also be affected by natural disasters (whether caused by climate change or otherwise), such as floods or fire, or geopolitical developments, or such facilities could face production issues, such as contamination or regulatory concerns following a regulatory inspection of such a facility. In such instances, Exscientia may need to locate an appropriate replacement third-party facility and establish a contractual relationship, which may not be readily available or on acceptable terms, which would cause additional delay and increased expense, and may have a material adverse effect on its business.

Exscientia or any third party may also encounter shortages in the raw materials or API necessary to synthesise any molecule Exscientia may discover in the quantities needed for preclinical studies or clinical trials, as a result of capacity constraints or delays or disruptions in the market for the raw materials or API. Even if raw materials or API are available, Exscientia may be unable to obtain sufficient quantities at an acceptable cost or quality. The failure by Exscientia or the third parties to obtain the raw materials or API necessary to synthesise sufficient quantities of any molecule Exscientia may discover could delay, prevent or impair its development efforts and may have a material adverse effect on its business.

Risks Related to Intellectual Property

If Exscentia fails to comply with its obligations under its existing intellectual property licence agreements or under any future intellectual property licences, or otherwise experience disruptions to its business relationships with its current or any future licensors, Exscentia could lose intellectual property rights that are important to its business.

Exscentia is party to a number of licence agreements pursuant to which it has been granted exclusive and non-exclusive worldwide licences to certain patents, software code and software programmes to, among other things, reproduce, use, execute, copy, operate, sublicense and distribute the licenced technology in connection with the marketing and sale of Exscentia's software solutions and to develop improvements thereto. Exscentia's current licence agreements impose, and it expects that future licences will impose, specified royalty and other obligations on Exscentia .

In spite of Exscentia's best efforts, its current or any future licensors might conclude that Exscentia has materially breached its licence agreements with them and might therefore terminate the licence agreements, thereby delaying its ability to market and sell its existing software solutions and develop and commercialise new software solutions that utilise technology covered by these licence agreements. If these in-licences are terminated, or if the underlying intellectual property fails to provide the intended exclusivity, competitors could market products and technologies similar to Exscentia's. This could have a material adverse effect on Exscentia's competitive position, business, financial condition, results of operations and prospects.

Disputes may arise regarding intellectual property subject to a licensing agreement, including with respect to:

- the scope of rights granted under the licence agreement and other interpretation-related issues;
- the extent to which Exscentia's 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 any collaborative development relationships;
- the inventorship and ownership of inventions and know-how resulting from the joint creation or use of intellectual property by Exscentia's current or future licensors and it and its collaborators; and
- the priority of invention of patented technology.

In addition, licence agreements are 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 Exscentia believes to be the scope of its rights to the relevant intellectual property or technology, or increase what Exscentia believes to be its financial or other obligations under the relevant agreement. For example, Exscentia's counterparties have in the past and may in the future dispute the amounts owed to them pursuant to payment obligations. If disputes over intellectual property that Exscentia has licenced prevent or impair its ability to maintain its current licensing arrangements on commercially acceptable terms, Exscentia may experience delays in the development and commercialisation of new software solutions and in its ability to market and sell existing software solutions, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

Exscentia's obligations under its existing or future drug discovery collaboration agreements may limit intellectual property rights that are important to its business. Further, if Exscentia fails to comply with its obligations under its existing or future collaboration agreements, or otherwise experience disruptions to its business relationships with its prior, current, or future collaborators, Exscentia could lose intellectual property rights that are important to its business.

Exscentia is party to collaboration agreements with biopharmaceutical companies, pursuant to which it provides drug discovery services but has no ownership rights, or only co-ownership rights, to certain intellectual property generated through the collaborations. Exscentia may enter into additional collaboration agreements in the future, pursuant to which it may have no ownership rights, or only co-ownership rights, to certain intellectual property generated through the future collaborations. If Exscentia is unable to obtain ownership or licence of such intellectual property generated through its prior, current or future collaborations and overlapping with, or related to,

its own proprietary technology or drug candidates, then its business, financial condition, results of operations and prospects could be materially harmed.

Exscientia's existing collaboration agreements contain certain exclusivity obligations that require it to design compounds exclusively for its collaborators with respect to certain specific targets over a specified time period. Its future collaboration agreements may grant similar exclusivity rights to future collaborators with respect to target(s) that are the subject of such collaborations. These existing or future collaboration agreements may impose diligence obligations on Exscientia. For example, existing or future collaboration agreements may impose restrictions on Exscientia from pursuing the drug development targets for itself or for its other current or future collaborators, thereby removing its ability to develop and commercialise, or to jointly develop and commercialise with other current or future collaborators, drug candidates and technology related to the drug development targets. In spite of Exscientia's best efforts, its prior, current or future collaborators might conclude that it has materially breached its collaboration agreements. If these collaboration agreements are terminated, or if the underlying intellectual property, to the extent Exscientia has ownership or licence thereof, fails to provide the intended exclusivity, competitors would have the freedom to seek regulatory approval of, and to market, products and technology identical to Exscientia's. This could have a material adverse effect on Exscientia's competitive position, business, financial condition, results of operations and prospects.

Disputes may arise regarding intellectual property subject to a collaboration agreement, including:

- the scope of ownership or licence granted under the collaboration agreement and other interpretation related issues;
- the extent to which Exscientia's technology and drug candidates infringe on intellectual property that is or will be generated through the collaboration, to which Exscientia does not have ownership or licence under such collaboration agreement;
- the assignment or sublicense of intellectual property rights and other rights under the collaboration agreement;
- Exscientia's diligence obligations under the collaboration agreement and what activities satisfy those diligence obligations; and
- the inventorship and ownership of inventions and know-how resulting from the joint creation or use of intellectual property by Exscientia and its current or future collaborators.

In addition, collaboration agreements are 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 Exscientia believes to be the scope of its rights to the relevant intellectual property, or increase what Exscientia believes to be its obligations under the relevant agreements, either of which could have a material adverse effect on its business, financial condition, results of operations and prospects. Moreover, if disputes over intellectual property that Exscientia has owned, co-owned or in-licensed under the collaboration agreements prevent or impair its ability to maintain its current collaboration arrangements on commercially acceptable terms, Exscientia may be unable to successfully develop and commercialise the affected technology or drug candidates, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

If Exscientia is unable to obtain, maintain, enforce and protect patent protection for its technology and drug candidates or if the scope of the patent protection obtained is not sufficiently broad, its competitors could develop and commercialise technology and products similar or identical to Exscientia's, and its ability to successfully develop and commercialise its technology and drug candidates may be adversely affected.

Exscientia's success depends in large part on its ability to obtain and maintain protection of the intellectual property it may own solely and jointly with others or may licence from others, particularly patents, in the United States and other countries with respect to any proprietary technology and drug candidates it develops. Exscientia seeks to protect its proprietary position by filing patent applications in the United States and abroad related to its technology and any drug candidates it may develop that are important to its business and by in-licensing intellectual property related to its technology and drug candidates. If Exscientia is unable to obtain or maintain patent protection with

respect to any proprietary technology or drug candidate, its business, financial condition, results of operations and prospects could be materially harmed.

The patent prosecution process is expensive, time-consuming and complex, and Exscentia may not be able to file, prosecute, maintain, defend, or licence all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that Exscentia will fail to identify patentable aspects of its research and development output before it is too late to obtain patent protection. Moreover, in some circumstances, Exscentia may not have the right to control the preparation, filing and prosecution of patent applications, or to maintain, enforce and defend the patents, covering technology that Exscentia co-owns with third parties or licence from third parties. Therefore, these co-owned and in-licensed patents and applications may not be prepared, filed, prosecuted, maintained, defended and enforced in a manner consistent with the best interests of Exscentia's business.

The patent position of software and biopharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and has in recent years been the subject of much litigation. In addition, the scope of patent protection outside of the United States is uncertain and laws of non-U.S. countries may not protect Exscentia's rights to the same extent as the laws of the United States or vice versa. With respect to both owned and in-licensed patent rights, Exscentia cannot predict whether the patent applications Exscentia and its licensor are currently pursuing will issue as patents in any particular jurisdiction or whether the claims of any issued patents will provide sufficient protection from competitors. Further, Exscentia may not be aware of all third-party intellectual property rights or prior art potentially relating to its technology platform, other technology and any drug candidates Exscentia may develop. In addition, publications of discoveries in the 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 of the priority application, or in some cases not published at all. Therefore, neither Exscentia nor its collaborators or its licensor can know with certainty whether Exscentia, its collaborators or its licensor were the first to make the inventions claimed in the patents and patent applications Exscentia own or in-licence now or in the future, or whether Exscentia, its collaborators or its licensor were the first to file for patent protection of such inventions. As a result, the issuance, scope, validity, enforceability and commercial value of Exscentia's owned, co-owned and in-licensed patent rights are highly uncertain. Moreover, Exscentia owned, co-owned and in-licensed pending and future patent applications may not result in patents being issued that protect Exscentia's technology and drug candidates, in whole or in part, or that effectively prevent others from commercialising competitive technologies and products. Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of Exscentia's owned, co-owned or in-licensed current or future patents and Exscentia's ability to obtain, protect, maintain, defend and enforce its patent rights, narrow the scope of its patent protection and, more generally, could affect the value of, or narrow the scope of, its patent rights. For example, recent Supreme Court decisions have served to curtail the scope of subject matter eligible for patent protection in the United States, and many software patents have since been invalidated on the basis that they are directed to abstract ideas.

To pursue protection based on Exscentia's provisional patent applications, Exscentia will need to file Patent Cooperation Treaty applications, non-U.S. applications and/or U.S. non-provisional patent applications prior to applicable deadlines. Even then, as highlighted above, patents may never be issued from Exscentia's patent applications, or the scope of any patent may not be sufficient to provide a competitive advantage.

Moreover, Exscentia, its collaborators or its licensor may be subject to a third-party pre-issuance submission of prior art to the U.S. Patent and Trademark Office, or USPTO, or become involved in opposition, derivation, revocation, re-examination, *inter partes* review, post-grant review or interference proceedings challenging Exscentia's patent rights or the patent rights of others. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate, Exscentia's patent rights or allow third parties to commercialise its technology or drug candidates and compete directly with it, without payment to it. If the breadth or strength of protection provided by Exscentia's owned, co-owned or in-licensed current or future patents and patent applications is threatened, regardless of the outcome, it could dissuade companies from collaborating with Exscentia to licence, develop or commercialise current or future technology or drug candidates.

Additionally, the coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Even if Exscentia's owned, co-owned and in-licensed current and future patent applications are issued as patents, they may not be issued in a form that will provide Exscentia with any meaningful protection, prevent competitors from competing with Exscentia, or otherwise provide Exscentia

with any competitive advantage. The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability and Exscientia's owned and in-licensed patents may be challenged in the courts or patent offices in the United States and abroad. Such challenges may result in loss of exclusivity or patent claims being narrowed, invalidated or held unenforceable, in whole or in part, which could limit Exscientia's ability to stop others from using or commercialising similar or identical technology and products, or limit the duration of the patent protection of Exscientia's technology and drug candidates. Such proceedings also may result in substantial cost and require significant time from Exscientia's management and employees, even if the eventual outcome is favourable to Exscientia. In particular, 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 commercialised. Furthermore, Exscientia's competitors may be able to circumvent its owned, co-owned or in-licensed current or future patents by developing similar or alternative technologies or products in a non-infringing manner. As a result, Exscientia's owned, co-owned and in-licensed current or future patent portfolio may not provide it with sufficient rights to exclude others from commercialising technology and products similar or identical to any of its technology and drug candidates.

Changes to patent laws in the United States and other jurisdictions could diminish the value of patents in general, thereby impairing Exscientia's ability to protect its products.

Changes in either the patent laws or interpretation of patent laws in the United States, including patent reform legislation such as the Leahy-Smith America Invents Act, or the Leahy-Smith Act, could increase the uncertainties and costs surrounding the prosecution of Exscientia's owned and in-licensed patent applications and the maintenance, enforcement or defence of its owned and in-licensed issued patents. The Leahy-Smith Act includes a number of significant changes to United States patent law. These changes include provisions that affect the way patent applications are prosecuted, redefine prior art, provide more efficient and cost-effective avenues for competitors to challenge the validity of patents, and enable third-party submission of prior art to the USPTO during patent prosecution and additional procedures to attack the validity of a patent at USPTO-administered post-grant proceedings, including post-grant review, *inter partes* review and derivation proceedings. Assuming that other requirements for patentability are met, prior to March 2013, in the United States, the first to invent the claimed invention was entitled to the patent, while outside the United States, the first to file a patent application was entitled to the patent. After March 2013, under the Leahy-Smith Act, the United States transitioned to a first-to-file system in which, assuming that the other statutory requirements for patentability are met, the first inventor to file a patent application will be entitled to the patent on an invention regardless of whether a third party was the first to invent the claimed invention. As such, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of Exscientia's patent applications and the enforcement or defence of its issued patents, all of which could have a material adverse effect on its business, financial condition, results of operations and prospects.

In addition, the patent positions of companies in the development and commercialisation of software, biologics and pharmaceuticals are particularly uncertain. Recent U.S. Supreme Court rulings have narrowed the scope of patent protection available in certain circumstances and weakened the rights of patent owners in certain situations. This combination of events has created uncertainty with respect to the validity and enforceability of patents once obtained. Depending on future actions by the U.S. Congress, the federal courts and the USPTO, the laws and regulations governing patents could change in unpredictable ways that could have a material adverse effect on Exscientia's patent rights and its ability to protect, defend and enforce its patent rights in the future.

A number of recent cases decided by the U.S. Supreme Court have involved questions of when claims reciting abstract ideas, laws of nature, natural phenomena and/or natural products are eligible for a patent, regardless of whether the claimed subject matter is otherwise novel and inventive. These cases include *Association for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 12-398 (2013) or *Myriad*; *Alice Corp. v. CLS Bank International*, 573 U.S. 13-298 (2014); and *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, or *Prometheus*, 566 U.S. 10-1150 (2012). In response to these cases, federal courts have held numerous patents invalid as claiming subject matter ineligible for patent protection. Moreover, the USPTO has issued guidance to the examining corps on how to apply these cases during examination. The full impact of these decisions is not yet known.

In addition to increasing uncertainty with regard to Exscientia's ability to obtain future patents, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on these and other decisions by Congress, the federal courts and the USPTO, the laws and regulations governing patents could change

or be interpreted in unpredictable ways that would weaken Exscientia's ability to obtain new patents or to enforce any patents that may issue to it in the future. In addition, these events may adversely affect Exscientia's ability to defend any patents that may be issued in procedures in the USPTO or in courts.

Exscientia, its prior, existing or future collaborators, and its existing or future licensors, may become involved in lawsuits to protect or enforce Exscientia's patent or other intellectual property rights, which could be expensive, time-consuming and unsuccessful.

Competitors and other third parties may infringe, misappropriate or otherwise violate Exscientia, its prior, current and future collaborators', or its current and future licensors', issued patents or other intellectual property. As a result, Exscientia, its prior, current or future collaborators, or its current or future licensor may need to file infringement, misappropriation or other intellectual property related claims, which can be expensive and time-consuming. Any claims Exscientia asserts against perceived infringers could provoke such parties to assert counterclaims against it alleging that it infringes, misappropriates or otherwise violates their intellectual property. In addition, in a patent infringement proceeding, such parties could assert that the patents Exscientia or its licensors have asserted are invalid or unenforceable. In patent litigation in the United States, defences alleging invalidity or unenforceability are commonplace. 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. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution. Third parties may institute such claims before administrative bodies in the United States or abroad, even outside the context of litigation. Such mechanisms include re-examination, post-grant review, *inter partes* review, interference proceedings, derivation proceedings and equivalent proceedings in non-U.S. jurisdictions (e.g., opposition proceedings). The outcome following legal assertions of invalidity and unenforceability is unpredictable.

An adverse result in any such proceeding could put one or more of Exscientia's owned, co-owned or in-licensed current or future patents at risk of being invalidated or interpreted narrowly and could put any of its owned, co-owned or in-licensed current or future patent applications at risk of not yielding an issued patent. A court may also refuse to stop the third party from using the technology at issue in a proceeding on the grounds that its owned, co-owned or in-licensed current or future patents do not cover such technology. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of Exscientia's confidential information or trade secrets could be compromised by disclosure during this type of litigation. Any of the foregoing could allow such third parties to develop and commercialise competing technologies and products in a non-infringing manner and have a material adverse impact on Exscientia's business, financial condition, results of operations and prospects.

Interference or derivation proceedings provoked by third parties, or brought by Exscientia or by its licensor, or declared by the USPTO may be necessary to determine the priority of inventions with respect to Exscientia's patents or patent applications. An unfavourable outcome could require Exscientia to cease using the related technology or to attempt to licence rights to it from the prevailing party. Exscientia's business could be harmed if the prevailing party does not offer it a licence on commercially reasonable terms or at all, or if a non-exclusive licence is offered and Exscientia's competitors gain access to the same technology. Exscientia's defence of litigation or interference or derivation proceedings may fail and, even if successful, may result in substantial costs and distract its management and other employees. In addition, the uncertainties associated with litigation could have a material adverse effect on Exscientia's ability to raise the funds necessary to conduct clinical trials, continue its research programmes, licence necessary technology from third parties, or enter into development collaborations that would help Exscientia bring any drug candidates to market.

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

Exscientia's commercial success will depend upon its ability and the ability of its collaborators to develop, manufacture, market and sell any drug candidates it may develop and for its collaborators, customers and partners to use its proprietary technologies without infringing, misappropriating or otherwise violating the intellectual property and proprietary rights of third parties. There is considerable patent and other intellectual property litigation in the software, pharmaceutical and biotechnology industries. Exscientia may become party to, or threatened with,

adversarial proceedings or litigation regarding intellectual property rights with respect to its technology and drug candidates, including interference proceedings, post grant review, *inter partes* review and derivation proceedings before the USPTO and similar proceedings in non-U.S. jurisdictions such as oppositions before the European Patent Office. Numerous U.S. and non-U.S. issued patents and pending patent applications, which are owned by third parties, exist in the fields in which Exscientia is pursuing development candidates. As the biotechnology and pharmaceutical industries expand and more patents are issued, the risk increases that Exscientia's technologies or drug candidates that it may identify may be subject to claims of infringement of the patent rights of third parties.

The legal threshold for initiating litigation or contested proceedings is low, so that even lawsuits or proceedings with a low probability of success might be initiated and require significant resources to defend. Litigation and contested proceedings can also be expensive and time-consuming, and Exscientia's adversaries in these proceedings may have the ability to dedicate substantially greater resources to prosecuting these legal actions than Exscientia can. The risks of being involved in such litigation and proceedings may increase if and as any drug candidates near commercialisation and as Exscientia gains the greater visibility associated with being a public company. Third parties may assert infringement claims against Exscientia based on existing patents or patents that may be granted in the future, regardless of merit. Exscientia may not be aware of all such intellectual property rights potentially relating to its technology and drug candidates and their uses, or Exscientia may incorrectly conclude that third-party intellectual property is invalid or that its activities and drug candidates do not infringe such intellectual property. Thus, Exscientia does not know with certainty that its technology and drug candidates, or its development and commercialisation thereof, does not and will not infringe, misappropriate or otherwise violate any third party's intellectual property.

Third parties may assert that Exscientia is employing their proprietary technology without authorisation. There may be third-party patents or patent applications with claims to materials, formulations or methods, such as methods of manufacture or methods for treatment, related to the discovery, use or manufacture of the drug candidates that Exscientia may identify or otherwise related to its technologies. Because patent applications can take many years to issue, there may be currently pending patent applications which may later result in issued patents that the drug candidates that Exscientia may identify may infringe. In addition, third parties may obtain patents in the future and claim that use of Exscientia's technologies infringe upon these patents. Moreover, as noted above, there may be existing patents that Exscientia is not aware of or that it has incorrectly concluded are invalid or not infringed by its activities. If any third-party patents were held by a court of competent jurisdiction to cover, for example, the manufacturing process of the drug candidates that Exscientia may identify, any molecules formed during the manufacturing process or any final product itself, the holders of any such patents may be able to block Exscientia's ability to commercialise such drug candidate unless Exscientia obtained a licence under the applicable patents, or until such patents expire.

Parties making claims against Exscientia may obtain injunctive or other equitable relief, which could effectively block Exscientia's ability to further develop and commercialise the drug candidates that it may identify. Defence of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from Exscientia's business. In the event of a successful claim of infringement against Exscientia, it may have to pay substantial damages, including treble damages and attorneys' fees for wilful infringement, pay royalties, redesign its infringing products, be forced to indemnify its customers or collaborators or obtain one or more licences from third parties, which may be impossible or require substantial time and monetary expenditure.

Exscientia may choose to take a licence or, if it is found to infringe, misappropriate or otherwise violate a third party's intellectual property rights, Exscientia could also be required to obtain a licence from such third party to continue developing, manufacturing and marketing its technology and drug candidates. However, Exscientia may not be able to obtain any required licence on commercially reasonable terms or at all. Even if Exscientia were able to obtain a licence, it could be non-exclusive, thereby giving Exscientia's competitors and other third parties access to the same technologies licenced to Exscientia and could require Exscientia to make substantial licensing and royalty payments. Exscientia could be forced, including by court order, to cease developing, manufacturing and commercialising the infringing technology or product. A finding of infringement could prevent Exscientia from commercialising any drug candidates or force its to cease some of its business operations, which could materially harm its business. In addition, Exscientia may be forced to redesign any drug candidates, seek new regulatory approvals and indemnify third parties pursuant to contractual agreements. Claims that Exscientia has

misappropriated the confidential information or trade secrets of third parties could have a similar material adverse effect on Exscentia's business, financial condition, results of operations and prospects.

Exscentia may be subject to claims by third parties asserting that its employees, consultants or contractors have wrongfully used or disclosed confidential information of third parties, or Exscentia has wrongfully used or disclosed alleged trade secrets of their current or former employers or claims asserting Exscentia has misappropriated their intellectual property, or claiming ownership of what Exscentia regards as its own intellectual property.

Certain of Exscentia's employees, consultants and contractors were previously employed at universities or other software or biopharmaceutical companies, including its competitors or potential competitors.

Although Exscentia tries to ensure that its employees, consultants and contractors do not use the proprietary information or know-how of others in their work for Exscentia, Exscentia may be subject to claims that these individuals, or it, has used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's current or former employer. Litigation may be necessary to defend against these claims.

In addition, while it is Exscentia's policy to require that its employees, consultants and contractors who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to Exscentia, Exscentia may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that Exscentia regards as its own. Exscentia's intellectual property assignment agreements with them may not be self-executing or may be breached, and Exscentia may be forced to bring claims against third parties, or defend claims they may bring against it, to determine the ownership of what Exscentia regards as its intellectual property. Such claims could have a material adverse effect on Exscentia's business, financial condition, results of operations and prospects.

If Exscentia fails in prosecuting or defending any such claims, in addition to paying monetary damages, Exscentia may lose valuable intellectual property rights or personnel, which could have a material adverse effect on its competitive business position and prospects. Such intellectual property rights could be awarded to a third party, and Exscentia could be required to obtain a licence from such third party to commercialise Exscentia's technology or products, which licence may not be available on commercially reasonable terms, or at all, or such licence may be non-exclusive. Even if Exscentia is successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to its management and employees.

If Exscentia is unable to protect the confidentiality of its trade secrets, its business and competitive position may be harmed.

In addition to seeking patents for Exscentia's drug candidates and certain aspects of its technology platform, Exscentia also relies on trade secrets and confidentiality agreements to protect its unpatented know-how, technology and other proprietary information. In particular, the software code underlying Exscentia's technology platform is generally protected through trade secret laws rather than through patent law. Exscentia seeks to protect its trade secrets and other proprietary technology, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as Exscentia's employees, corporate collaborators, outside scientific collaborators, CROs, contract manufacturers, consultants, advisors, collaborators and other third parties. Exscentia also enters into confidentiality and invention or patent assignment agreements with its employees and consultants, but Exscentia cannot guarantee that it has entered into such agreements with each party that may have or has had access to its trade secrets or proprietary technology. Despite these efforts, any of these parties may breach the agreements and disclose Exscentia's proprietary information, including its trade secrets, and Exscentia may not be able to obtain adequate remedies for such breaches. Detecting the disclosure or misappropriation of a trade secret and enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts inside and outside of the United States have appeared to be unwilling to protect trade secrets. If any of Exscentia's trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, Exscentia would have no right to prevent them, or those to whom they communicate such trade secrets, from using that technology or information to compete with Exscentia. If any of Exscentia's trade secrets were to be disclosed to or independently developed by a competitor or other third party, its competitive position may be materially and adversely harmed.

Risks Related to Government Regulation and Legal Compliance Matters

Exscientia is subject to stringent and evolving global laws, regulations, and rules, contractual obligations, industry standards, policies and other obligations related to data privacy and security. Exscientia's actual or perceived failure to comply with such obligations could result in additional costs and liabilities to it or inhibit its ability to collect and process data globally, and could lead to regulatory investigations or actions; litigation (including class claims) and mass arbitration demands; fines and penalties; disruptions of its business operations; reputational harm; loss of revenue or profits; and other adverse business consequences.

In the ordinary course of business, Exscientia collects, receives, stores, processes, generates, uses, transfers, discloses, makes accessible, protects, secures, disposes of, transmits, and shares (collectively, process) personal data and other sensitive information, including proprietary and confidential business data, trade secrets, intellectual property, data it collects about trial participants in connection with clinical trials, sensitive third-party data, and other sensitive data. Exscientia may process, e.g., business plans, transactions, or financial information. Exscientia's data processing activities subject it to numerous data privacy and security obligations, such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, contractual requirements, and other obligations relating to data privacy and security.

Accordingly, Exscientia is, or may become, subject to data privacy and security laws, regulations and industry standards as well as policies, contracts and other obligations that apply to the processing of personal data both by Exscientia and on its behalf, which it refers to collectively as Data Protection Requirements. If Exscientia fails, or is perceived to have failed, to address or comply with Data Protection Requirements, this could result in government enforcement actions against it that could include investigations, fines, penalties, audits and inspections, additional reporting requirements and/or oversight, temporary or permanent bans on all or some processing of personal data, orders to destroy or not use personal data and imprisonment of company officials. Further, individuals or other relevant stakeholders could bring a variety of claims against Exscientia for its actual or perceived failure to comply with Data Protection Requirements.

In Europe, the E.U. and the U.K. General Data Protection Regulations, (respectively, the "E.U. GDPR" and the "U.K. GDPR", together the "GDPR") each impose strict requirements around the processing of personal data: Under the GDPR, companies may face temporary or definitive bans on data processing and other corrective actions; fines of up to 20 million Euros under the E.U. GDPR, 17.5 million pounds sterling under the U.K. GDPR or, in each case, 4% of annual global revenue, whichever is greater; or private litigation related to processing of personal data brought by classes of data subjects or consumer protection organizations authorized at law to represent their interests. Other countries outside of Europe have enacted or are considering enacting similar comprehensive data privacy and security laws and regulations, which could increase the cost and complexity of operating Exscientia's business. Complying with these and other similar laws, regulations and practices across Europe and elsewhere may cause Exscientia to incur substantial operational costs or require it to change its business practices, and could expose it to risks of material fines, penalties and liability.

In the ordinary course of business, Exscientia may transfer personal data from Europe and other jurisdictions to the United States or other countries. Europe and other jurisdictions have enacted laws requiring data to be localized or limiting the transfer of personal data to other countries. In particular, the European Economic Area, or "EEA", and the United Kingdom have significantly restricted the transfer of personal data to the United States and other countries whose privacy laws it generally believes are inadequate. Other jurisdictions may adopt similarly stringent interpretations of their data localization and cross-border data transfer laws. Although there are currently various mechanisms that may be used to transfer personal data from the EEA and United Kingdom to the United States in compliance with law, such as the European Commission's Standard Contractual Clauses, the United Kingdom's International Data Transfer Agreement and United Kingdom Transfer Addendum, and the E.U.-U.S. Data Privacy Framework and the United Kingdom's Extension to that Framework (which allows for transfers for relevant U.S.-based organizations who self-certify compliance and participate in the relevant Framework and/or Extension), these mechanisms are subject to potential legal challenges, and there is no assurance that Exscientia can satisfy or rely on these measures to lawfully transfer personal data to the United States. If there is no lawful manner for Exscientia to transfer personal data from the EEA, the United Kingdom or other jurisdictions to the United States, or if the requirements for a legally-compliant transfer are too onerous, Exscientia could face significant adverse consequences, including the interruption or degradation of its operations, the need to relocate part of or all of its business or data processing activities to other jurisdictions (such as Europe) at significant expense, increased

exposure to regulatory actions, substantial fines and penalties, the inability to transfer data and work with partners, vendors and other third parties, and injunctions against Exscientia's processing or transferring of personal data necessary to operate its business. Additionally, companies that transfer personal data out of the EEA and United Kingdom to other jurisdictions, particularly to the United States, are subject to increased scrutiny from regulators, individual litigants, and activist groups. Some European regulators have ordered certain companies to suspend or permanently cease certain transfers out of Europe for allegedly violating the GDPR's cross-border data transfer limitations.

In addition, analysis of certain concepts that are fundamental to E.U. GDPR and the U.K. GDPR compliance are highly complex and open to subjective interpretation—particularly so in respect of processing that occurs in multi-party data processing environments such as those in which Exscientia operates its business. For example, in contexts such as these, classification of an organisation's role in relation to any given processing and the appropriate legal basis for that processing (where required)—each of which is foundational to determining the nature of that organisation's compliance obligations—requires a subjective analysis of the factual circumstances at hand on a case-by-case basis, which may be open to divergent and/or contradictory conclusions and/or regulatory guidance.

Generally, these laws exemplify the vulnerability of Exscientia's businesses to the evolving regulatory environment related to personal data and may require it to modify its processing practices at substantial costs and expenses in an effort to comply. Changes in laws or regulations in this area could require Exscientia to change its business practices and put in place additional compliance mechanisms, may interrupt or delay its development, regulatory and commercialisation activities and increase its cost of doing business, and could lead to government enforcement actions, private litigation and significant fines and penalties against Exscientia, and could have a material adverse effect on its business, financial condition or results of operations.

In the past few years, numerous U.S. states—including California, Virginia, Colorado, Connecticut, and Utah—have enacted comprehensive privacy laws that impose certain obligations on covered businesses, including providing specific disclosures in privacy notices and affording residents with certain rights concerning their personal data. As applicable, such rights may include the right to access, correct, or delete certain personal data, and to opt-out of certain data processing activities, such as targeted advertising, profiling, and automated decision-making. The exercise of these rights may impact Exscientia's business and ability to provide its products and services.

Certain states also impose stricter requirements for processing certain personal data, including sensitive information, such as conducting data privacy impact assessments. These state laws allow for statutory fines for noncompliance. For example, the California Consumer Privacy Act of 2018, as amended by the California Privacy Rights Act of 2020, or "CPRA", (collectively, "CCPA") applies to personal data of consumers, business representatives, and employees who are California residents, and requires businesses to provide specific disclosures in privacy notices and honor requests of such individuals to exercise certain privacy rights. The CCPA provides for fines of up to \$7,500 per intentional violation and allows private litigants affected by certain data breaches to recover significant statutory damages. Although the CCPA exempts some data processed in the context of clinical trials, the CCPA increases compliance costs and potential liability with respect to other personal data Exscientia maintains about California residents. Similar laws are being considered in several other states, as well as at the federal and local levels, and Exscientia expects more states to pass similar laws in the future. While these states, like the CCPA, also exempt some data processed in the context of clinical trials, these developments further complicate compliance efforts, and increase legal risk and compliance costs for us, the third parties upon whom Exscientia relies. While Exscientia is not subject to the CCPA or CPRA at present, it may be if it expands its operations to California. Many other states are considering similar legislation.

A broad range of legislative measures also have been introduced at the federal level. Accordingly, failure to comply with current and any future federal and state laws regarding privacy and security of personal information could expose Exscientia to fines and penalties. Exscientia also faces a threat of consumer class actions related to these laws and the overall protection of personal data. Even if Exscientia is not determined to have violated these laws, investigations into these issues typically require the expenditure of significant resources and generate negative publicity, which could harm Exscientia's reputation and its business.

Additionally, regulations promulgated pursuant to the Health Insurance Portability and Accountability Act of 1996, or HIPAA, establish privacy and security standards that limit the use and disclosure of individually identifiable health information, or protected health information, and require the implementation of administrative, physical and

technological safeguards designed to protect the privacy, confidentiality, integrity and availability of protected health information. These provisions may be applicable to Exscientia's business or that of its collaborators, service providers, contractors or consultants.

Exscientia may also publish privacy policies and other documentation regarding its processing of personal data and/or other confidential, proprietary or sensitive information. Although Exscientia endeavours to comply with its published policies and other documentation, Exscientia may at times fail to do so or may be perceived to have failed to do so. Moreover, despite Exscientia's efforts, it may not be successful in achieving compliance if its employees, third-party collaborators, service providers, contractors or consultants fail to comply with its policies and documentation. Such failures can subject Exscientia to potential foreign, local, state and federal action if they are found to be deceptive, unfair or misrepresentative of its actual practices.

Exscientia may at times fail (or be perceived to have failed) in its efforts to comply with its data privacy and security obligations. Moreover, despite Exscientia's efforts, its personnel or third parties on whom it relies may fail to comply with such obligations, which could negatively impact Exscientia's business operations.

If Exscientia or the third parties on which it relies fail, or are perceived to have failed, to address or comply with applicable data privacy and security obligations, Exscientia could face significant consequences, including but not limited to: government enforcement actions (e.g., investigations, fines, penalties, audits, inspections, and similar); litigation (including class-action claims) and mass arbitration demands; additional reporting requirements and/or oversight; bans on processing personal data; orders to destroy or not use personal data; and imprisonment of company officials.

Any of these events could have a material adverse effect on Exscientia's reputation, business, or financial condition, including but not limited to: loss of customers; interruptions or stoppages in its business operations (including clinical trials); interruptions or stoppages of data collection needed to train its algorithms; inability to process personal data or to operate in certain jurisdictions; limited ability to develop or commercialize its products; expenditure of time and resources to defend any claim or inquiry; adverse publicity; or substantial changes to its business model or operations.

Exscientia, and its collaborators may be subject to applicable anti-kickback, fraud and abuse, false claims, transparency, health information privacy and security and other healthcare laws and regulations. Failure to comply with such laws and regulations may result in substantial penalties.

Exscientia and its collaborators may be subject to broadly applicable healthcare laws and regulations that may constrain its relationships with its drug discovery collaborators and any products for which it obtains marketing approval. Such healthcare laws and regulations include, but are not limited to:

- The Federal Anti-kickback Statute, which prohibits any person or entity from, among other things, knowingly and wilfully soliciting, receiving, offering or paying any remuneration, directly or indirectly, overtly or covertly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, order or recommendation of an item or service reimbursable, in whole or in part, under a federal healthcare programme, such as the Medicare and Medicaid programmes. The term "remuneration" has been broadly interpreted to include anything of value. The Federal Anti-kickback Statute has also been interpreted to apply to arrangements between pharmaceutical manufacturers on the one hand and prescribers, purchasers and formulary managers on the other hand. There is a number of statutory exceptions and regulatory safe harbours protecting some common activities from prosecution, but the exceptions and safe harbours are drawn narrowly and require strict compliance to offer protection. Additionally, the intent standard under the Federal Anti-kickback Statute was amended by the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, or collectively the ACA, to a stricter standard such that a person or entity does not need to have actual knowledge of the statute or specific intent to violate it to have committed a violation. Further, the ACA codified case law 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, or the FCA.

- Federal civil and criminal false claims laws, such as the FCA, which can be enforced by private citizens through civil *qui tam* actions, and civil monetary penalty laws prohibit individuals or entities from, among other things, knowingly presenting, or causing to be presented, false, fictitious or fraudulent claims for payment of federal funds, and knowingly making, using or causing to be made or used a false record or statement material to a false or fraudulent claim to avoid, decrease or conceal an obligation to pay money to the federal government. For example, pharmaceutical companies have been prosecuted under the FCA in connection with their alleged off-label promotion of drugs, purportedly concealing price concessions in the pricing information submitted to the government for government price reporting purposes, and allegedly providing free product to customers with the expectation that the customers would bill federal healthcare programmes for the product. In addition, 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 FCA. As a result of a modification made by the Fraud Enforcement and Recovery Act of 2009, a claim includes “any request or demand” for money or property presented to the U.S. government. In addition, manufacturers can be held liable under the FCA even when they do not submit claims directly to government payors if they are deemed to “cause” the submission of false or fraudulent claims.
 - HIPAA, among other things, imposes criminal liability for executing or attempting to execute a scheme to defraud any healthcare benefit programme, including private third-party payors, knowingly and wilfully embezzling or stealing from a healthcare benefit programme, wilfully obstructing a criminal investigation of a healthcare offence, and creates federal criminal laws that prohibit knowingly and wilfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement or representation, or making or using any false writing or document knowing the same to contain any materially false, fictitious or fraudulent statement or entry in connection with the delivery of or payment for healthcare benefits, items or services
 - HIPAA, as amended by Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, and their implementing regulations, which impose privacy, security and breach reporting obligations with respect to individually identifiable health information upon entities subject to the law, such as health plans, healthcare clearinghouses and certain healthcare providers, known as covered entities, and their respective business associates and subcontractors that perform services for them that involve individually identifiable health information. HITECH also created new tiers of civil monetary penalties, amended HIPAA to make civil and criminal penalties directly applicable to business associates, and gave state attorneys general new authority to file civil actions for damages or injunctions in U.S. federal courts to enforce HIPAA laws and seek attorneys’ fees and costs associated with pursuing federal civil actions.
 - Federal and state consumer protection and unfair competition laws, which broadly regulate marketplace activities and activities that potentially harm consumers.
 - The federal transparency requirements under the Physician Payments Sunshine Act, created under the ACA, which requires, among other things, certain manufacturers of drugs, devices, biologics and medical supplies reimbursed under Medicare, Medicaid, or the Children’s Health Insurance Programme to report annually to the Centers for Medicare & Medicaid Services, or CMS, information related to payments and other transfers of value provided to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors), other healthcare professionals (such as physician assistants and nurse practitioners) and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members.
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- State and foreign laws that are analogous to each of the above federal laws, such as anti-kickback and false claims laws, that may impose similar or more prohibitive restrictions, and may apply to items or services reimbursed by non-governmental third-party payors, including private insurers.
- State and foreign laws that require pharmaceutical companies to implement compliance programmes, comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the government, or to track and report gifts, compensation and other remuneration provided to physicians and other healthcare providers; state laws that require the reporting of marketing expenditures or drug pricing, including information pertaining to and justifying price increases; state and local laws that require the registration of pharmaceutical sales representatives; state and foreign laws that prohibit various marketing-related activities, such as the provision of certain kinds of gifts or meals; state and foreign laws that require the posting of information relating to clinical trials and their outcomes; and other federal, state and foreign laws that govern the privacy and security of personal data, health information or personally identifiable information in certain circumstances, including state health information privacy and data breach notification laws which govern the collection, use, disclosure and protection of health-related and other personal information, many of which differ from each other in significant ways and often are not pre-empted by HIPAA, thus requiring additional compliance efforts.

Outside the United States, interactions between pharmaceutical companies and healthcare professionals are also governed by strict laws, such as national anti-bribery laws of European countries, national sunshine rules, regulations, industry self-regulation codes of conduct and physicians' codes of professional conduct. Failure to comply with these requirements could result in reputational risk, public reprimands, administrative penalties, fines or imprisonment.

Efforts to ensure that Exscientia's business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that Exscientia's business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. Violations of applicable healthcare laws and regulations may result in significant civil, criminal and administrative penalties, damages, disgorgement, fines, individual imprisonment, exclusion of products from government funded healthcare programmes, such as Medicare and Medicaid or comparable programs outside of the United States, additional reporting requirements and/or oversight if a corporate integrity agreement or similar agreement is executed to resolve allegations of non-compliance with these laws and the curtailment or restructuring of operations. In addition, violations may also result in reputational harm, diminished profits and future earnings.

Current and future healthcare legislative reform measures may have a material adverse effect on Exscientia's business and results of operations.

In the United States and in some foreign jurisdictions, there have been, and likely will continue to be, a number of legislative and regulatory changes and proposed changes intended to broaden access to healthcare, improve the quality of healthcare and contain or lower the cost of healthcare. For example, in March 2010, 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, expands the types of entities eligible for the 340B drug discount programme, addresses a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Programme are calculated for drugs that are inhaled, infused, instilled, implanted or injected, increases rebates owed by manufacturers under the Medicaid Drug Rebate Programme and extends the rebate programme to individuals enrolled in Medicaid managed care organisations, establishes annual fees and taxes on manufacturers of certain branded prescription drugs and creates a new Medicare Part D coverage gap discount programme, in which manufacturers must agree to offer 50% (increased to 70% pursuant to the Bipartisan Budget Act of 2018, or BBA, effective as of January 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 its enactment, there have been numerous judicial, administrative, executive and legislative challenges to certain aspects of the ACA, and Exscientia expects there will be additional challenges and amendments to the ACA in the future. Various portions of the ACA are currently undergoing legal and constitutional challenges in the United States Supreme Court and members of Congress have introduced several pieces of legislation aimed at significantly revising or repealing the ACA. On June 17, 2021 the U.S. Supreme Court dismissed a challenge on procedural grounds that argued the ACA is unconstitutional in its entirety because the "individual mandate" was repealed by Congress. Prior to the Supreme Court ruling, on January 28, 2021, President Biden issued an executive order to initiate a special enrolment period for purposes of obtaining health insurance coverage through the ACA marketplace. On August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 ("IRA") into law, which among other things, extends enhanced subsidies for individuals purchasing health insurance coverage in ACA marketplaces through plan year 2025. The IRA also eliminates the "donut hole" under the Medicare Part D programme beginning in 2025 by significantly lowering the beneficiary maximum out-of-pocket cost through a newly established manufacturer discount programme. The implementation of the ACA is ongoing, and the law appears likely to continue the downward pressure on pharmaceutical pricing, especially under the Medicare programme, and may also increase Exscientia's regulatory burdens and operating costs. Litigation and legislation related to the ACA are likely to continue, with unpredictable and uncertain results.

In addition, other legislative changes have been proposed and adopted in the United States since the ACA was enacted. For example, in August 2011, the Budget Control Act of 2011, among other things, created measures for spending reductions by Congress. Specifically, the 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 programmes. This includes aggregate reductions of Medicare payments to providers of up to 2% per fiscal year, which went into effect in April 2013, and, due to subsequent legislative amendments, will remain in effect through 2032 unless additional Congressional action is taken. On January 2, 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, further reduced Medicare payments to several providers, including hospitals, imaging centres and cancer treatment centres, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. The BBA 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."

Furthermore, there has been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products, which has resulted in several congressional inquiries and proposed legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient assistance programmes and reform government programme reimbursement methodologies for pharmaceutical and biological products. At the federal level, the previous administration used several means to propose or implement drug pricing reform, including through federal budget proposals, executive orders and policy initiatives. In July 2021, President Biden issued an executive order directing the FDA to, among other things, continue to clarify and improve the approval framework for generic drugs and identify and address any efforts to impede generic drug competition. Individual states in the United States have also become increasingly active in passing legislation and implementing regulations designed to control pharmaceutical 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 healthcare 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 healthcare programmes. It is difficult to predict the future legislative landscape in healthcare and the effect on Exscientia's business, results of operations, financial condition and prospects. However, Exscientia expects that additional state and federal healthcare reform measures will be adopted in the future, particularly in light of the new presidential administration.

In addition, the IRA will, among other things, (i) allow HHS to negotiate the price of certain drugs and biologics covered under Medicare, and subject drug manufacturers to civil monetary penalties and a potential excise tax by offering a price that is not equal to or less than the negotiated "maximum fair price" under the law, and (ii) impose rebates under Medicare Part B and Medicare Part D to penalize price increases that outpace inflation. The IRA permits HHS to implement many of these provisions through guidance, as opposed to regulation, for the initial years. These provisions take effect progressively starting in 2023, although the Medicare drug price negotiation

program is currently subject to legal challenges. It is currently unclear how the IRA will be effectuated but is likely to have a significant impact on the pharmaceutical industry. In response to the Biden administration's October 2022 executive order, on February 14, 2023, HHS released a report outlining three new models for testing by the CMS Innovation Center which will be evaluated on their ability to lower the cost of drugs, promote accessibility, and improve quality of care. It is unclear whether the models will be utilized in any health reform measures in the future. Further, on December 7, 2023, the Biden administration announced an initiative to control the price of prescription drugs through the use of march-in rights under the Bayh-Dole Act. On December 8, 2023, the National Institute of Standards and Technology published for comment a Draft Interagency Guidance Framework for Considering the Exercise of March-In Rights which for the first time includes the price of a product as one factor an agency can use when deciding to exercise march-in rights. While march-in rights have not previously been exercised, it is uncertain if that will continue under the new framework.

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. For example, on January 5, 2024, the FDA approved Florida's Section 804 Importation Program (SIP) proposal to import certain drugs from Canada for specific state healthcare programs. It is unclear how this program will be implemented, including which drugs will be chosen, and whether it will be subject to legal challenges in the United States or Canada. Other states have also submitted SIP proposals that are pending review by the FDA. Any such approved importation plans, when implemented, may result in lower drug prices for products covered by those programs. 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 programmes. These measures could reduce the ultimate demand for Exscentia's products, once approved, or put pressure on its product pricing.

Exscentia expects 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 Exscentia's services by its partners or for its current or future drug candidates. Exscentia cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action in the United States. If Exscentia or any third parties it may engage are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if Exscentia or such third parties are not able to maintain regulatory compliance, its drug candidates may lose any regulatory approval that may have been obtained and it may not achieve or sustain profitability.

Exscentia is subject to anti-corruption laws, as well as export control laws, customs laws, sanctions laws and other laws governing Exscentia's operations. If Exscentia fail to comply with these laws, it could be subject to civil or criminal penalties, other remedial measures and legal expenses, be precluded from developing, manufacturing and selling certain products outside the United States or be required to develop and implement costly compliance programmes, which could adversely affect its business, results of operations and financial condition.

Exscentia's operations are subject to anti-corruption laws, including the U.K. Bribery Act 2010, or Bribery Act, the U.S. Foreign Corrupt Practices Act, or FCPA, and other anti-corruption laws that apply in countries where it does business and may do business in the future. The Bribery Act, FCPA and these other laws generally prohibit Exscentia, its officers and its employees and intermediaries from bribing, being bribed, or making other prohibited payments to government officials or other persons to obtain or retain business or gain some other business advantage. Compliance with the FCPA, in particular, is expensive and difficult, particularly in countries in which corruption is a recognised problem. In addition, the FCPA presents particular challenges in the biopharmaceutical 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.

Exscentia currently have operations in China, and Exscentia may in the future operate in additional jurisdictions that pose a high risk of potential Bribery Act or FCPA violations, and Exscentia may participate in collaborations and relationships with third parties whose actions could potentially subject it to liability under the Bribery Act,

FCPA, or local anti-corruption laws. In addition, Exscientia cannot predict the nature, scope or effect of future regulatory requirements to which its international operations might be subject or the manner in which existing laws might be administered or interpreted. If Exscientia further expands its operations outside of the United States and the United Kingdom, it will need to dedicate additional resources to comply with numerous laws and regulations in each jurisdiction in which it plans to operate.

Exscientia is also subject to other laws and regulations governing its international operations, including regulations administered by the governments of the United Kingdom and the United States, and authorities in the European Union, including applicable export control regulations, economic sanctions on countries and persons, customs requirements and currency exchange regulations, collectively referred to as the Trade Control laws. In addition, 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 Exscientia expands Exscientia's presence outside of the United States, it will require Exscientia to dedicate additional resources to comply with these laws, and these laws may preclude Exscientia from developing, manufacturing or selling certain products and drug candidates outside of the United States, which could limit Exscientia's growth potential and increase Exscientia's development costs.

There is no assurance that Exscientia will be completely effective in ensuring its compliance with all applicable anti-corruption laws, including the Bribery Act, the FCPA, or other legal requirements, including Trade Control laws. If Exscientia is not in compliance with the Bribery Act, the FCPA and other anti-corruption laws or Trade Control laws, Exscientia may be subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures and legal expenses, which could have an adverse impact on its business, financial condition, results of operations and liquidity. The U.S. 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. Any investigation of any potential violations of the Bribery Act, the FCPA, other anti-corruption laws or Trade Control laws by United Kingdom, U.S. or other authorities could also have an adverse impact on Exscientia's reputation, its business, results of operations and financial condition.

Any drug candidates Exscientia develops may become subject to unfavourable third-party coverage and reimbursement practices, as well as pricing regulations.

The availability and extent of coverage and adequate reimbursement by third-party payors, including government health authorities, private health coverage insurers, managed care organisations and other third-party payors is essential for most patients to be able to afford expensive treatments. Sales of any of Exscientia's drug candidates that receive marketing approval will depend substantially, both in the United States and internationally, on the extent to which the costs of such drug candidates will be covered and reimbursed by third-party payors. If reimbursement is not available, or is available only to limited levels, Exscientia may not be able to successfully commercialise its drug candidates. Even if coverage is provided, the approved reimbursement amount may not be high enough to allow Exscientia to establish or maintain pricing sufficient to realise an adequate return on its investment. Coverage and reimbursement may impact the demand for, or the price of, any drug candidate for which Exscientia obtains marketing approval. If coverage and reimbursement are not available or reimbursement is available only to limited levels, Exscientia may not successfully commercialise any drug candidate for which it obtains marketing approval.

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 drug products are typically made by CMS, an agency within HHS. CMS decides whether and to what extent a new drug 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, one third-party payor's determination to provide coverage for a product candidate does not assure that other payors will also provide coverage for the product candidate. Further, no uniform policy for coverage and reimbursement exists in the United States, and coverage and reimbursement can differ significantly from payor to payor. As a result, the coverage determination process is often time-consuming and costly. This process will require Exscientia to provide scientific and clinical support for the use of its drug products to each third-party payor separately, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance.

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. Exscientia may need to conduct expensive pharmaco-economic studies to demonstrate the medical necessity and cost effectiveness of its products. Nonetheless, Exscientia's drug candidates may not be considered medically necessary or cost effective. Exscientia cannot be sure that coverage and reimbursement will be available for any product that it commercialises and, if reimbursement is available, what the level of reimbursement will be.

Outside the United States, reimbursement and healthcare payment systems vary significantly by country, and many countries have instituted price ceilings on specific products and therapies. The E.U. provides options for E.U. 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. An E.U. Member State may approve a specific price for the medicinal product, it may refuse to reimburse a product at the price set by the manufacturer 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. Many E.U. Member States also periodically review their reimbursement procedures for medicinal products, which could have an adverse impact on reimbursement status. Moreover, in order to obtain reimbursement for Exscientia's products in some European countries, including some E.U. Member States, Exscientia may be required to compile additional data comparing the cost-effectiveness of its products to other available therapies. Further, an increasing number of E.U. and other foreign countries use prices for medicinal products established in other countries as "reference prices" to help determine the price of the product in their own territory. Consequently, a downward trend in prices of medicinal products in some countries could contribute to similar downward trends elsewhere.

If Exscientia is unable to establish or sustain coverage and adequate reimbursement for any drug candidates, if approved, from third-party payors, the adoption of those products and sales revenue will be adversely affected, which, in turn, could adversely affect the ability to market or sell those drug candidates, if approved. Coverage policies and third-party payor reimbursement rates may change at any time. Even if favourable coverage and reimbursement status is attained for one or more products for which Exscientia receives regulatory approval, less favourable coverage policies and reimbursement rates may be implemented in the future. Additionally, any companion diagnostic test that Exscientia develops will be required to obtain coverage and reimbursement separate and apart from the coverage and reimbursement it seeks for its product candidates, if approved. If any companion diagnostic is unable to obtain reimbursement or is inadequately reimbursed, that may limit the availability of such companion diagnostic, which would negatively impact prescriptions for Exscientia's product candidates, if approved.

Exscientia's 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 Exscientia and harm its reputation.

Exscientia is exposed to the risk of fraud or other misconduct by its employees, independent contractors, consultants and vendors. Misconduct by these partners could include intentional failures to comply with FDA regulations or similar regulations of comparable non-U.S. regulatory authorities, provide accurate information to the FDA or comparable non-U.S. 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 non-U.S. regulatory authorities, report financial information or data accurately or disclose unauthorised activities to Exscientia. 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 Exscientia's 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 Regulation. Exscientia is also exposed to risks in connection with any insider trading violations by employees or others affiliated with Exscientia. It is not always possible to identify and deter employee misconduct, and the precautions Exscientia takes to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting Exscientia 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. Furthermore, Exscientia's employees may, from time to time, bring

lawsuits against it 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 Exscientia, and Exscientia is not successful in defending itself or asserting its rights, those actions could have a significant impact on its business and results of operations, including the imposition of significant fines or other sanctions.

Exscientia's internal information technology systems, or those of its third-party vendors, contractors or consultants, may fail or suffer security breaches, loss or leakage of data and other disruptions, which could result in adverse consequences resulting from any such incident, including but not limited to regulatory investigations or actions; litigation; fines and penalties; disruptions of Exscientia's business operations; reputational harm; loss of revenue or profits; loss of customers or sales; and other adverse consequences.

Exscientia is increasingly dependent upon information technology systems, infrastructure and data to operate its business. In the ordinary course of business, Exscientia collects, stores, processes and transmits confidential information (including but not limited to intellectual property, proprietary business information and personal information). It is critical that Exscientia does so in a secure manner to maintain the confidentiality and integrity of such confidential information. Exscientia also has outsourced elements of its operations to third parties, and as a result Exscientia manages a number of third-party vendors and other contractors and consultants who have access to Exscientia's confidential information. Exscientia may be required to expend significant resources, at significant cost, materially change its business activities and practices or modify its operations, including its clinical trial activities, or information technology in an effort to protect against security breaches and to mitigate, detect and remediate actual or potential vulnerabilities as well as security breaches.

Given the size and complexity of Exscientia's internal information technology systems and those of its third-party vendors and other contractors and consultants, and the increasing amounts of confidential information that they maintain, Exscientia's information technology systems are potentially vulnerable to breakdown or other damage or interruption from service interruptions, system malfunction, natural disasters (whether due to environmental or other factors such as climate change), terrorism, war and telecommunication and electrical failures, as well as security breaches from inadvertent or intentional actions by Exscientia's employees, third-party vendors, contractors, consultants, business partners and/or other third parties or from cyber attacks by malicious third parties (including the deployment of harmful malware, ransomware, distributed denial-of-service attacks, social engineering and other means to affect service reliability and threaten the confidentiality, integrity and availability of information), which may compromise Exscientia's system infrastructure, or that of its third-party vendors and other contractors and consultants or lead to data leakage.

In particular, severe ransomware attacks are becoming increasingly prevalent and can lead to significant interruptions in Exscientia's operations, ability to provide its products or services, loss of sensitive data and income, reputational harm, and diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but Exscientia may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments.

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. Exscientia may not be able to anticipate all types of security threats, and Exscientia may not be able to implement preventive measures effective against all such security threats. The techniques used by cyber criminals change frequently, may not be recognised until launched, and can originate from a wide variety of sources, including outside groups such as external service providers, organised crime affiliates, terrorist organisations or hostile foreign governments or agencies. If any such material system failure, accident or security breach were to occur and cause interruptions in Exscientia's operations, it could result in a material disruption of its development programmes and its business operations, whether due to a loss of its trade secrets or other sensitive information or similar disruptions, as well as necessitating that Exscientia incur significant costs to address such failure, accident or security breach. To the extent that any such material system failure, accident or security breach were to result in a loss of, or damage to, Exscientia's data or applications, or those of its third-party vendors and other contractors and consultants, or inappropriate disclosure of confidential or proprietary information, Exscientia could incur liability and reputational damage and the further development and commercialisation of its software could be delayed.

While Exscientia has implemented security measures designed to protect against security incidents, there can be no assurance that these measures will be effective. Exscientia takes steps designed to detect, mitigate, and remediate vulnerabilities in its information systems (such as its hardware and/or software, including that of third parties upon which it relies). Exscientia may not, however, detect and remediate all such vulnerabilities including on a timely basis. Further, Exscientia may experience delays in deploying remedial measures and patches designed to address identified vulnerabilities. Vulnerabilities could be exploited and result in a security incident.

The costs related to significant security breaches or disruptions could be material and exceed the limits of the cybersecurity insurance Exscientia maintains against such risks. If the information technology systems of Exscientia's third-party vendors and other contractors and consultants become subject to disruptions or security breaches, Exscientia may have insufficient recourse against such third parties and it 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.

Furthermore, significant disruptions of Exscientia's internal information technology systems or those of its third-party vendors and other contractors and consultants or security breaches could result in the loss, misappropriation, and/or unauthorised access, use, or disclosure of, or the prevention of access to, confidential information (including trade secrets or other intellectual property, proprietary business information and personal information), which could result in financial, legal, business and reputational harm to Exscientia. For example, any such event that leads to unauthorised access, use, or disclosure of personal information, including personal information regarding Exscientia's customers or employees, could harm Exscientia's reputation directly, compel Exscientia to comply with federal and/or state breach notification laws and foreign law equivalents, subject Exscientia to mandatory corrective action, and otherwise subject Exscientia 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 damages that could potentially have an adverse effect on Exscientia's business. Further, 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 organisations' sensitive business data, which could result in the loss of sensitive information, including trade secrets. Additionally, actual, potential or anticipated attacks may cause Exscientia to incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees and engage third-party experts and consultants.

Risks Related to Exscientia's Employee Matters and Managing Growth

Exscientia's future success depends on its ability to retain key executives and to attract, retain and motivate qualified personnel.

Exscientia is highly dependent on the research and development, clinical, financial, operational, scientific, software engineering and other business expertise of its executive officers, as well as the other principal members of its management, scientific, clinical and software engineering teams. Although Exscientia has entered into employment agreements with its executive officers, each of them may terminate their employment with Exscientia at any time. Exscientia does not maintain "key person" insurance for any of its executives or other employees.

In February 2024, Exscientia's Chief Executive Officer was terminated and its Chief Scientific Officer was appointed as Interim Chief Executive Officer. The loss of the services of any of Exscientia's other executive officers or other key employees could impede the achievement of its development and sales goals in its software business and the achievement of its research, development and commercialisation objectives in its drug discovery business. In either case, the loss of the services of Exscientia's executive officers or other key employees could seriously harm Exscientia's ability to successfully implement its business strategy. Exscientia's Nominating and Corporate Governance Committee has instituted a search for a chief executive officer, but, replacing Exscientia's chief executive officer or any other executive officers and key employees may be difficult and may take an extended period of time because of the limited number of individuals with the breadth of skills and experience required to successfully develop, gain regulatory approval of, and commercialise products in the life sciences industry.

Recruiting and retaining qualified scientific, clinical, manufacturing, accounting, legal and sales and marketing personnel, as well as software engineers and computational chemists, will also be critical to Exscientia's success. In the technology industry, there is substantial and continuous competition for engineers with high levels of expertise in designing, developing and managing software and related services, as well as competition for sales executives,

data scientists and operations personnel. Competition to hire these individuals is intense, and Exscientia may be unable to hire, train, retain or motivate these key personnel on acceptable terms given the competition among numerous biopharmaceutical and technology companies for similar personnel. Exscientia also experiences competition for the hiring of scientific and clinical personnel from universities and research institutions. In addition, Exscientia relies on consultants and advisors to assist it in formulating its research and development and commercialisation strategy and advancing its computational platform. Exscientia's consultants and advisors may be employed by employers other than Exscientia and may have commitments under consulting or advisory contracts with other entities that may limit their availability to Exscientia. If Exscientia is unable to continue to attract and retain high quality personnel, its ability to pursue its growth strategy will be limited and its business would be adversely affected.

Exscientia is pursuing multiple business strategies and expects to expand its development and regulatory capabilities, and as a result, it may encounter difficulties in managing its multiple business units and its growth, which could disrupt its operations.

Currently, Exscientia is pursuing multiple business strategies simultaneously, including activities in research and development and collaborative and internal drug discovery. Exscientia believes pursuing these multiple business strategies offers financial and operational synergies, but these diversified operations place increased demands on its limited resources. Furthermore, Exscientia expects to experience significant growth in the number of its employees and the scope of its operations, particularly in the areas of drug development, clinical and regulatory affairs. To manage Exscientia's multiple business units and anticipated future growth, Exscientia must continue to implement and improve its managerial, operational and financial systems, expand its facilities and continue to recruit and train additional qualified personnel. Due to Exscientia's limited financial resources and its management team's limited attention and limited experience in managing a company with such anticipated growth, Exscientia may not be able to effectively manage its multiple business units and the expansion of its operations or recruit and train additional qualified personnel. The expansion of Exscientia's operations may lead to significant costs and may divert its management and business development resources. In addition, to meet Exscientia's obligations as a public company and to support its anticipated long-term growth, Exscientia will need to increase its general and administrative capabilities. Exscientia's management, personnel and systems may not be adequate to support this future growth. Any inability to manage Exscientia's multiple business units and growth could delay the execution of its business plans or disrupt its operations and the synergies Exscientia believes currently exist between its business units. In addition, adverse developments in one of these business units may disrupt these synergies.

Exscientia may be unable to manage its rapid recent growth effectively, which could make it difficult to execute its business strategy.

Since Exscientia's inception in 2012, it has experienced rapid growth. This growth has required Exscientia's management to face complexities across all aspects of its business, including complexities associated with increased headcount, expansion of international operations, expansion of facilities, execution on new lines of business and implementations of appropriate systems and controls to grow the business. Exscientia's growth has required significant time and attention from its management, and placed strains on its operational systems and processes, financial systems and internal controls and other aspects of its business.

While Exscientia is currently focused on integrating existing employees into its company and progressing its drug candidates and technology platform to deliver against its corporate goals, Exscientia expects to increase headcount and to hire more specialised personnel as Exscientia grows its business in the future. Exscientia will need to continue to hire, train and manage additional qualified scientists, engineers, laboratory personnel and sales and marketing staff and improve and maintain its technology to properly manage its growth. Exscientia may also need to hire, train and manage individuals with expertise that is separate, supplemental or different from expertise that it currently has, and accordingly Exscientia may not be successful in hiring, training and managing such individuals. For example, if Exscientia's new hires perform poorly, if Exscientia is unsuccessful in hiring, training, managing and integrating these new employees, or if Exscientia is not successful in retaining its existing employees, Exscientia's business may be harmed. Improving Exscientia's technology and processes have required Exscientia to hire and retain additional scientific, engineering, sales and marketing, software, manufacturing, distribution and quality assurance personnel. As a result, Exscientia has experienced rapid headcount growth from 17 employees as of January 1, 2018 to 483 employees as of December 31, 2023. Moreover, Exscientia expects that it will need to hire additional accounting, finance and other personnel in connection with its ongoing efforts to comply with the

requirements of being a public company. A risk associated with experiencing this rate of growth, for example, is that Exscientia may face challenges integrating, developing and motivating its many new employees who are increasingly dispersed geographically.

Exscientia's rapid recent growth has placed strains on its reporting systems and procedures. For example, in connection with the preparation and audits of its financial statements as of and for the years ended December 31, 2022 and 2023, material weaknesses were identified in Exscientia's internal control over financial reporting, as described elsewhere in this "Risk Factors" section. To effectively manage Exscientia's growth, Exscientia must continue to improve its operational and manufacturing systems and processes, its financial systems and internal controls and other aspects of its business and continue to effectively expand, train and manage its personnel. The time and resources required to improve Exscientia's existing systems and procedures, implement new systems and procedures and to adequately staff such existing and new systems and procedures are uncertain, and failure to complete this in a timely and efficient manner could adversely affect Exscientia's operations and negatively impact its business and financial condition.

If Exscientia fails to manage its technical operations infrastructure, its internal drug discovery team may experience service outages, and its new customers may experience delays in the deployment of its solutions.

Exscientia has experienced significant growth in the number of users and data that its operations infrastructure supports. Exscientia seeks to maintain sufficient excess capacity in its operations infrastructure to meet the needs of all its customers and to support its internal drug discovery programmes. Exscientia also seeks to maintain excess capacity to facilitate the rapid provision of new customer deployments and the expansion of existing customer deployments. In addition, Exscientia needs to properly manage its technological operations infrastructure to support version control, changes in hardware and software parameters and the evolution of its solutions. However, the provision of new hosting infrastructure requires adequate lead-time. Exscientia has experienced, and may in the future experience, website disruptions, outages and other performance problems. These types of problems may be caused by a variety of factors, including infrastructure changes, human or software errors, viruses, security attacks, fraud, spikes in usage and denial of service issues. In some instances, Exscientia may not be able to identify the cause or causes of these performance problems within an acceptable period of time. If Exscientia does not accurately predict its infrastructure requirements, its existing customers may experience service outages that may subject Exscientia to financial penalties, financial liabilities and customer losses. If Exscientia operations infrastructure fails to keep pace with increased sales and usage, customers and its internal drug discovery team may experience delays in the deployment of its solutions as Exscientia seeks to obtain additional capacity, which could adversely affect its reputation and adversely affect its revenues.

Increased labour costs, potential organisation of Exscientia's workforce, employee strikes and other labour-related disruption may adversely affect its operations.

None of Exscientia's employees are represented by a labour union or, other than as set out below, subject to a collective bargaining agreement. However, in Austria, Exscientia is subject to a government-mandated collective bargaining agreement, which sets minimum wage expectations and grants employees additional benefits beyond those required by the local labour code. Exscientia provides no assurance that its labour costs going forward will remain competitive for various reasons, such as: (i) its workforce may organise in the future and labour agreements may be put in place that have significantly higher labour rates and company obligations; (ii) its competitors may maintain significantly lower labour costs, thereby reducing or eliminating its comparative advantages vis-à-vis one or more of its competitors or the larger industry; and (iii) its labour costs may increase in connection with its growth.

Risks Related to International Operations

As a company headquartered and with operations outside of the United States, Exscientia is subject to economic, political, regulatory and other risks associated with international operations.

As a company headquartered in the United Kingdom and with operations in England, Scotland and Austria, Exscientia's business is subject to risks associated with conducting business outside of the United States. Many of Exscientia's suppliers and clinical trial relationships are located outside the United States. Accordingly, Exscientia's future results could be harmed by a variety of factors, including:

- economic weakness, including inflation, or political instability in certain non-U.S. economies and markets;
- differing and changing regulatory requirements for product approvals;
- differing jurisdictions could present different issues for securing, maintaining or obtaining freedom to operate in such jurisdictions;
- potentially reduced protection for intellectual property and proprietary rights;
- difficulties in compliance with different, complex and changing laws, regulations and court systems of multiple jurisdictions and compliance with a wide variety of foreign laws, treaties and regulations;
- changes in non-U.S. regulations and customs, tariffs and trade barriers;
- changes in currency exchange rates of the pound sterling, euro and the risk of the imposition of currency controls;
- changes in a specific country's or region's political or economic environment;
- trade protection measures, import or export licensing requirements or other restrictive actions by governments;
- differing reimbursement regimes and price controls in certain non-U.S. markets;
- negative consequences from changes in tax laws or practice;
- compliance with tax, employment, immigration and labour laws for employees living or travelling abroad, including, for example, the variable tax treatment in different jurisdictions of options granted under Exscientia's share option schemes or equity incentive plans;
- workforce uncertainty in countries where labour unrest is more common than in the United States;
- litigation or administrative actions resulting from claims against Exscientia by current or former employees or consultants individually or as part of class actions, including claims of wrongful terminations, discrimination, misclassification or other violations of labour law or other alleged conduct;
- difficulties associated with staffing and managing international operations, including differing labour relations;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geo-political actions, including war and terrorism, or natural disasters including earthquakes, typhoons, floods and fires and other natural disasters caused by climate change.

The United Kingdom's withdrawal from the European Union may adversely impact Exscientia and its collaborators' ability to obtain regulatory approvals of Exscientia's drug candidates in the United Kingdom and European Union and may require Exscientia to incur additional expenses to develop, manufacture and commercialise its drug candidates in the United Kingdom and European Union.

Exscientia is headquartered in the United Kingdom. The United Kingdom formally exited the European Union, commonly referred to as Brexit, on January 31, 2020. Under the terms of its departure, the United Kingdom entered a transition period, or the Transition Period, during which it continued to follow all European Union rules, which ended on December 31, 2020. A trade and cooperation agreement, or the Trade and Cooperation Agreement, or TCA, that outlines the post-Transition Period trading relationship between the United Kingdom and the European Union, was agreed to in, and applied from, December 2020 and formally entered into force on May 1, 2021.

Since January 1, 2021 the United Kingdom has operated under a separate regulatory regime to the European Union. European Union laws regarding medicinal products only apply in respect of the United Kingdom to Northern Ireland

(as set out in the Protocol on Ireland/Northern Ireland). The European Union laws that have been transposed into United Kingdom law through secondary legislation remain applicable. While the United Kingdom has indicated a general intention that new law regarding the development, manufacture and commercialisation of medicinal products in the United Kingdom will align closely with European Union law there are limited detailed proposals for future regulation of medicinal products. The TCA includes specific provisions concerning medicinal products, which include the mutual recognition of Good Manufacturing Practice, or GMP, inspections of manufacturing facilities for medicinal products and GMP documents issued (such mutual recognition can be rejected by either party in certain circumstances), but does not foresee wholesale mutual recognition of United Kingdom and European Union pharmaceutical legislation including in relation to batch testing and pharmacovigilance, which remain subject to further negotiation. The U.K. has unilaterally agreed to accept E.U. batch testing and batch release. However, the E.U. continues to apply E.U. laws that require batch testing and batch release to take place in the E.U. territory. This means that medicinal products that are tested and released in the U.K. must be retested and re-released when entering the E.U. market for commercial use. Therefore, there remains political and economic uncertainty regarding to what extent the regulation of medicinal products will differ between the United Kingdom and the European Union in the future.

Since a significant proportion of the regulatory framework in the United Kingdom applicable to Exscentia's business and its drug candidates is derived from European Union Directives and Regulations, the development, manufacture, importation, approval and commercialisation of its drug candidates in the United Kingdom, and the European Union given its operations in the United Kingdom, will be materially affected by Brexit. Great Britain is no longer covered by the European Union's procedures for the grant of marketing authorisations (Northern Ireland is covered by the centralised authorisation procedure and can be covered under the decentralised or mutual recognition procedures). A separate marketing authorisation granted by the U.K. competent authorities will be required to market drugs in Great Britain. It is currently unclear whether the Medicines and Healthcare products Regulatory Agency in the United Kingdom is sufficiently prepared to handle the increased volume of marketing authorisation applications that it is likely to receive.

On March 24, 2023, the Withdrawal Agreement Joint Committee adopted the U.K. Government and the European Commission political agreement on the "Windsor Framework". The Framework is intended to revise the Northern Ireland Protocol. If the changes are adopted in the form proposed, medicinal products to be placed on the market in the U.K. will be authorized solely in accordance with U.K. laws. The implementation of the Windsor Framework would occur in stages, with new arrangements relating to the supply of medicinal products into Northern Ireland anticipated to take effect in 2025.

Any delay in obtaining, or an inability to obtain, any marketing approvals, as a result of Brexit or otherwise, would prevent Exscentia and its collaborators or delay Exscentia and its collaborators from commercialising Exscentia's drug candidates in the United Kingdom and/or the EEA and restrict Exscentia's ability to generate revenue and achieve and sustain profitability. Following Brexit, there is no pre-marketing authorisation orphan designation in Great Britain, instead an application for orphan designation is made at the same time as an application for marketing authorisation. Orphan designation in the United Kingdom (or Great Britain, depending on whether there is a prior centralised marketing authorisation in the EEA) following Brexit is based on the prevalence of the condition in Great Britain as opposed to the position prior to Brexit where prevalence in the European Union is the determinant. It is therefore possible that conditions that were designated as orphan conditions in the United Kingdom prior to Brexit will no longer be and that conditions are not currently designated as orphan conditions in the European Union will be designated as such in the United Kingdom, or Great Britain.

There is a degree of uncertainty regarding the overall impact that Brexit will have in the long-term on the development, manufacturing and commercialisation of pharmaceutical products, including the process to obtain regulatory approval in the United Kingdom for drug candidates and the award of exclusivities that are normally part of the European Union legal framework (for instance Supplementary Protection Certificates, Paediatric Extensions or Orphan exclusivity). Any further divergence between the regulatory environments in place in the European Union and the United Kingdom could lead to increased costs and delays in bringing drug candidates to market.

In addition, Exscentia may be required to pay taxes or duties or be subjected to other hurdles in connection with the trade of its drug candidates between the European Union and the United Kingdom, or Exscentia may incur expenses in establishing a manufacturing facility in the European Union to circumvent such hurdles, all of which may make its doing business in the European Union more difficult. If any of these outcomes occur, Exscentia may be forced to

restrict or delay efforts to seek regulatory approval in the United Kingdom or the European Union for its drug candidates, or incur significant additional expenses to operate its business, which could significantly and materially harm or delay its ability to generate revenues or achieve profitability of its business.

As a result of Brexit or otherwise, other European countries may seek to conduct referenda with respect to their continuing membership with the European Union. Given these possibilities and others Exscentia may not anticipate, as well as the absence of comparable precedent, it is unclear what financial, regulatory and legal implications the withdrawal of the U.K. from the European Union will have in the long-term and how such withdrawal will affect Exscentia, and the full extent to which its business could be adversely affected.

Exchange rate fluctuations may materially affect Exscentia's results of operations and financial condition.

Owing to the international scope of Exscentia's operations, fluctuations in exchange rates, particularly between the pound sterling and the U.S. dollar, may adversely affect Exscentia. Although Exscentia is based in the United Kingdom, its CROs are located in a number of different geographic locations and Exscentia sources research and development, manufacturing, consulting and other services from the United States and the European Union. Further, potential future revenue may be derived from abroad, particularly from the United States. As a result, Exscentia's business and the price of its ADSs may be affected by fluctuations in foreign exchange rates not only between the pound sterling and the U.S. dollar, but also the euro, which may have a significant impact on Exscentia's results of operations and cash flows from period to period.

Exscentia's ADSs trade in U.S. dollars. As a result of fluctuations in the exchange rate between the U.S. dollar and the pound sterling, the U.S. dollar equivalent of the proceeds that a holder of ADSs would receive upon the sale in the U.K. of any ordinary shares withdrawn from the depositary and the U.S. dollar equivalent of any cash dividends paid in pounds sterling on Exscentia's ordinary shares represented by ADSs could also decline.

Additional Information and Where to Find It.

This communication relates to the proposed transaction by and between the Company and Exscentia that will become the subject of a joint proxy statement to be filed by the Company and Exscentia with the SEC. The joint proxy statement will provide full details of the proposed transaction and the attendant benefits and risks, including the terms and conditions of the Scheme of Arrangement and the other information required to be provided to Exscentia's shareholders under the applicable provisions of the United Kingdom Companies Act 2006. This communication is not a substitute for the joint proxy statement or any other document that the Company or Exscentia may file with the U.S. Securities and Exchange Commission (the "SEC") or send to their respective security holders in connection with the proposed transaction. **Security holders are urged to read the definitive joint proxy statement and all other relevant documents filed with the SEC or sent to the Company's stockholders or Exscentia's shareholders as they become available because they will contain important information about the proposed transaction.** All documents, when filed, will be available free of charge at the SEC's website (www.sec.gov). You may also obtain these documents by contacting the Company's Investor Relations department at investor@recursion.com; or by contacting Exscentia's Investor Relations department at investors@exscentia.ai. This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval.

INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE PROXY STATEMENT (WHICH WILL INCLUDE AN EXPLANATORY STATEMENT IN RESPECT OF THE SCHEME OF ARRANGEMENT OF EXSCENTIA, IN ACCORDANCE WITH THE REQUIREMENTS OF THE UNITED KINGDOM COMPANIES ACT 2006) AND ANY OTHER RELEVANT DOCUMENTS THAT MAY BE FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS, CAREFULLY AND IN THEIR ENTIRETY IF AND WHEN THEY BECOME AVAILABLE BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.

Participants in the Solicitation.

The Company, Exscentia and their respective directors and executive officers may be deemed to be participants in any solicitation of proxies in connection with the proposed transaction.

Information about Recursion's directors and executive officers is available in Recursion's proxy statement dated April 23, 2024 for its 2024 Annual Meeting of Stockholders. Information about Exscientia's directors and executive officers is available in Exscientia's Annual Report on Form 20-F dated March 21, 2024. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement and all other relevant materials to be filed with the SEC regarding the proposed transaction when they become available. Investors should read the joint proxy statement carefully when it becomes available before making any voting or investment decisions.

No Offer or Solicitation.

This communication is not intended to and shall not constitute an offer to buy or sell or the solicitation of an offer to buy or sell any securities, or a solicitation of any vote or approval, nor shall there be any offer, solicitation or sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made in the United States absent registration under the U.S. Securities Act of 1933, as amended ("Securities Act"), or pursuant to an exemption from, or in a transaction not subject to, such registration requirements. Recursion securities issued in the proposed transaction are anticipated to be issued in reliance upon an available exemption from such registration requirements pursuant to Section 3(a)(10) of the Securities Act.

Forward Looking Statements.

Statements contained herein which are not historical facts may be considered forward-looking statements under federal securities laws and may be identified by words such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "potential," "predicts," "projects," "seeks," "should," "will," or words of similar meaning and include, but are not limited to, statements regarding the proposed combination of Recursion and Exscientia and the outlook for Recursion's or Exscientia's future businesses and financial performance such as delivering better treatments to patients, faster and at a lower cost; the discovery and translation of higher quality medicines more efficiently and at a higher scale; helping to enable a full-stack technology-enabled platform; allowing Recursion to more rapidly and effectively run SAR cycles during hit to lead optimization; generating the diverse chemistry to experimentally improve predictive maps; the number and timing of clinical program readouts over the next 18 months; the combined company's first-in-class and best-in-class opportunities; potential for sales from successful programs with annual peak sales opportunities of over \$1 billion each; potential for approximately \$200 million in milestone payments over the next 24 months, and over \$20 billion in revenue before royalties over the course of the partnerships; percentage of the combined company to be received by Exscientia shareholders; cash runway extending into 2027; the value of estimated annual synergies; implementing the combination through a UK scheme of arrangement; the expected closing of the transaction by early 2025; continuing to build the best example of the next generation of biotechnology companies; the plans for David Hallett, Ph.D. to join the combined company as Chief Scientific Officer; and many others. Such forward-looking statements are based on the current beliefs of Recursion's and Exscientia's respective management as well as assumptions made by and information currently available to them, which are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Actual outcomes and results may vary materially from these forward-looking statements based on a variety of risks and uncertainties including: the occurrence of any event, change or other circumstances that could give rise to the termination of the Transaction Agreement; the inability to obtain Recursion's stockholder approval or Exscientia's shareholder approval or the failure to satisfy other conditions to completion of the proposed combination, including obtaining the sanction of the High Court of Justice of England and Wales to the Scheme of Arrangement, on a timely basis or at all, and the receipt of required regulatory approvals; risks that the proposed combination disrupts each company's current plans and operations; the diversion of the attention of the respective management teams of Recursion and Exscientia from their respective ongoing business operations; the ability of either Recursion, Exscientia or the combined company to retain key personnel; the ability to realize the benefits of the proposed combination, including cost synergies; the ability to successfully integrate Exscientia's business with Recursion's business, at all or in a timely manner; the outcome of any legal proceedings that may be instituted against Recursion, Exscientia or others since the announcement of the proposed combination; the amount of the costs, fees, expenses and charges related to the proposed combination; the effect of economic, market or business conditions, including competition, regulatory approvals and commercializing drug candidates, or changes in such conditions, have on Recursion's, Exscientia's and the combined company's operations, revenue, cash flow, operating expenses, employee hiring and retention, relationships with business partners, the development or launch of technology enabled drug discovery, and commercializing drug candidates; the risks of conducting Recursion's

and Exscientia's business internationally; the impact of changes in interest rates by the Federal Reserve and other central banks; the impact of potential inflation, volatility in foreign currency exchange rates and supply chain disruptions; the ability to maintain technology-enabled drug discovery in the biopharma industry; and risks relating to the market value of Recursion's Class A common stock to be issued in the proposed combination.

Other important factors and information are contained in Recursion's most recent Annual Report on Form 10-K and Exscientia's most recent Annual Report on Form 20-F, including the risks summarized in the section entitled "Risk Factors," Recursion's subsequent Quarterly Reports on Form 10-Q, Exscientia's filing on Form 6-K filed May 21, 2024 and August 8, 2024, and each company's other periodic filings with the SEC, which can be accessed at <https://ir.recursion.com> in the case of Recursion, <http://investors.exscientia.ai> in the case of Exscientia, or www.sec.gov. All forward-looking statements are qualified by these cautionary statements and apply only as of the date they are made. Neither Recursion nor Exscientia undertakes any obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
23.1	Consent of PricewaterhouseCoopers LLP
99.1	Investor Presentation of Recursion Pharmaceuticals, Inc. dated September 3, 2024.
99.2	Press Release of Recursion Pharmaceuticals, Inc. dated September 3, 2024.
99.3	Audited consolidated statement of financial position of Exscientia as of and for the years ended December 31, 2023 and 2022, and the related consolidated statements of loss and other comprehensive (loss)/income, of changes in equity and of cash flows for each of the three years in the period ended December 31, 2023, and the notes related thereto.
99.4	Unaudited condensed consolidated financial statements of Exscientia as of June 30, 2024 and 2023 and for the three and six months ended June 30, 2024 and 2023, and the notes related thereto.
99.5	Unaudited pro forma condensed combined balance sheet of Recursion as of June 30, 2024 and the unaudited pro forma condensed combined statements of income of Recursion for the year ended December 31, 2023 and the six months ended June 30, 2024, and the notes related thereto.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized on September 3, 2024.

RECURSION PHARMACEUTICALS, INC.

By: /s/ Christopher Gibson
Christopher Gibson
Chief Executive Officer

Consent of Independent Registered Public Accounting Firm

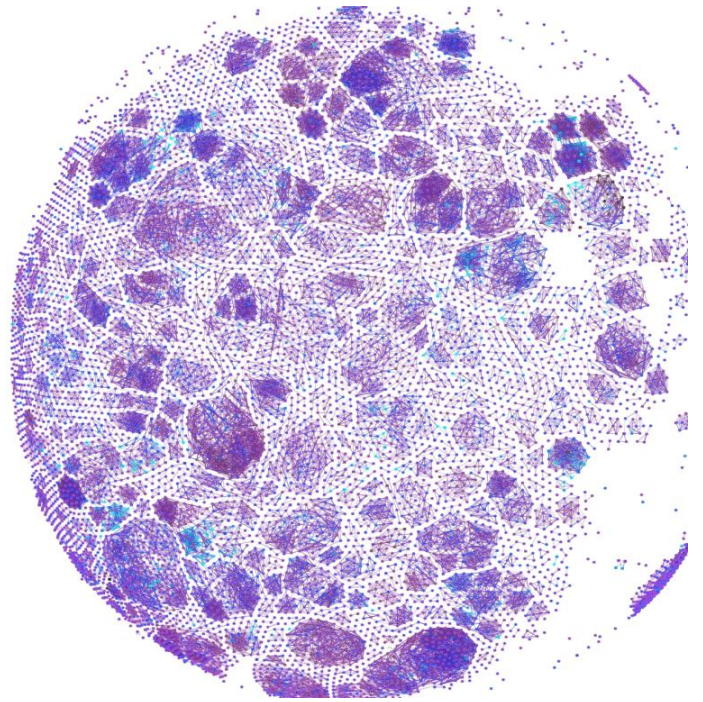
We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos 333-272281 and 333-264845) and Form S-8 (Nos 333-272282, 333-272027, 333-271719, 333-264847, 333-255315 and 333-279290) of Recursion Pharmaceuticals, Inc. of our report dated March 21, 2024 relating to the financial statements of Exscientia Plc, which appears in this Current Report on Form 8-K.

/s/ PricewaterhouseCoopers LLP

Reading, United Kingdom
September 3, 2024

Decoding Biology To Radically Improve Lives

September 2024



Important Information

This presentation of Recursion Pharmaceuticals, Inc. ("Recursion," "we," "us," or "our") and any accompanying discussion contain statements that are not historical facts and may be considered forward-looking statements under federal securities laws and may be identified by words such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "potential," "predicts," "projects," "seeks," "should," "will," or words of similar meaning and include, but are not limited to, statements regarding bringing better medicines to patients more rapidly and more cost efficiently; the occurrence or realization of near- or medium-term potential milestones; current and future preclinical and clinical studies, including timelines for enrollment in studies, data readouts, and progression toward IND-enabling studies; Recursion's anticipated meeting with the FDA; Recursion's plans to present SYCAMORE trial data at a medical conference and submit the data for publication; the clinical relevance of the SYCAMORE trial data and obtaining additional confirmatory data; promising trends in REC-994 efficacy endpoints; advancing potential transformational therapies for CCM and beyond; subsequent REC-994 studies and their results and advancing Recursion's REC-994 program further; the size of the potential CCM patient population; outcomes and benefits from licenses, partnerships and collaborations, including option exercises by partners and the amount and timing of potential milestone payments; the initiation, timing, progress, results, and cost of our research and development programs; advancements of our Recursion OS, including augmentation of our dataset and movement toward autonomous discovery; outcomes and benefits expected from the Tempus and Helix relationships, including our building of large-scale causal AI models; outcomes and benefits expected from the Large Language Model-Orchestrated Workflow Engine (LOWE); the potential for additional partnerships and making data and tools available to third parties; expected supercomputer capabilities; our ability to identify viable new drug candidates for clinical development and the accelerating rate at which we expect to identify such candidates including our ability to leverage the datasets acquired through the license agreement into increased machine learning capabilities and accelerate clinical trial enrollment; the potential size of the market opportunity for our drug candidates; outcomes and benefits expected from the Enamine partnership, including the generating and co-branding of new chemical libraries; and many others. Such statements also include statements regarding the proposed business combination of Recursion and Exscientia plc ("Exscientia") and the outlook for Recursion's or Exscientia's future business and financial performance, including the combined company's first-in-class and best-in-class opportunities; potential for annual peak sales from successful programs of over \$1 billion each; potential milestone payments of the combined company of approximately \$200 million over the next 2 years from current partnerships; potential for more than \$20 billion in total milestone payments for the combined company from partners before royalties; percentage of the pro forma company to be received by Exscientia shareholders; ability to reduce pro forma spend of the combined company; revenue, business synergies, and reduced pro forma spend from the combination resulting in cash runway extending into 2027; completion of the business combination in 2025; and many others. Such forward-looking statements are based on the current beliefs of Recursion's and Exscientia's respective management as well as assumptions made by and information currently available to them, which are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Actual outcomes and results may vary materially from these forward-looking statements based on a variety of risks and uncertainties including: the occurrence of any event, change or other circumstances that could give rise to the termination of the transaction agreement; the inability to obtain Recursion's stockholder approval or Exscientia's shareholder approval or the failure to satisfy other conditions to completion of the proposed combination, including receipt of the required regulatory approvals and obtaining the sanction of the High Court of Justice of England and Wales to the Scheme of Arrangement, on a timely basis or at all; risks that the proposed combination disrupts each company's current plans and operations; the diversion of the attention of the respective management teams of Recursion and Exscientia from their respective ongoing business operations; the ability of either Recursion, Exscientia or the combined company to retain key personnel; the ability to realize the benefits of the proposed combination, including cost synergies; the ability to successfully integrate Exscientia's business with Recursion's business or to integrate the businesses within the anticipated timeframe; the outcome of any legal proceedings that may be instituted against Recursion, Exscientia or others following announcement of the proposed combination; the amount of the costs, fees, expenses and charges related to the proposed combination; the effect of economic, market or business conditions, including competition, regulatory approvals and commercializing drug candidates, or changes in such conditions, have on Recursion's, Exscientia's and the combined company's operations, revenue, cash flow, operating expenses, employee hiring and retention, relationships with business partners, the development or launch of technology enabled drug discovery, and commercializing drug candidates; the risks of conducting Recursion's and Exscientia's businesses internationally; the impact of potential inflation, volatility in foreign currency exchange rates and supply chain disruptions; the ability to maintain technology-enabled drug discovery in the biopharma industry; and risks relating to the market value of Recursion's common stock to be issued in the proposed transaction.

Other important factors and information are contained in Recursion's most recent Annual Report on Form 10-K and Exscientia's most recent Annual Report on Form 20-F, including the risks summarized in the section entitled "Risk Factors," Recursion's Quarterly Reports on Form 10-Q for the quarterly periods ended March 31 and June 30, 2024 and Exscientia's filing on Form 6-K filed May 21, 2024, and each company's other filings with the U.S. Securities and Exchange Commission (the "SEC"), which can be accessed at <https://ir.recursion.com> in the case of Recursion, <http://investors.exscientia.ai> in the case of Exscientia, or www.sec.gov. All forward-looking statements are qualified by these cautionary statements and apply only as of the date they are made. Neither Recursion nor Exscientia undertakes any obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

Important Information (continued)

Certain information contained in this presentation relates to or is based on studies, publications, surveys and other data obtained from third-party sources and the company's own internal estimates and research. While the company believes these third-party sources to be reliable as of the date of this presentation, it has not independently verified, and makes no representation as to the adequacy, fairness, accuracy or completeness of, any information obtained from third-party sources. In addition, all of the market data included in this presentation involves a number of assumptions and limitations, and there can be no guarantee as to the accuracy or reliability of such assumptions. Finally, while the company believes its own internal research is reliable, such research has not been verified by any independent source. Information contained in, or that can be accessed through our website is not a part of and is not incorporated into this presentation.

Cross-trial or cross-candidate comparisons against other clinical trials and other drug candidates are not based on head-to-head studies and are presented for informational purposes; comparisons are based on publicly available information for other clinical trials and other drug candidates.

Any non-Recursion logos or trademarks included herein are the property of the owners thereof and are used for reference purposes only.

Additional Information and Where to Find It

This communication relates to the proposed business combination of Recursion and Exscientia that will become the subject of a joint proxy statement to be filed by Recursion and Exscientia with the SEC. The joint proxy statement will provide full details of the proposed combination and the attendant benefits and risks. This communication is not a substitute for the joint proxy statement or any other document that Recursion or Exscientia may file with the SEC or send to their respective security holders in connection with the proposed transaction. **Security holders are urged to read the definitive joint proxy statement and all other relevant documents filed with the SEC or sent to Recursion's stockholders or Exscientia's shareholders as they become available because they will contain important information about the proposed transaction.** All documents, when filed, will be available free of charge at the SEC's website (www.sec.gov). You may also obtain these documents by contacting Recursion's Investor Relations department at investor@recursion.com; or by contacting Exscientia's Investor Relations department at investors@exscientia.ai. This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval.

Participants in the Solicitation

Recursion, Exscientia and their respective directors and executive officers may be deemed to be participants in any solicitation of proxies in connection with the proposed business combination. Information about Recursion's directors and executive officers is available in Recursion's proxy statement dated April 23, 2024 for its 2024 Annual Meeting of Stockholders. Information about Exscientia's directors and executive officers is available in Exscientia's Annual Report on Form 20-F dated March 21, 2024. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement and all other relevant materials to be filed with the SEC regarding the proposed combination when they become available. Investors should read the joint proxy statement carefully when it becomes available before making any voting or investment decisions.

Phase 2 CCM Clinical Trial Update and Potential Milestones

4



Clinical: CCM

REC-994 for CCM : Topline Readout in September 2024

SYCAMORE is the first industry-sponsored Phase 2 trial for CCM

Topline Readout September 2024

- Primary endpoint of **safety and tolerability met**
- Encouraging **trends in objective MRI-based exploratory efficacy measures** demonstrated - **reduced lesion volume and hemosiderin ring size** in patients at the highest dose (400mg) as **compared to placebo**
- **Improvements in patient or physician-reported outcomes** were not yet seen at 12 months
- **Time-dependent improvements in trends** were observed
- Recursion plans to **advance development of REC-994** for the potential treatment of symptomatic CCM
- **Meeting with FDA is anticipated as soon as practical** to discuss plans for additional clinical study
- We plan to **present the data at a medical conference** and publish results in a peer reviewed scientific journal

Disease & Unmet Need

- **Cerebral Cavernous Malformation (CCM)** affects ~360,000 symptomatic patients in the US and EU5
- **Loss of function mutations** in *CCM1*, *CCM2*, *CCM3* genes lead to vascular abnormalities in the CNS
- **Symptoms** include seizures, headaches, hemorrhage, focal neurological deficits
- **No approved therapies** with treatment options limited to surgery or stereotactic radiosurgery



These studies are making significant strides in the development of therapeutics for CCM. The data from this readout is an impressive start and will provide a valuable contribution to the existing CCM literature and strongly supports the need for a future study, with a longer duration and a larger patient cohort.



Dr. Jan-Karl Burkhardt, MD, Division Head, Cerebrovascular Surgery, University of Pennsylvania, Principal Investigator of the Study



Milestones: 7 Clinical Readouts from Recursion Expected in ~18 Months

Pipeline

- **CCM: Ph2 in Sep 2024** primary endpoint of **safety met, encouraging trends seen in exploratory efficacy**
- **NF2: Ph2** safety & preliminary efficacy expected in **Q4 2024**
- **FAP: Ph2** safety & preliminary efficacy expected in **H1 2025**
- **AXIN1 or APC Mutant Cancers: Ph2** safety & preliminary efficacy expected in **H1 2025**
- **C. difficile Infection: Ph2 initiation** expected in **Q4 2024** with preliminary **readout** expected by end of **2025**

- **Advanced HR-Proficient Cancers, Target RBM39: IND** submission expected in **Q3 2024**. **Ph1/2 initiation** expected in **Q4 2024** with **Ph1 dose-escalation readout** by end of **2025**
- **Target Epsilon** (novel target in fibrotic diseases); **IND** submission expected in **early 2025** with **Ph1 healthy volunteer readout** by end of **2025**

- **Dozens of internal & partner programs** in early stages with first **LLM & causal model driven programs** entering pipeline



Milestones: Recursion Partnerships and Platform

Partnerships

- **Roche & Genentech:** validation **program option exercised** for 1st validated hit series in oncology, **1st neuroscience phenomap optioned for \$30M** (part of a structure that could exceed a total of \$500M across multiple maps), potential for near-term **program and additional map options**
- **Bayer:** delivered **multiple oncology data packages**, on track to complete **25 unique data packages** in **Q3 2024**, advancing **1st joint project** towards lead series nomination, agreed to be **1st beta-user of LOWE** for drug discovery and development, potential near-term **program options**
- **Tempus & Helix:** building large-scale **causal AI models** to generate **target hypotheses** across cancer and other disease areas, exploring **novel NSCLC targets**
- Potential for **additional partnership(s)** in large, intractable areas of biology

Platform

- Built our 1st genome-scale **transcriptomics KO map**, moving towards **multiomics foundation models**
- **Active learning** and exploration of **proteomics, organoids, spheroids, & automated synthesis**
- Potential to **make some data and tools available** to biopharma and commercial users
- OS moving towards **autonomous discovery**

Strong Financial Position

~\$474M in cash Q2 2024

Cash refers to cash and cash equivalents at the end of Q2 2024

Recursion and Exscientia Combination

Recursion enters agreement with Exscientia to bring better medicines to patients more rapidly and more cost efficiently

Combination of Many Complementary Factors

- **Pipeline:** Diverse portfolio of clinical and near-clinical programs with ~10 clinical readouts over the next ~18 months
- **Partnerships:** Diverse portfolio of transformational partnerships with potential for over \$200 million in milestone payments over the next 2 years
- **Platform:** Full-stack technology-enabled small molecule discovery platform
- **Business:** ~\$850 million in combined cash (end of Q2 2024), estimated annual synergies of ~\$100 million or more and runway into 2027
- **People:** **Shared vision to leverage technology & talent to discover and develop high quality medicines efficiently and at scale**



Recursion + Exscientia: Pipeline

- **Diverse Portfolio** of clinical or near-clinical programs
 - **~10 clinical readouts** over the **next ~18 months**
 - Complementary therapeutic pipelines with **no competitive overlap**
 - Most of these programs, if successful, could have **annual peak sales opportunities >\$1 billion** each
- **Strategic Focus**
 - **Recursion:** first-in-disease drug candidates in oncology, rare disease, infectious disease
 - **Exscientia:** best-in-class drug candidates in oncology, inflammation, immunology
- **Many additional research and discovery programs** for both companies

~10 clinical readouts in the next 18 months



Combining first-in-class and best-in-class opportunities



Recursion + Exscientia: Pipeline of more than 10 technology-enabled programs demonstrate maturity and de-risking

	Program	Indication	Target	Preclinical	Phase 1	Phase 2	Phase 3	Anticipated Near Term Milestones
Rare & Other	REC-994	Cerebral Cavernous Malformation	Superoxide	SYCAMORE				Encouraging Ph2 data
	REC-2282	Neurofibromatosis Type 2	HDAC	POPLAR				Preliminary readout Q4 2024
	REC-4881	Familial Adenomatous Polyposis	MEK	TUPELO				Preliminary readout H1 2025
	REC-3964	<i>Clostridioides difficile</i> Infection	TcdB	ALDER				Ph2 initiation in Q4 2024
	EXS4318	Inflammatory Diseases	PKC-theta				Bristol Myers Squibb	Positive early Ph1 data
	Epsilon	Fibrotic Diseases	Undisclosed					IND submission early 2025
Oncology	REC-4881	Advanced AXIN1/APC-mutant Cancers	MEK					Preliminary readout H1 2025
	EXS617	Advanced Solid Tumours	CDK7	ELUCIDATE				Mono tx dose escalation H2 2024
	REC-1245	Advanced HR-Proficient Cancers	RBM39					IND submission Q3 2024
	EXS74539	AML, SCLC	LSD1					IND submission H2 2024
	EXS73565	Haematological Malignancies	MALT1					IND submission H2 2024

Note: Over a dozen discovery programs in combined pipeline, including ENPP1 inhibitor in collaboration with Rallybio, which is expected to achieve development candidate nomination of a small molecule inhibitor of ENPP1 for the treatment of patients with HPP in the fourth quarter of 2024

  In addition, 4 large strategic collaborations (e.g., Roche, Bayer, Sanofi, Merck KGaA) with 10 programs already optioned across oncology and immunology

Recursion + Exscientia: Partnerships

- **Diverse Portfolio** of transformational partnerships with leading large pharma companies
 - **10 programs already optioned** across oncology and immunology
 - Combined company expects potential additional **milestone payments of ~\$200 million** over the **next 2 years** from current partnerships
 - Potential for **>\$20 billion in total combined revenue** before royalties from partners
- **Transformational Large Pharma Partnerships**
 - **Recursion: Roche-Genentech** (neuroscience, single GI-oncology indication), **Bayer** (oncology)
 - **Exscientia: Sanofi** (oncology, immunology), **Merck KGaA** (oncology, immunology)





12 Trademarks are the property of their respective owners and used for informational purposes only.

Recursion + Exscientia: Platform

- **Core Strengths**
 - **Recursion:** scaled biology exploration and translational capabilities primarily focused on *first-in-disease* opportunities
 - **Exscientia:** precision chemistry design and small molecule automated synthesis primarily focused on *best-in-class* opportunities
- **Assembles a full-stack platform spanning**
 - Patient-centric target discovery
 - Hit discovery and lead optimization
 - Automated chemical synthesis
 - Predictive ADMET and translation
 - Biomarker selection
 - Clinical development

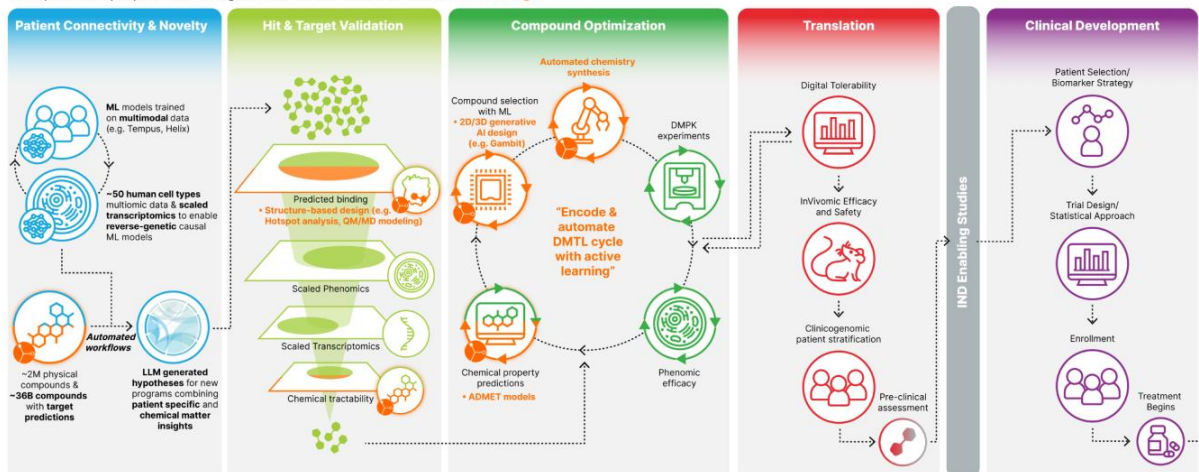
13



 Recursion. |  Exscientia

Overview of areas where Exscentia's capabilities can immediately integrate and complement the Recursion OS upon close

Complementary capabilities through combination with Exscentia labelled in orange.



Recursion + Exscientia: Summary of complementary factors



Platform Strength	Scaled exploration and mapping of biological relationships	Precision chemistry design and molecular synthesis
Internal Pipeline	First-in-class products in oncology, rare disease, infectious disease	Best-in-class products in oncology, inflammation, immunology
Large Pharma Partnerships	Roche-Genentech (neuro, single GI-onc indication), Bayer (oncology)	Sanofi (oncology, immunology), Merck KGaA (onc, immunology)
Cash (End of Q2 2024)	~\$475 million	~\$370 million*
Locations	Salt Lake City, London, Toronto, Montreal, San Francisco Bay Area	Oxford, Boston, Vienna, Dundee, Miami
Employees	>500	>350

15 This preliminary financial data for Exscientia has been prepared by and is the responsibility of Exscientia, and it has not been reviewed or audited by the company's independent auditor. Exscientia's actual results may differ from these preliminary financial results.



Transaction details of Recursion-Exscientia combination

Stock Consideration	<ul style="list-style-type: none">• Stock for stock transaction• Exscientia shareholders will receive 0.7729 shares of Recursion Class A common stock for each Exscientia ordinary share, subject to rounding for fractional shares
Pro-Forma Ownership	<ul style="list-style-type: none">• Recursion shareholders will own ~74% of the combined company• Exscientia shareholders will own ~26% of the combined company
Cash Position	<ul style="list-style-type: none">• ~\$850 million in combined cash at the end of Q2, 2024• Expect pro-forma combined financial plans to extend runway into 2027• Estimated annual synergies of ~\$100 million or more
Management and Board	<ul style="list-style-type: none">• Recursion will be the Go-Forward Entity• Recursion Co-Founder & CEO Chris Gibson will be CEO of combined company• Exscientia Interim CEO David Hallett will join as Chief Scientific Officer• Two Exscientia Board Members will join the Recursion Board
Timing and Approvals	<ul style="list-style-type: none">• Expect this transaction to close by early 2025• Subject to approval of both companies' shareholders and closing conditions



Exscientia: '617 precision designed to have best-in-class properties

Maximize upside potential of precision-designed GTAEXS617 with purchase of full rights from GT Apeiron:

- Upfront \$10m in cash + \$10m in Exscientia equity + single digit royalties
- Potential best-in-class molecule in Phase 1/2 studies
- Ahead of monotherapy dose escalation clinical trial data



Precision designed to maximize therapeutic index allowing for optimized combinations and potentially better efficacy

- Selectivity, reversibility & efflux design properties limit potential toxicities to widen therapeutic index
- CDK7 regulates both cell cycle and transcription
 - Cell cycle inhibitors are a validated mechanism of action: CDK4/6 inhibitors generated \$11 billion in sales in 2023
- Opportunity in multiple tumor types
 - Ongoing ELUCIDATE Phase I/II trial in patients with advanced solid tumors and potential best in class*
 - Ahead of monotherapy dose escalation clinical trial data
 - Full rights acquired for '617 – CDK7 inhibitor
 - Across these six tumor types, there are 75k newly diagnosed patients in the US per year
 - CDK4/6 relapsed breast cancer is the first indication being considered for combination dose expansion – expected to start in 2H24/1H25



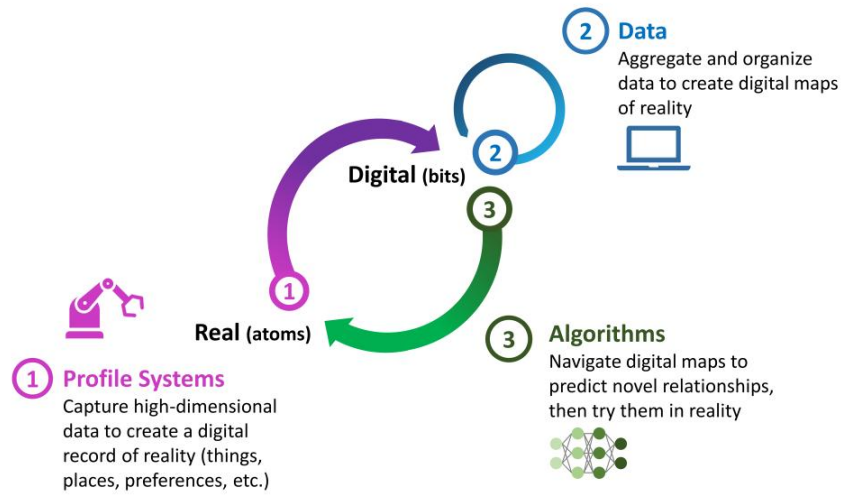
Sales data from Evaluate Pharma

**Tumor types: head and neck cancer, colorectal cancer, pancreatic cancer, non-small cell lung cancer (NSCLC), HR+/HER2- breast cancer and ovarian cancer*

 Recursion. |  Exscientia

Recursion Value Proposition and OS

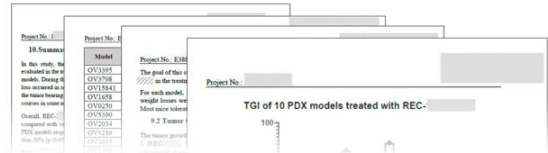
There is a formula for mapping and navigating complex systems using technology



Data roadblocks make mapping and navigating biology difficult

Analog Standard

The fax machine is alive and well in medicine, while in biopharma, study results from CROs are still often reported as PDFs or scanned printouts



Siloed Data in Pharma

Biopharma has 100s of petabytes of scientific data stored on a project-by-project basis without the meta-data or annotation needed to relate it to other projects or questions in biology



Reproducibility Crisis

Multiple studies have shown that the vast majority of published academic literature cannot be recapitulated

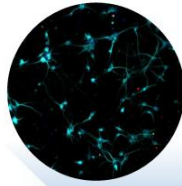


²⁰ Trademarks are the property of their respective owners and used for informational purposes only.
Baker, M. Irreproducible biology research costs put at \$28 billion per year. *Nature* (2015). <https://doi.org/10.1038/nature.2015.17711>

We are building and aggregating purpose-built datasets to map and navigate biology

Profile Systems

We have built and continue to scale among the world's most prolific automated wet labs



Data

Each week we digitize millions of our own experiments across multiple layers of biology from cell to animal



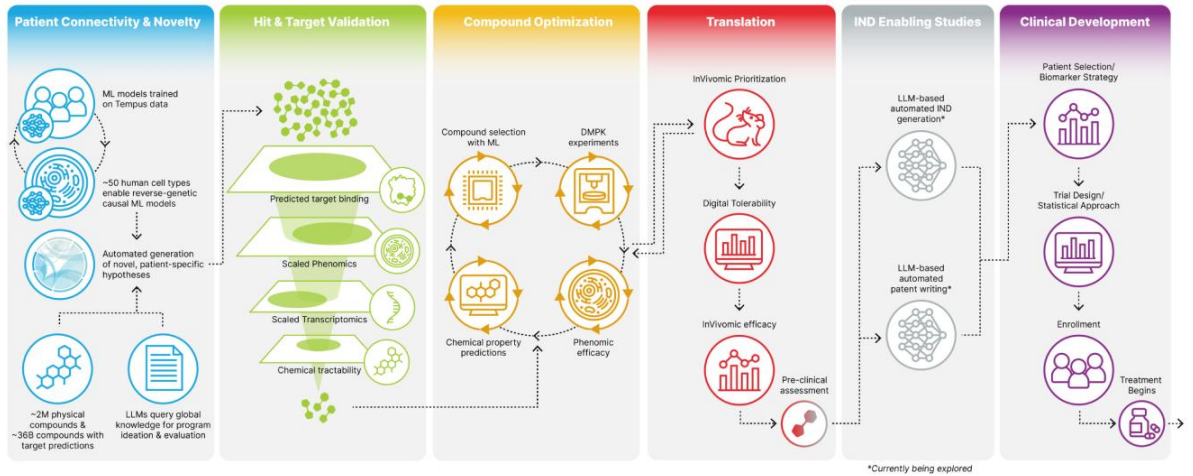
Algorithms

We own and operate one of the fastest supercomputers on earth, allowing us to train LLMs & FMs fit for the purpose of drug discovery

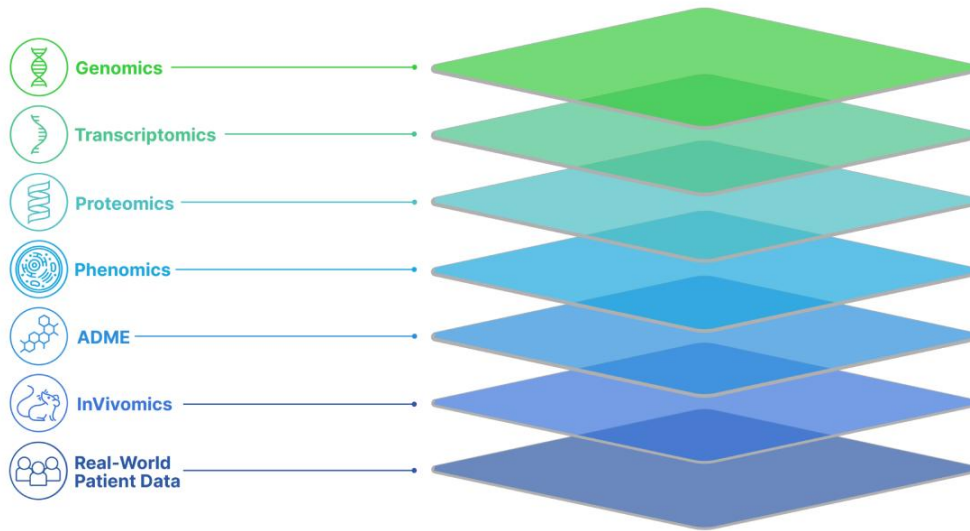


Improved and scaled clinical pipeline

The Recursion OS integrates modules across many diverse steps to industrialize drug discovery and development



We connect data layers to build multiomic digital maps of biology

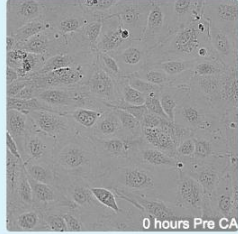




Phenomics: Foundation models improve at detecting biology

DATA GENERATION

- >250 million experiments
- >50 human cell types
- >1 trillion neurons generated
- Brightfield to capture dynamics



0 hours Pre CA

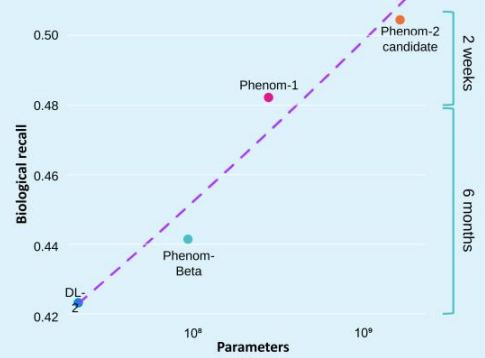
2 weeks of rapid iteration on Biohive-2 enabled

25.7%

increase in expressed gene knock-outs detected

MODELS

Recall of biological relationships vs model size

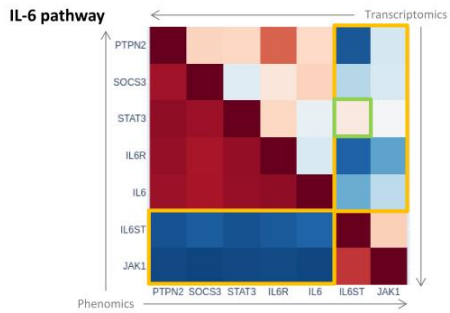




Transcriptomics: Multimodal data scales validation and mapping

DATA GENERATION

>1M samples sequenced
1st genome-scale transcriptomic map



MODELS

Replaced time-consuming, disease-specific validation assays with portfolio-wide multimodal model workflow

90%

Ability to predict compounds that *failed* later disease-relevant assays in internal tests

60%

Ability to predict compounds that *passed* later disease-relevant assays in internal tests



ADME: Data and scale lead to State of the Art models

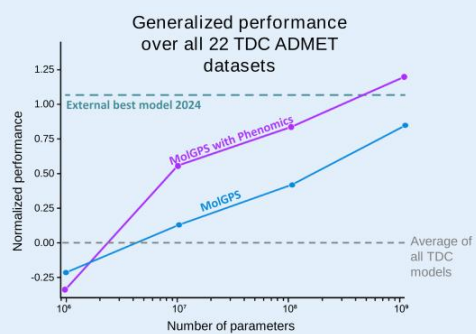
DATA GENERATION

Estimated **90x** throughput over manual approach
>750 compounds per week



MODELS

Our single generalizable model improves with multimodal data and model size

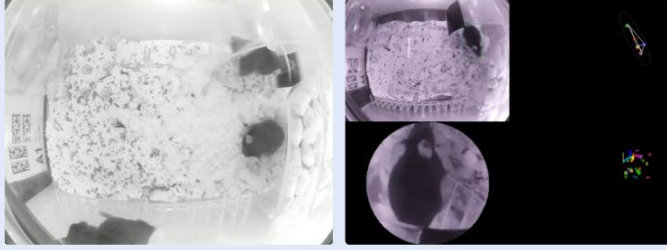




InVivomics accelerates decision-making in late discovery

DATA GENERATION

>1,000 digital mouse cages
150 digital rat cages in 2024
Social housing increases relevance



MODELS

- Machine learning enables scale by extracting signals from video and temperature sensors
- Applied across breadth of Recursion portfolio
- Designed to select the right molecule at the right dose before entering efficacy studies



Patient Data: Path to uncover novel disease drivers with Maps

DATA GENERATION

"TEMPUS

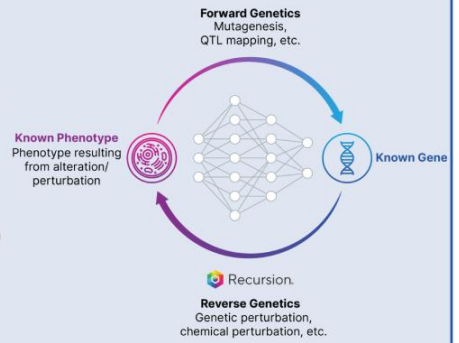
>20 PB of real-world multi-modal oncology data



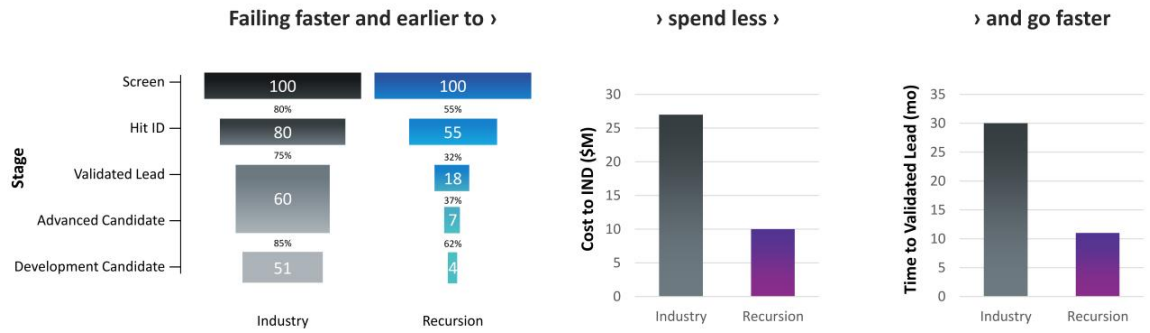
Hundreds of thousands of unique de-identified patient records across diverse therapeutic areas

MODELS

Combining Recursion maps of biology with patient clinical data unlocks causal modeling to find novel targets



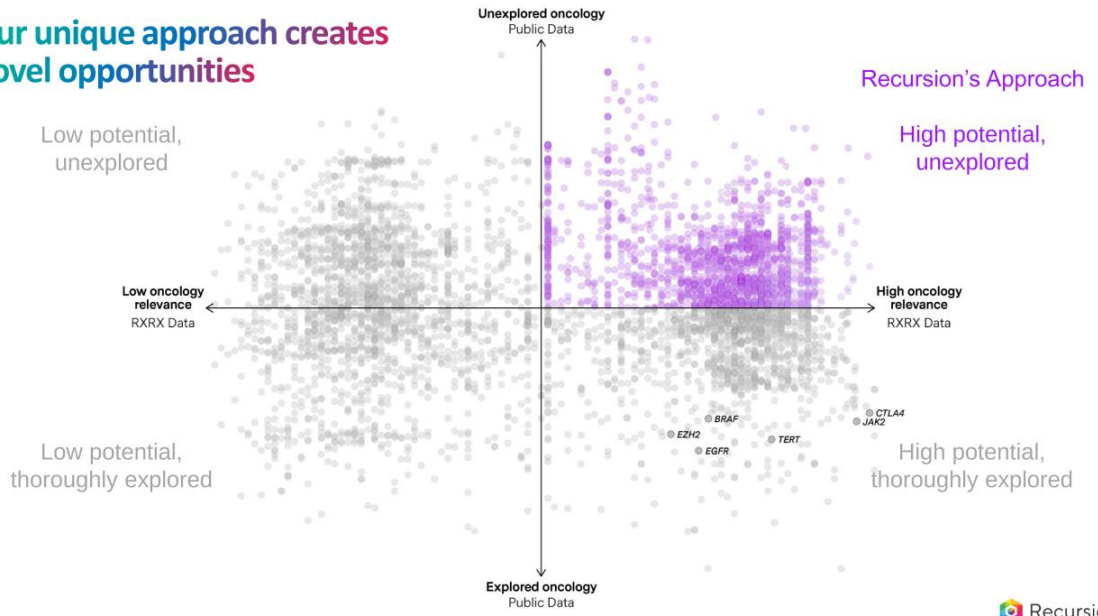
The Recursion OS maps and navigates biology to shift drug discovery from bespoke science to scaled engineering



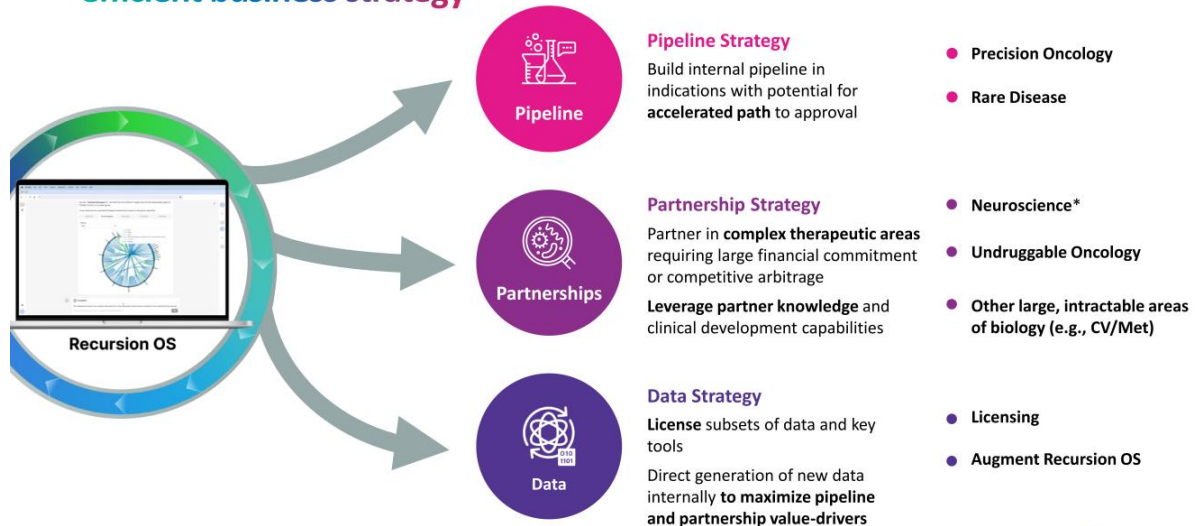
29 We believe that, compared to industry averages, our approach enables us to: (i) identify low-viability programs earlier in the research cycle, (ii) spend less per program and (iii) rapidly advance program to a validated lead candidate. All industry data has been adapted from Paul, et al. *Nature Reviews Drug Discovery*, (2010) 9, 203–214. The cost to IND has been inflation-adjusted using the US Consumer Price Index (CPI) through 2023. The Recursion data shown for the transition stages and time to validated lead is the average of all Recursion programs since late 2017 through 2023. The Recursion data shown for cost to IND pertains to the actual and projected costs for a novel chemical entity to reach IND.



Our unique approach creates novel opportunities



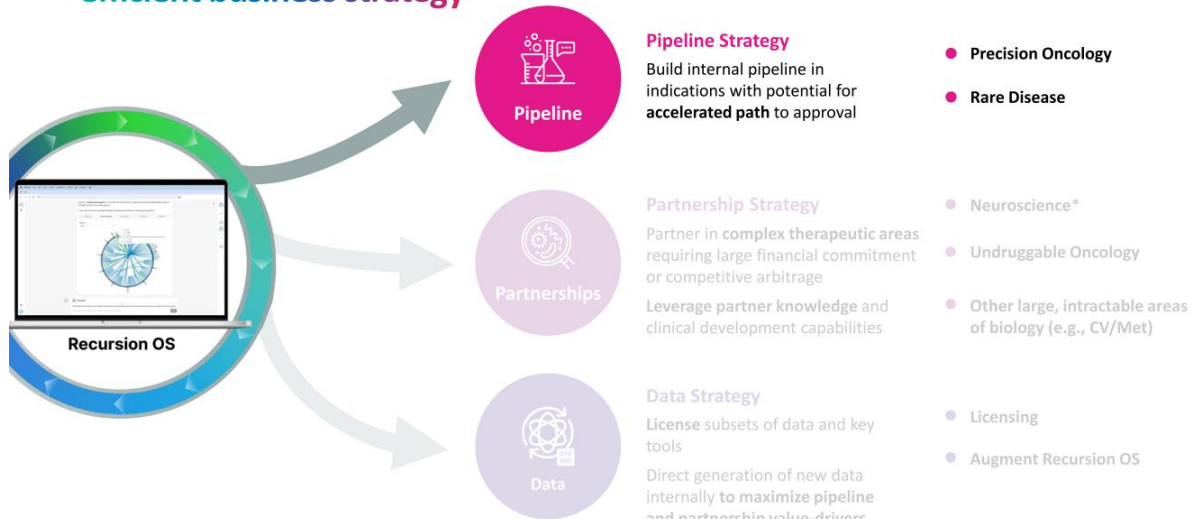
We harness value from the Recursion OS with a multi-pronged capital efficient business strategy



31 *Includes a single oncology indication from our Roche and Genentech collaboration.

Value Creation – Pipeline

We harness value from the Recursion OS with a multi-pronged capital efficient business strategy



33 *Includes a single oncology indication from our Roche and Genentech collaboration.

Our pipeline reflects the scale and breadth of our approach

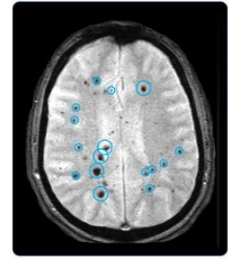
	Program	Indication	Target	Patient Population	Preclinical	Phase 1	Phase 2	Phase 3	Anticipated Near-Term Milestones
Rare & Other	REC-994	Cerebral Cavemous Malformation	Superoxide	~ 360K ¹	SYCAMORE				Encouraging Ph2 data, meeting with FDA is anticipated
	REC-2282	Neurofibromatosis Type 2	HDAC	~ 33K ²	POPLAR				Preliminary data readout in Q4 2024
	REC-4881	Familial Adenomatous Polyposis	MEK	~ 50K ³	TUPELO				Preliminary data readout in Q4 2025
	REC-3964	<i>Clostridioides difficile</i> Infection	TcdB	~730K	ALDER				Ph2 initiation in Q4 2024
	Epsilon	Fibrotic Diseases	Undisclosed	~ 50K ^{4,5,6}					IND submission in early 2025
Oncology	REC-4881	Advanced AXIN1/APC-mutant Cancers	MEK	~ 104K ⁷	LILAC				Preliminary data readout in H1 2025
	REC-1245	Advanced HR-Proficient Cancers	RBM39	~ 220K ⁸					IND submission in Q3 2024, Ph 1/2 initiation in Q4 2024

More than a dozen discovery and research programs in oncology or with our partners – first program optioned by Roche-Genentech in GI-oncology

All populations defined above are US and EU5 incidence unless otherwise noted. EU5 is defined as France, Germany, Italy, Spain, and UK. (1) Prevalence for hereditary and sporadic symptomatic population. (2) Annual US and EU5 incidence for all *NF2*-driven meningiomas. (3) Prevalence for adult and pediatric population. (4) Our program has the potential to address several indications. (5) We have not finalized a target product profile for a specific indication. (6) Incidence for US only. (7) 2L+ drug-treatable population. (8) 2L+ drug-treatable population comprising ovarian, prostate, breast, and pancreatic cancers.



<p>PREVALENCE & STANDARD OF CARE</p> <p>~360,000 Symptomatic US + EU5, >1 million patients worldwide live with these lesions today</p> <p>>5x larger US patient population than other rare diseases like Cystic Fibrosis (>31k patients)</p> <p>No approved therapy</p> <ul style="list-style-type: none"> • Most patients receive no treatment or only symptomatic therapy • Surgical resection or stereotactic radiosurgery not always feasible because of location and is not curative 	<p>CAUSE</p> <p>LOF mutations in genes <i>CCM1</i>, <i>CCM2</i> & <i>CCM3</i>, key for maintaining the structural integrity of the vasculature due to unknown mechanisms</p> <hr/> <p>PATHOPHYSIOLOGY & REASON TO BELIEVE</p> <p>Vascular malformations of the CNS leading to focal neurological deficits, hemorrhage and other symptoms</p> <p>Efficacy signal in Recursion OS as well as functional validation via scavenging of massive superoxide accumulation in cellular models; reduction in lesion number with chronic administration in mice</p>
<p>KEY ELEMENTS</p> <ul style="list-style-type: none"> • Targeting sporadic and familial symptomatic CCM patients with <i>CCM1</i>, <i>CCM2</i>, and <i>CCM3</i> mutations • Superoxide scavenger, small molecule • Encouraging Phase 2 data, meeting with FDA is anticipated as soon as practical • US & EU Orphan Drug Designation 	



Vascular malformations (cavernomas)



Julia – living with CCM

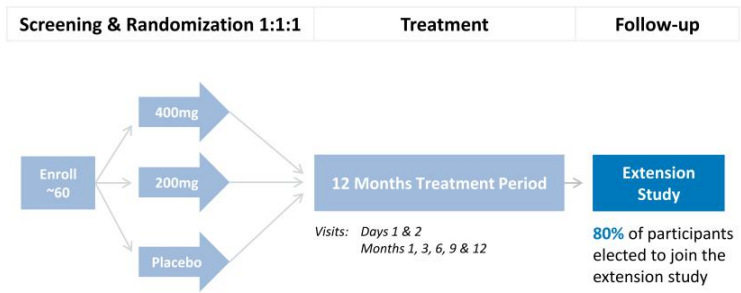


Clinical: CCM

SYCAMORE Clinical Trial: REC-994 for CCM Phase 2

Topline Data Delivered September 2024

Enrollment Criteria
<ul style="list-style-type: none">MRI-confirmed CCM lesion(s)Familial or sporadicSymptoms directly related to CCM
Outcome Measures
<ul style="list-style-type: none">Primary: Safety and tolerabilitySecondary: EfficacyExploratory: Biomarkers



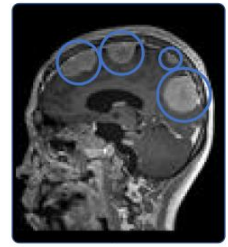
Meeting with FDA is anticipated as soon as practical to discuss plans for additional clinical study



Clinical: NF2

POPLAR Trial: REC-2282 for NF2 Part A Fully Enrolled

<p>PREVALENCE & STANDARD OF CARE</p> <p>~33,000 Treatable US + EU</p> <p>No approved therapy</p> <ul style="list-style-type: none"> • Surgery/RT is standard of care (when feasible) • Location may make complete resection untenable, leading to hearing loss, facial paralysis, poor balance and visual difficulty • Stasis or shrinkage of tumor could improve prognosis 	<p>CAUSE</p> <p>LOF mutations in NF2 tumor suppressor gene, leading to deficiencies in the tumor suppressor protein merlin</p>
<p>KEY ELEMENTS</p> <ul style="list-style-type: none"> • Targeting familial & sporadic NF2 meningioma patients • CNS penetrant HDAC inhibitor • Oral dosing 	<p>PATHOPHYSIOLOGY & REASON TO BELIEVE</p> <p>Inherited rare CNS tumor syndrome leading to loss of hearing and mobility, other focal neurologic deficits</p> <p>Efficacy signal in Recursion OS, cellular, and animal models; suppression of aberrant ERK, AKT, and S6 pathway activation in a Phase 1 PD Study in NF2 patient tumors</p> <ul style="list-style-type: none"> • Part A (adult cohort) fully enrolled • Preliminary readout expected Q4 2024 • Fast-track and US & EU Orphan Drug Designation



Intracranial meningiomas



Ricki – living with NF2



Clinical: NF2

POPLAR Trial: REC-2282 for NF2 Part A Fully Enrolled

Key Enrollment Criteria

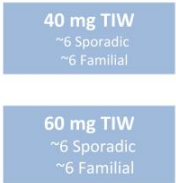
- MRI-confirmed progressive meningioma
- Sporadic meningioma with confirmed NF2 mutation
- Familial NF2 meningioma
- Have documented progression with past 24 months

Outcome Measures

- Primary: PFS6 defined as proportion of patients who are alive or progression free after
- Secondary: ORR, Safety, PK/PD

Phase 2/3 trial initiated in Q2 2022

Phase 2 portion



6-month PFS (Futility Analysis)

- Go/No-go to Ph3
- Safety/Tolerability
- PK
- PFS



Trial Update

- Enrollment of adult patients in Phase 2 portion of the study is complete (N=24)
- Phase 2 readout in adults (safety & preliminary efficacy) expected in Q4 2024



Clinical: FAP

TUPELO Clinical Trial : REC-4881 for FAP Phase 2 Underway

<p>PREVALENCE & STANDARD OF CARE</p> <p>~50,000 Diagnosed US + EU</p> <p>No approved therapy</p> <ul style="list-style-type: none"> • Colectomy during adolescence (with or without removal of rectum) is standard of care • Post-colectomy, patients still at significant risk of polyps progressing to GI cancer • Significant decrease in quality-of-life post-colectomy (continued endoscopies, surgical intervention) 	<p>CAUSE</p> <p>Inactivating mutations in the tumor suppressor gene <i>APC</i></p> <hr/> <p>PATHOPHYSIOLOGY & REASON TO BELIEVE</p> <p>Polyps throughout the GI tract with extremely high risk of malignant transformation</p> <p>Efficacy signal in the Recursion OS showed specific MEK 1/2 inhibitors had an effect in context of <i>APC</i> LOF. Subsequent <i>APC^{min}</i> mouse model showed potent reduction in polyps and dysplastic adenomas</p>
<p>KEY ELEMENTS</p> <ul style="list-style-type: none"> • Targeting classical FAP patients (with <i>APC</i> mutation) • MEK inhibitor, small molecule • Oral dosing • Preliminary readout expected H1 2025 • Fast-Track and US & EU Orphan Drug Designation 	



Polyps Found in Colon and Upper GI Tract



Clinical: FAP

TUPELO Clinical Trial : REC-4881 for FAP Phase 2 Underway

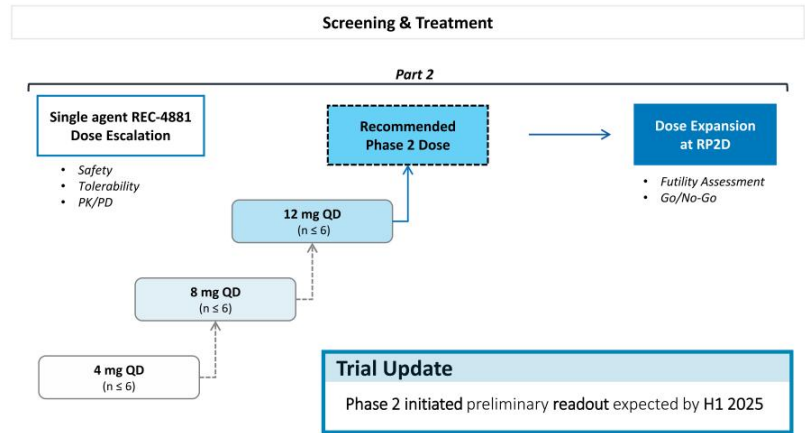
Part 2 Enrollment Commenced

Key Enrollment Criteria

- Confirmed APC mutation
- ≥ 55 years old
- Post-colectomy/proctocolectomy
- No cancer present
- Polyps in either duodenum (including ampulla of Vater) or rectum/pouch

Outcome Measures

- Primary:
 - Safety & Tolerability
 - Change from baseline in polyp burden at 12 weeks
- Secondary:
 - RP2D
 - PK/PD

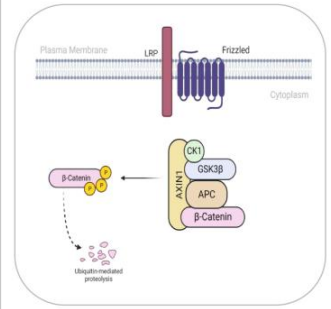




Clinical: AXIN1 or APC

LILAC Clinical Trial: REC-4881 for AXIN1 or APC mutant cancers

<p>PREVALENCE & STANDARD OF CARE</p> <p>~104,000 Treatable US + EU</p> <p>Substantial need for developing therapeutics for patients harboring mutations in <i>AXIN1</i> or <i>APC</i>, as these mutations are considered undruggable</p> <p>To our knowledge, REC-4881 is the only industry sponsored small molecule therapeutic designed to enroll solid tumor patients harboring mutations in <i>AXIN1</i> or <i>APC</i></p>	<p>CAUSE</p> <p>LOF mutations in <i>AXIN1</i> or <i>APC</i> tumor suppressor genes</p> <hr/> <p>PATHOPHYSIOLOGY & REASON TO BELIEVE</p> <p>Alterations in the WNT pathway are found in a wide variety of tumors and confer poor prognosis and resistance to standard of care</p> <p>Efficacy signal in the Recursion OS and favorable results in PDX models harboring <i>AXIN1</i> or <i>APC</i> mutations vs wild-type leading to a significant PFS benefit only in mutant models</p>
<p>KEY ELEMENTS</p> <ul style="list-style-type: none"> Targeting <i>AXIN1</i> or <i>APC</i> mutant cancers MEK inhibitor, small molecule Oral dosing Enrollment ongoing Phase 2 initial readout expected H1 2025 	





LILAC Clinical Trial: REC-4881 for AXIN1 or APC mutant cancers

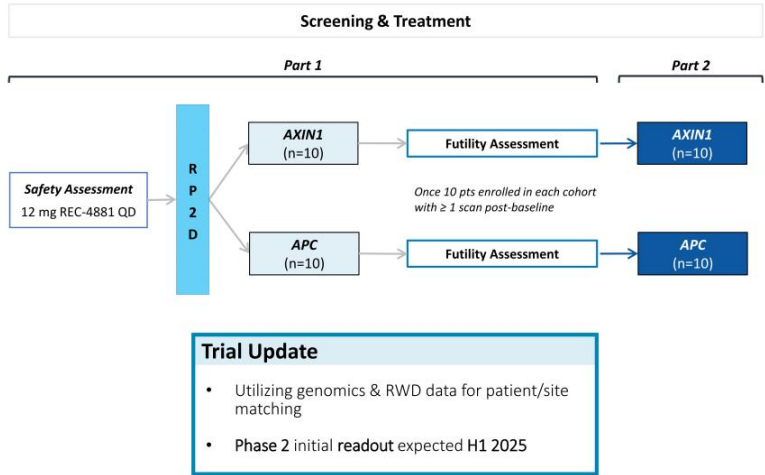
FPI achieved Q1 2024

Enrollment Criteria

- Unresectable, locally advanced, or metastatic cancers
- ≥ 55 years old
- AXIN1 or APC mutation confirmed by NGS (tissue or blood)
- CRC patients must be RAS / RAF wildtype
- No MEK inhibitor treatment within 2 months of initial dose
- ≥ 1 prior line of therapy
- ECOG PS 0-1

Outcome Measures

- Primary
 - Safety/tolerability
 - ORR (RECIST 1.1)
- Secondary
 - PK
 - Additional efficacy parameters





Clinical: *C. difficile*

ALDER Clinical Trial: REC-3964 for *C. Difficile*

PREVALENCE & STANDARD OF CARE

~730,000 Diagnosed US
+ EU5 patients

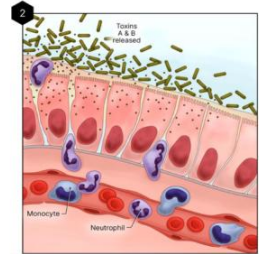
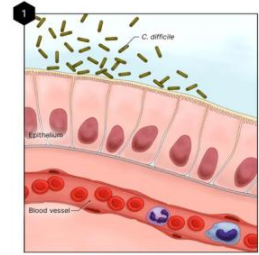
- **Severity of infection varies and can range from mild to severe, requiring colectomy**
 - **>29,000 patients** die in the US each year from CDI
- **Cost burden of up to \$4.8bn annually**

TREATMENT PARADIGM

- Standard of care for 1st occurrence: Antibiotics alone
- Recurrence (20-30% of patients) treated with antibiotics ± adjunct therapy (bezlotoxumab IV or fecal transplant)
- REC3964 inhibits the *C. difficile* toxins and is a non-antibiotic therapy

PATHOPHYSIOLOGY & REASON TO BELIEVE

- Selective Inhibitor of *C. difficile* Toxins
- Recursion's 1st Small Molecule NCE to Reach the Clinic
- Binds and blocks catalytic activity of the toxin's innate glucosyltransferase, but not the host's





Clinical: *C. difficile*

ALDER Clinical Trial: POC Phase 2 REC-3964 in Patients at High Risk of *C. Difficile* Recurrence

Enrollment Criteria

- Patients at high risk of recurrence
- ≥ 3 bowel movements in 24 hours
- Confirm CDI using EIA (toxin)
- No fulminant CDI
- No history of chronic diarrheal illness due to other causes

Outcome Measures

- Primary
 - Rate of recurrence
- Secondary
 - Additional efficacy measures
 - Safety / tolerability
 - PK

Screening

High Risk of Recurrence Patients with confirmed CDI

Vancomycin
Orally for 14 days

R 2:1:1
N=80

Patients with symptom resolution

Randomization & Treatment

REC-3964
500 mg orally BID

REC-3964
250 mg orally BID

Observational

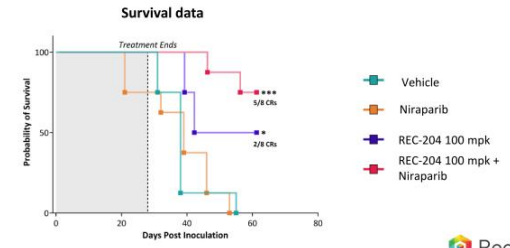
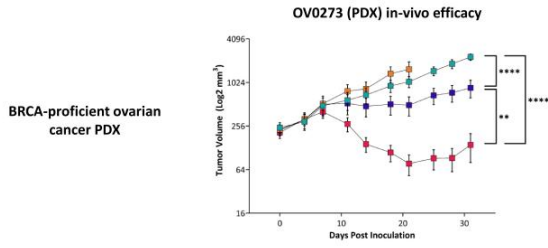
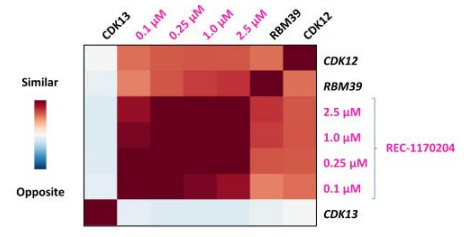
Follow Up

Trial Update

- Phase 1 and DDI studies completed
- Phase 2 initiation expected in Q4 2024, preliminary readout expected by end of 2025

REC-1245: RBM39 Inhibition for Advanced HR-Proficient Cancers

GOAL	Identify tumor-targeted precision therapeutic NCE with novel MOA capable of potentially treating HR-proficient cancers
INSIGHT FROM OS	Inhibition of target RBM39 (previously referred to as Target γ) may mimic the inhibition of CDK12 while mitigating toxicity related to CDK13 inhibition
FURTHER CONFIDENCE	A Recursion-generated NCE showed single agent efficacy that is enhanced in combination with Niraparib in a BRCA-proficient PDX model
NEXT STEPS	IND submission in Q3 2024 with Phase 1/2 dose finding / confirmation study expected to initiate in Q4 2024



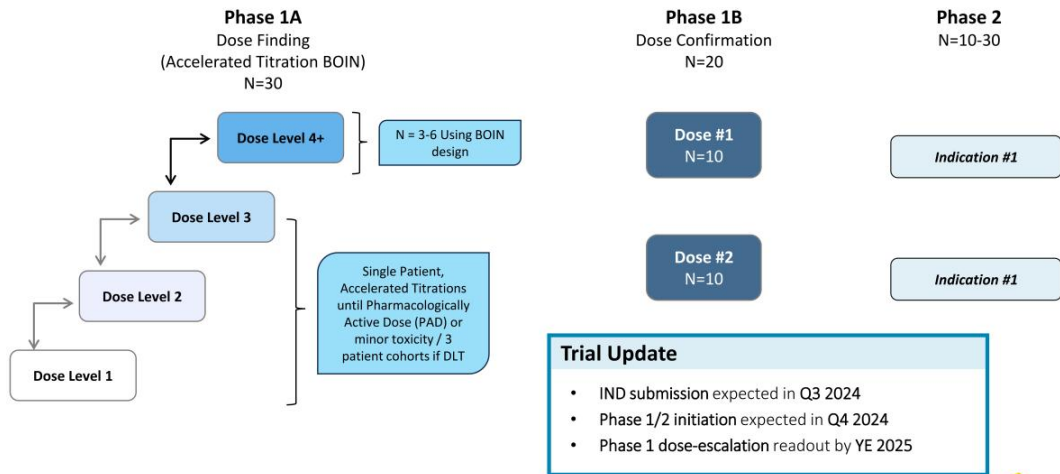
45

Note: in the OV0273 PDX model, mice were treated with a representative lead molecule REC-1170204 (100 mg/kg, BID, PO) \pm Niraparib (40 mg/kg, QD, PO) for 28 days. Single agent REC-1170204 or in combination with Niraparib resulted in a statistically significant response vs either Niraparib or vehicle arms. In addition, there was a statistically significant improvement in survival > 30 days post final dose. *p<0.05, **p<0.01, ****p<0.0001



REC-1245: RBM39 Inhibition for Advanced HR-Proficient Cancers

Planned Phase 1/2 study of REC-1245 in Biomarker Selected R/R HR-Proficient Solid Tumors



Target Epsilon: Novel Approach for Fibrotic Diseases

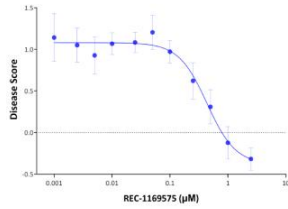
GOAL	Identify a therapeutic NCE with a novel MOA capable of reversing disease-related fibrotic processes
INSIGHT FROM OS	Recursion-generated hits show concentration-dependent rescue in a disease relevant human PBMC assay and phenomimic genetic KO of <i>Target Epsilon</i>
FURTHER CONFIDENCE	Compelling activity demonstrated in a gold standard animal model of a fibrotic disease with significant unmet need
NEXT STEPS	IND submission expected in early 2025 with Phase 1 healthy volunteer readout by YE 2025

Reversal of Fibrocyte Differentiation Assay



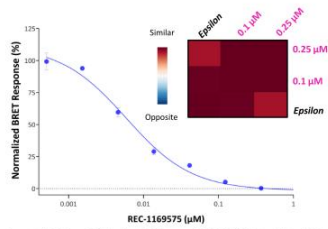
- Differentiation of human PBMCs into fibrocytes can be reversed by Pentraxin-2, a tissue repair protein, to mimic a healthy state
- Phenotypic features of healthy state can be replicated by small molecule rescue

1 REC-1169575 demonstrated concentration dependent rescue in the human fibrocyte phenotypic assay ¹

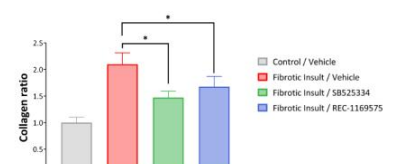


47

2 REC-1169575 mimicked CRISPR-KO of *Epsilon* at low doses and validated in a target Epsilon engagement assay ²



3 REC-1169575 significantly reduced collagen in a gold standard animal model of fibrotic disease ³



1. Disease Score of 1.0 reflects "disease state" while disease score of 0.0 reflects "healthy state." 2. Target Epsilon NanoBRET assay. 3. REC-1169575 administered 50 mg/kg BID PO. Differences between groups analyzed using Kruskal-Wallis test (*p < 0.05).

Value Creation – Partnerships

We harness value from the Recursion OS with a multi-pronged capital efficient business strategy




49 *Includes a single oncology indication from our Roche and Genentech collaboration.


Exciting scientific collaborations span biopharma, tech & data

Therapeutic discovery

Neuroscience and a single oncology indication


 Genentech <small>A member of the Roche Group</small> Announced Dec 2021	<ul style="list-style-type: none">• \$150M upfront and up to or exceeding \$500M in research milestones and data usage options• In addition, up to or exceeding \$300M in possible program milestones for up to 40 programs• One program and one map already optioned• Mid to high single-digit tiered royalties on net sales
---	---

Undruggable oncology targets


 Announced Sep 2020 Significant Update Announced Nov 2023	<ul style="list-style-type: none">• \$30M upfront and \$50M equity investment• Increased per program milestones which may be up to \$1.5B in aggregate for up to 7 oncology programs• Mid single-digit royalties on net sales• Recursion owns all algorithmic improvements• First beta-user of LOWE
---	---


Platform, Technology and Data

Computation and ML/AI


 Announced July 2023	<ul style="list-style-type: none">• \$50M equity investment• Partnership on advanced computation (e.g., foundation model development)• Priority access to compute hardware or DGXCloud Resources• Phenom-Beta, a phenomics-based foundation model from Recursion, now available on NVIDIA's BioNeMo platform
---	---

Real-world data access

 Announced Nov 2023	<ul style="list-style-type: none">• Preferential access to >20 PBs of real-world, multi-modal oncology data, including DNA & RNA sequencing and clinical outcome data for >100,000 patients• Ability to train causal AI models with utility in target discovery, biomarker development & patient selection• Opportunity to accelerate clinical trial enrollment through broad clinical network
--	--

 Announced May 2024	<ul style="list-style-type: none">• Access to hundreds of thousands of de-identified records, including Helix's Exome+(R) genomics & longitudinal health data, to train causal AI models and design biomarker & patient stratification strategies across broad disease areas
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Cheminformatics and chemical synthesis

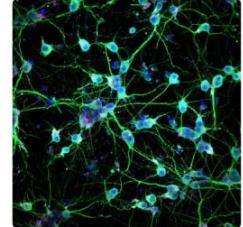
 Announced Dec 2023	<ul style="list-style-type: none">• Utilizes Recursion's predicted protein-ligand interactions for ~36B compounds from Enamine's REAL Library• Aim to generate enriched screening libraries & co-brand customer offerings
--	--

Roche-Genentech optioned industry-first neuroscience phenomap from Recursion for \$30 Million

Fee Structure	\$30 million is part of a fee structure that could exceed a total of \$500 million across multiple maps , not inclusive of program milestones
Validated Approach	Validates Recursion's scientific approach to mapping biology as well as Recursion's ability to deliver on success-based data options
Milestone Payment	Augmenting this map with chemical perturbations , completion and acceptance could trigger a larger second milestone payment
Building Technologies	Built cell manufacturing technologies and produced >1 trillion hiPSC derived neuronal cells to create this initial map
Additional Maps	Building additional maps in other neural cell contexts that will further investigate genome scale genetic and diverse chemical perturbations for this decade-long collaboration



Genentech
A Member of the Roche Group

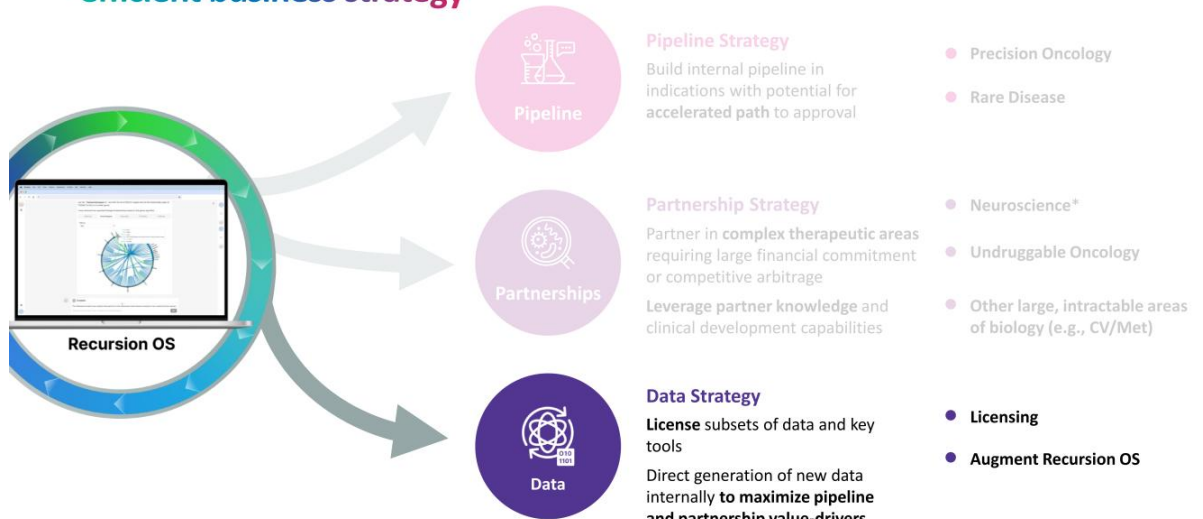


Recursion is delivering value across its partnership with Bayer in undruggable oncology



Value Creation – Data Strategy

We harness value from the Recursion OS with a multi-pronged capital efficient business strategy

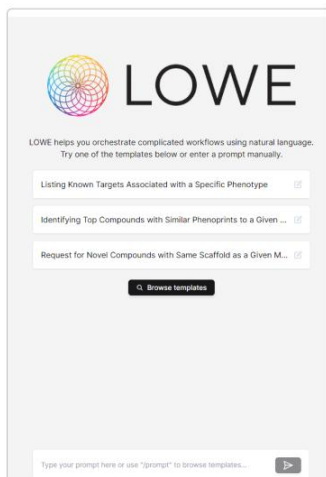


54 *Includes a single oncology indication from our Roche and Genentech collaboration.

The Recursion OS is a palette of evolving sophisticated modules



LOWE puts the Recursion OS at your fingertips via natural language without any coding expertise required



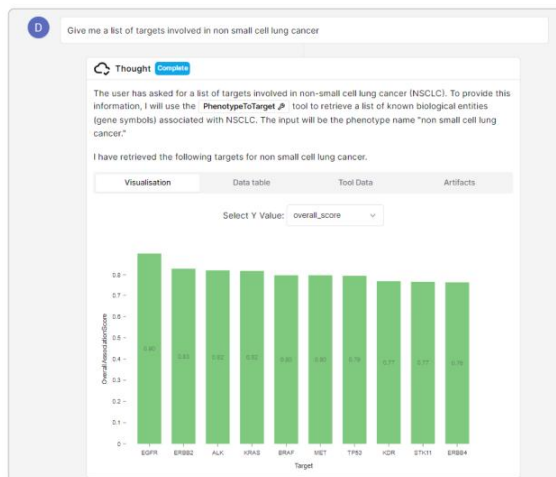
LOWE

LOWE helps you orchestrate complicated workflows using natural language. Try one of the templates below or enter a prompt manually.

- Listing Known Targets Associated with a Specific Phenotype
- Identifying Top Compounds with Similar Phenoprints to a Given ...
- Request for Novel Compounds with Same Scaffold as a Given M...

[Browse templates](#)

Type your prompt here or use "prompts" to browse templates...



Give me a list of targets involved in non small cell lung cancer

Thought Completed

The user has asked for a list of targets involved in non-small cell lung cancer (NSCLC). To provide this information, I will use the **PhenotypeToTarget** tool to retrieve a list of known biological entities (gene symbols) associated with NSCLC. The input will be the phenotype name "non small cell lung cancer."

I have retrieved the following targets for non small cell lung cancer.

Visualisation | Data table | Tool Data | Artifacts

Select Y Value: overall_score

Target	OverallScore
EGFR	0.86
ERBB2	0.83
ALK	0.82
KRAS	0.82
BRAF	0.80
MEK	0.80
TP53	0.79
MDM	0.77
STK11	0.77
ERBB4	0.76


LOWE puts the Recursion OS at your fingertips via natural language without any coding expertise required

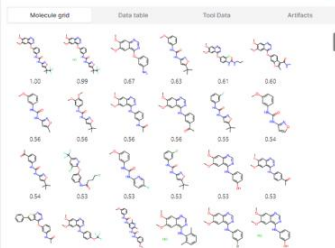
D Find the top 50 commercially available compounds that have a similar structure to CCOC1=CC2=NC=NC(O)C3=CC(=O)C=C(C)C3=CC=C2C=C1OC and place an order for all 50.

Thought [Answer](#)

The user has requested to find the top 50 commercially available compounds similar to a given SMILES string and then place an order for all 50. I will first use the **MoleculeSearch** tool to find the top 50 similar compounds and then use the **OrderCompounds** tool to place an order for them.

I have retrieved the most similar compounds starting from the following structure








Molecule grid	Data table	Tool Data	Artifacts
			

Type your prompt here or use "autocomplete" to browse templates.

D Design a Phenomics experiment in HUVEC cells to test these compounds for phenosimilarity to RAF1.

Thought [Answer](#)

To design a phenomics experiment in HUVEC cells to test the compounds for phenosimilarity to RAF1, I will need to schedule the experiment using the compounds we have ordered. Since I already have the compound order ID, I will use the **ScheduleExperiments** tool to arrange for the experiment to be conducted.

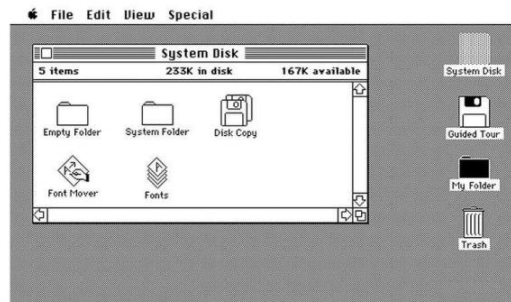
Observation	Tool Data	Artifacts
I have scheduled the requested DOSE-RESPONSE PHENOMIC experiment. The experiment id is 11368208-e485-e8ea-b403-126d9f90c6d .		
#	Structure	smiles
1		<chem>[H]SC1=CC(=O)C2=C(C)N(C)C=CC=C2C3=CC(=O)C=C(C)C3=CC=C2C=C1OC</chem>
2		<chem>CC1=CC(=O)C(N)C1=C(C)N(C)C=C(C)C=C(C)C1=CC=C(C)C=C1</chem>
3		<chem>CC(=O)C1=CC=C(C)C=C1C(C)N(C)C=C(C)C=C(C)C1=CC=C(C)C=C1</chem>
4		<chem>CCOC1=CC2=NC=NC(O)C3=CC(=O)C=C(C)C3=CC=C2C=C1OC</chem>
5		<chem>CC1=CC(=O)C(N)C1=C(C)N(C)C=C(C)C=C(C)C1=CC=C(C)C=C1</chem>

Complete

The Phenomics experiment in HUVEC cells to test the ordered compounds for phenosimilarity to RAF1 has been successfully scheduled. The experiment ID is 11368208-e485-e8ea-b403-126d9f90c6d.

The Recursion OS is now more than a collection of point solutions accessible to expert users

...it is increasingly integrated and accessible via a **Discovery User Interface** that can be used by any of our scientists from the comfort of their laptop...



Culture and Team

Our People

Functional Breakdown



>500 employees

- Technology – data science, software engineering, automation, etc.
- Life Sciences – biology, chemistry, development, etc.
- Strategic Operations

~43%
Female

~54%
Male

~1%
Non-Binary

Data shown reflective of Q2 2024, gender statistics include participating individuals

Parity Pledge Signer
gender parity and people of color parity

Locations



Headquarters in **Salt Lake City, Utah**
with additional locations in:

- San Francisco, California
- Toronto, Ontario
- Montréal, Québec
- London, England



Our leadership brings together experience & innovation to advance TechBio

Board of Directors



Rob Hershberg, MD PHD
Co-Founder, CEO, & Chair of HilleVax, Former EVP, CSO, & CBO of Celgene



Chris Gibson, PHD
Co-Founder & CEO



Dean Li, MD PHD
Co-Founder of RXRX, President of Merck Research Labs



Zavain Dar
Co-Founder & Partner of Dimension



Terry-Ann Burrell, MBA
CFO & Treasurer of Beam Therapeutics



Blake Borgeson, PHD
Co-Founder of RXRX



Zachary Bogue, JD
Co-Founder & Partner of Data Collective



Najat Khan, PHD
Chief R&D Officer & Chief Commercial Officer

Executive Team



Chris Gibson, PHD
Co-Founder & CEO



Najat Khan, PHD
Chief R&D Officer & Chief Commercial Officer



Tina Larson
President & COO



Michael Secora, PHD
Chief Financial Officer



David Mauro, MD PHD
Chief Medical Officer



Ben Mabey
Chief Technology Officer



Laura Schaevitz, PHD
SVP & Head of Research



Kristen Rushton, MBA
Chief Business Ops Officer

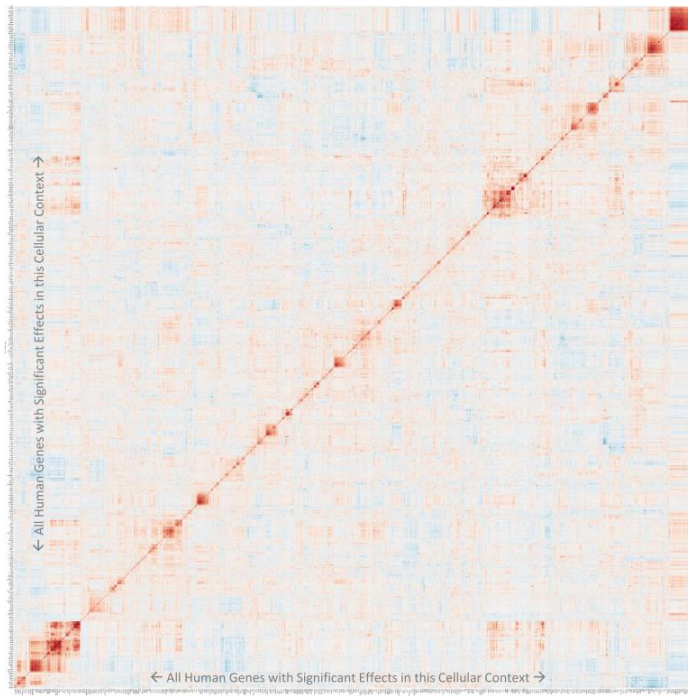


Nathan Hatfield, JD MBA
Chief Legal Officer



Matt Kinn, MBA
SVP Business Development

Additional Information about Scientific Approach



Genome-scale mapping

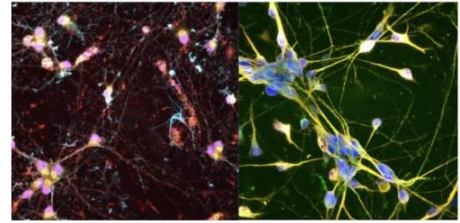
This is a **whole-genome arrayed CRISPR knock-out Map** generated in primary human endothelial cells

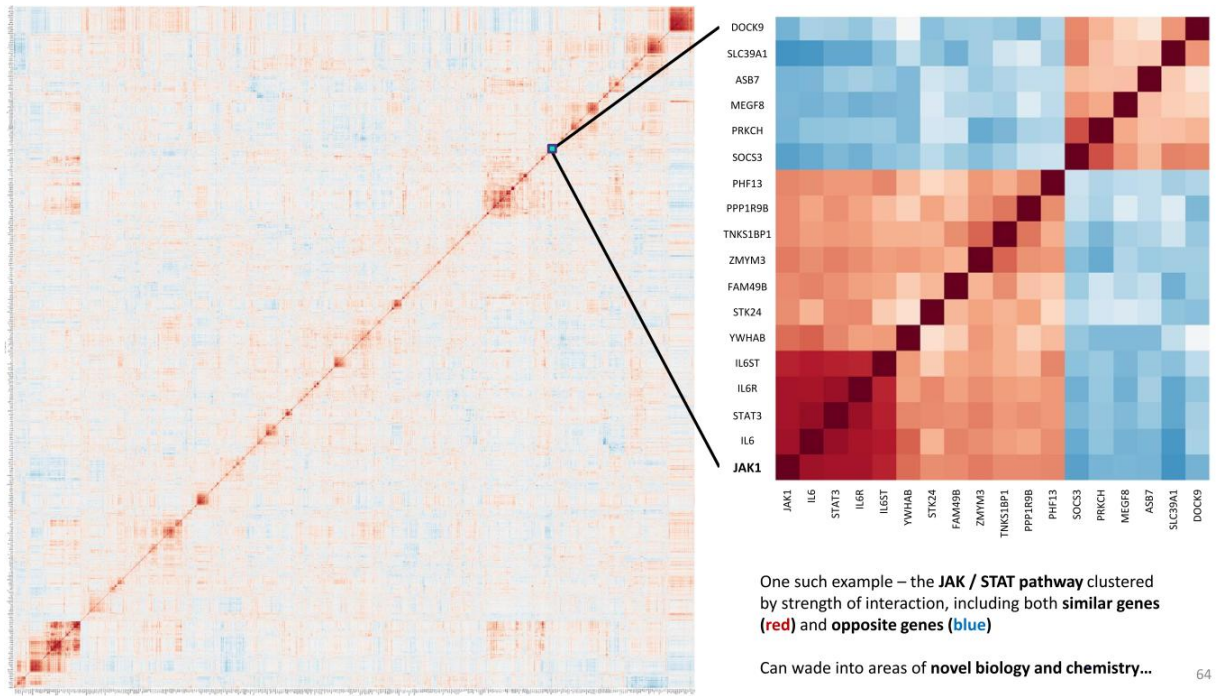
Every gene is represented in a pairwise way (each is present in columns and rows)

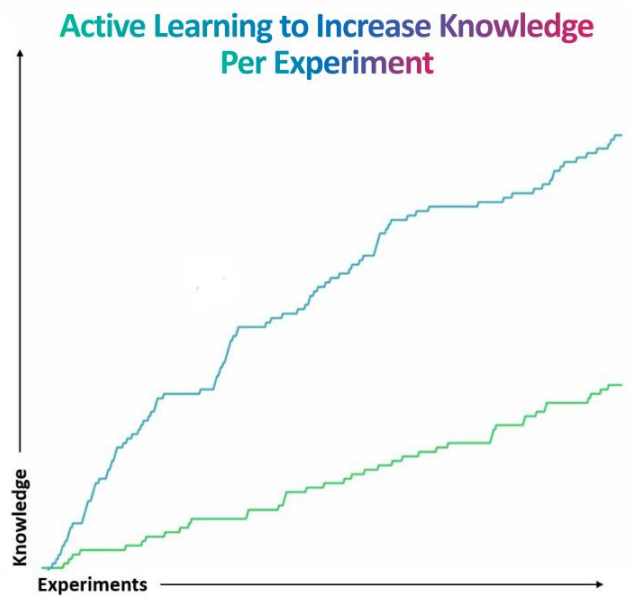
Dark Red indicates phenotypic similarity according to our neural networks while **Dark Blue** indicates phenotypic anti-similarity (which in our experience often suggests negative regulation)

We can add the phenotypes of hundreds of thousands of small molecules at multiple doses and query and interact with these maps using a web application

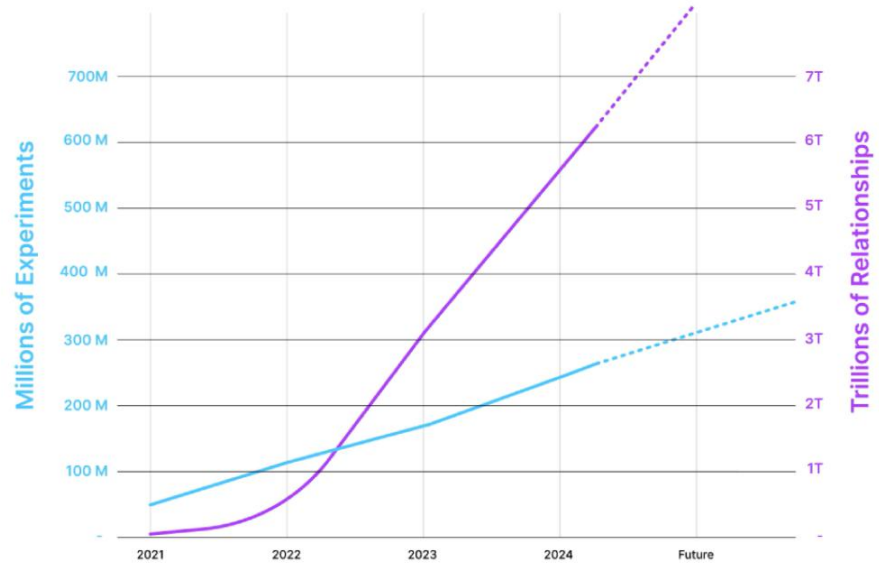
Thousands of examples of known biology and chemistry







Virtuous Cycles Drive Super-Linear Knowledge Creation



Additional Information about Pipeline Programs



Clinical: CCM

REC-994 for CCM

First-in-disease potential in CCM with an orally bioavailable small molecule superoxide scavenger

Program Overview

- First therapeutic candidate advanced to an industry-sponsored Phase 2 trial (SYCAMORE) for CCM
- Partnered with leading KOLs at University of Rochester to develop a CCM PRO instrument for clinical trials
- Putative MOA decreases ROS and oxidative stress to rescue pathogenetic endothelial dysfunction

Clinical Updates

- Phase 2 primary endpoint of safety met with similar AE profile seen across placebo and REC-994 arms
- MRI-based trends towards reduced lesion volume and hemosiderin ring size in patients on 400mg vs placebo
- 80% of participants who completed 12 months of treatment entered LTE portion

Near-term Catalysts

- Planning to present data at a medical conference and publish results in a peer reviewed scientific journal
- Meeting with the FDA is anticipated as soon as practical to discuss plans for an additional clinical study

Commercial Opportunity

- ~360,000 symptomatic CCM patients living in US and EU5 with no pharmacological agents approved
- Favorable competitive landscape with REC-994 estimated to be 2+ years ahead in development

IP & Exclusivity

- ODD in US and EU provides 7 and 10 years, respectively, of market exclusivity following approval
- Method of use patents provide protection until 2035 (excluding extensions), additional protections being sought



Clinical: CCM

Disease Overview : CCM is an Under-Appreciated Orphan Disease

Non-oncology Orphan Indication	Product	U.S. + EU5 Prevalence
Cerebral cavernous malformation (CCM)	REC-994 (Recursion)	>1,800,000 (Symptomatic: ~360,000)
Idiopathic pulmonary fibrosis (IPF)	Esbriet (pirfenidone)	>160,000
Cystic fibrosis (CF)	VX-669/ VX-445 + Tezacaftor + Ivacaftor - Vertex	>55,000
Spinal muscular atrophy (SMA)	SPINRAZA (nusinersen)	>65,000

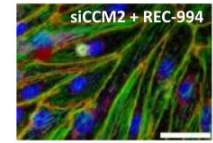
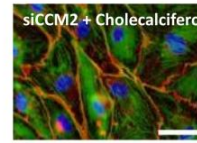
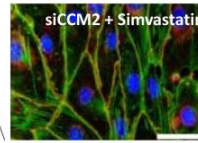
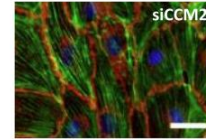
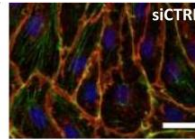
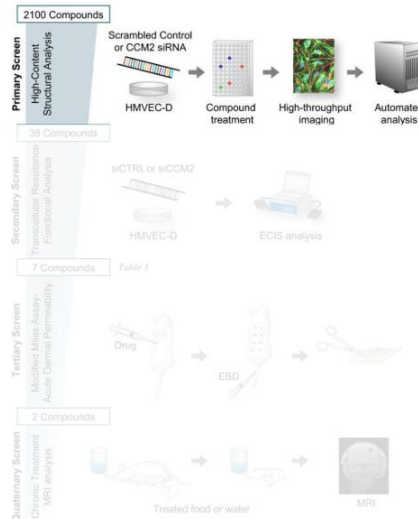
69

Sources: Angioma Alliance ; Fleming KD, et al. Population-Based Prevalence of Cerebral Cavernous Malformations in Older Adults: Mayo Clinic Study of Aging. *JAMA Neurol.* 2017 Jul 1;74(7):801-805. doi: 10.1001/jamaneurol.2017.0439. PMID: 28492932; PMID: PMC5647645 ; Spiegler S, et al Cerebral Cavernous Malformations: An Update on Prevalence, Molecular Genetic Analyses, and Genetic Counselling. *Mol Syndromol.* 2018 Feb;9(2):60-69. doi: 10.1159/000486292. Epub 2018 Jan 25. PMID: 29593473; PMID: PMC5836221; Maher T, et al Global incidence and prevalence of idiopathic pulmonary fibrosis. *Respir Res.* 2021 Jul 7;22(1):97. Doi: 10.1186/s12931-021-01793-x. PMID: 34233665. DRG 2022 Solutions, Report: Epidemiology, Cystic Fibrosis. CDC: SMA





CCM – Applied prototyping of the Recursion OS



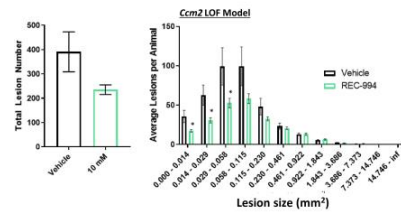
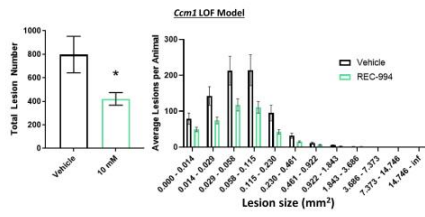
Using an early version of our Recursion OS in an academic setting, we identified about 39 molecules out of 2,100 screened that according to a machine learning classifier rescued a complex unbiased phenotype associated with CCM2 loss of function.

Through a set of follow-on confirmatory assays of increasing complexity, REC-994 stood out as one of two compounds we tested in a 5-month chronic CCM animal model where both compounds demonstrated significant benefit.

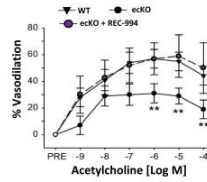


Preclinical Studies: REC-994 reduces lesion burden and ameliorates vascular defects in genetic mouse models of CCM

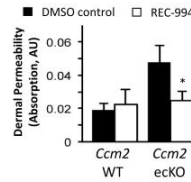
1 Reduces lesion number & size in *Ccm1* and *Ccm2* LOF mouse models



2 Rescues acetylcholine-induced vasodilation defect



3 Rescues dermal permeability defect in CCM2 mice

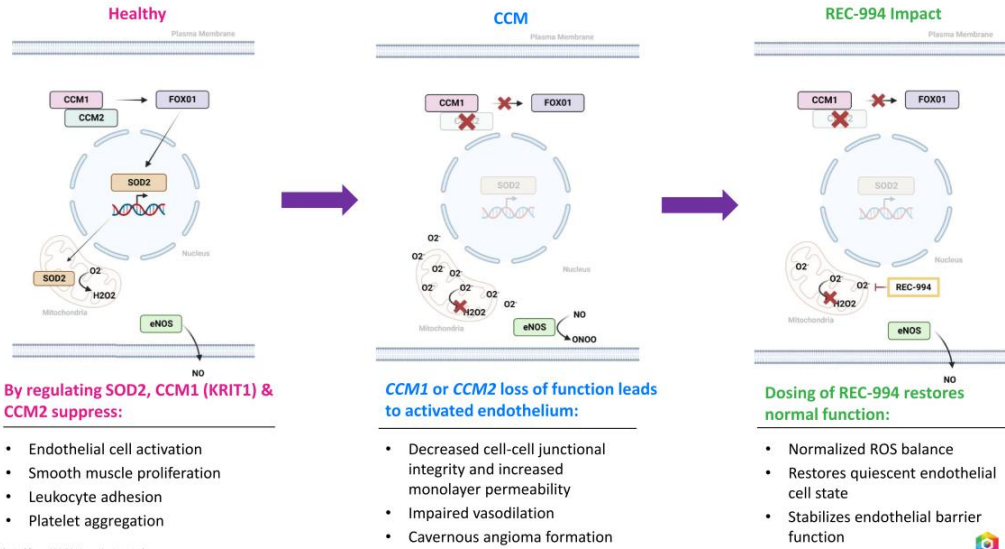


- REC-994 stabilizes the integrity of vasculature against challenges to permeability
- Altered vascular permeability is a clinically relevant feature of CCM lesions





REC-994 : Mechanism of Action





Clinical: CCM

Further Confidence : Clinical Studies Indicate Favorable Safety Profile**REC-994 Phase 1 Studies - well-tolerated with no dose-dependent adverse events in SAD and MAD**

MAD Study	Placebo	50 mg	200 mg	400 mg	800 mg
Total Number of TEAEs	5	0	10	4	15
Total Subjects with \geq one TEAE	4	0	3	3	4
Severity					
Mild	3	0	3	3	3
Moderate	1	0	0	0	1
Severe	0	0	0	0	0
Relationship to Study Drug					
None	3	0	0	2	1
Unlikely	1	0	1	1	2
Possibly	0	0	0	0	0
Likely	0	0	2	0	1
Definitely	0	0	0	0	0
Total Number of SAEs	0	0	0	0	0
Total Subject with \geq one TEAE	0	0	0	0	0
Discontinued Study Drug Due to AE	0	0	0	0	0

73 Source: REC-994 for the Treatment of Symptomatic Cerebral Cavernous Malformation (CCM) Phase 1 SAD and MAD Study Results. Oral Presentation at Alliance to Cure Scientific Meeting, 2022 Nov 17



Clinical: NF2

REC-2282 for Neurofibromatosis Type 2 (NF2)

First-in-disease opportunity in NF2 with HDAC inhibitor

Program Overview

- Orally bioavailable small molecule inhibitor of class I and class IIB HDACs in Phase 2/3 (POPLAR) trial
- Unique MOA that disrupts PP1-HDAC interface, attenuating pathophysiologic p-AKT without affecting total AKT
- Fast Track Designation in *NF2* mutant meningioma granted by FDA in 2021

Clinical Updates

- Part A (Phase 2) fully enrolled with 24 adult participants
- Early Phase 1 study demonstrated mPFS of 9.1 months in patients with CNS tumors, including 5 NF2 patients
- Therapeutic concentrations of REC-2282 achieved in plasma and CNS tumors in early Phase 1 studies

Near-term Catalysts

- Phase 2 readout in adults (safety and preliminary efficacy) expected Q4 2024

Commercial Opportunity

- ~ 33,000 NF2-associated meningioma patients in US and EU5 eligible for treatment with no approved therapies
- Potential to expand into additional NF2 mutant populations including mesothelioma, MPNST and EHE

IP & Exclusivity

- ODD in US and EU provides 7 and 10 years, respectively, of market exclusivity following approval
- Composition of matter patent provides protection until 2030 (excluding extensions)

74

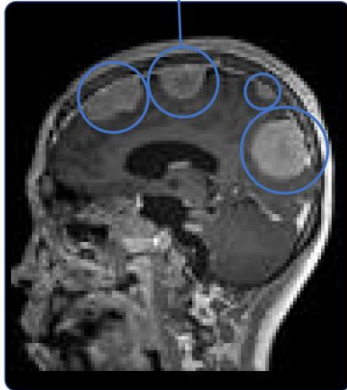


Clinical: NF2

Disease Overview : Neurofibromatosis Type 2 (NF2) Meningiomas

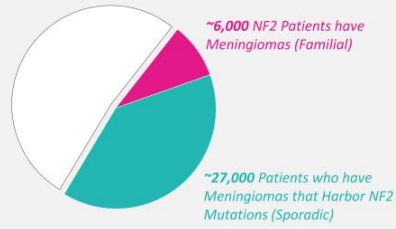
- Most tumors are benign and slow growing but location in CNS leads to serious morbidity or mortality
- Prognosis is adversely affected by early age at onset, a higher number of meningiomas and having a truncating mutation

Intracranial Meningioma



75

>66,000 Patients have Meningiomas



~33,000

Treatable US + EU5 patients

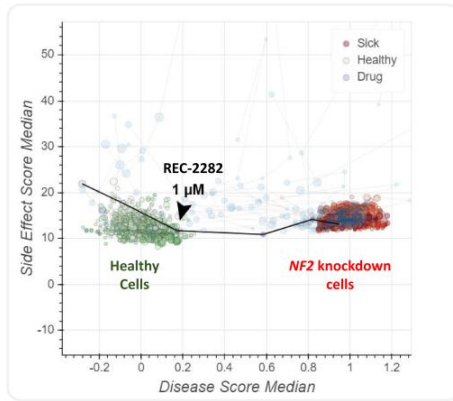
- Threatens mortality; if amenable, surgical excision is primary intervention
- Many patients have multiple meningiomas that exhibit heterogenous behavior and asynchronous growth
- Stasis or shrinkage of tumor could improve prognosis

 Recursion

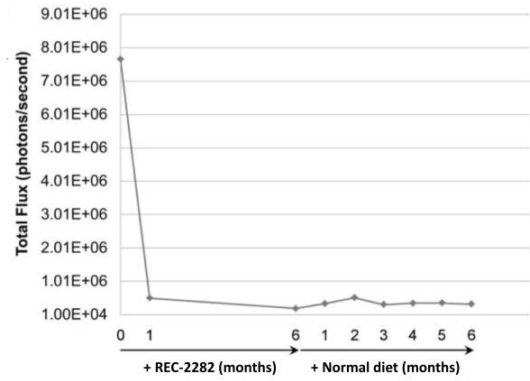
Source: Permoy, et al. Comparative clinical and genomic analysis of neurofibromatosis type 2-associated cranial and spinal meningiomas. Nature. 2020 Jul 28;10(12563). Doi: <https://doi.org/10.1038/s41588-020-69074-z>; NORD



Insight from OS : REC-2282 Rescued Loss of *NF2*



Prevents growth & regrowth of NF2-deficient meningioma model in mice

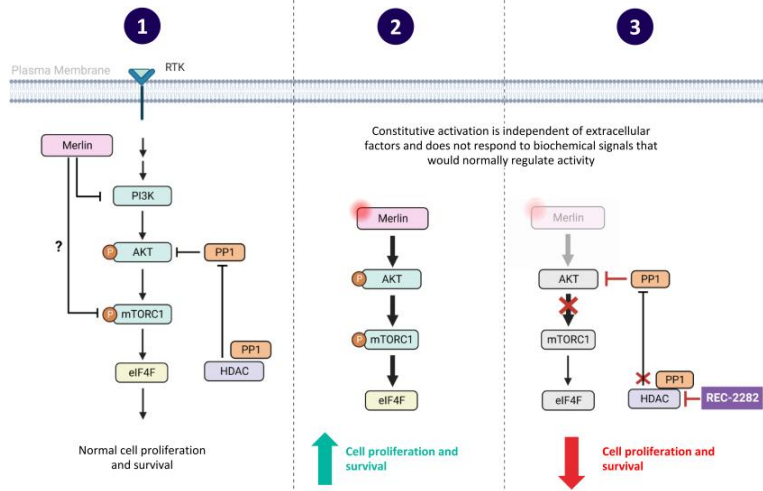




Clinical: NF2

REC-2282 : Mechanism of Action

Orally Bioavailable, CNS-penetrating, Small Molecule HDAC Inhibitor



- 1 NF2 encodes for the protein Merlin and negatively regulates mTOR signaling
- 2 Loss of Merlin leads to increased signaling in the PI3K/AKT/mTOR pathway
- 3 Oncogenic mTOR signaling arrested with HDAC inhibitors

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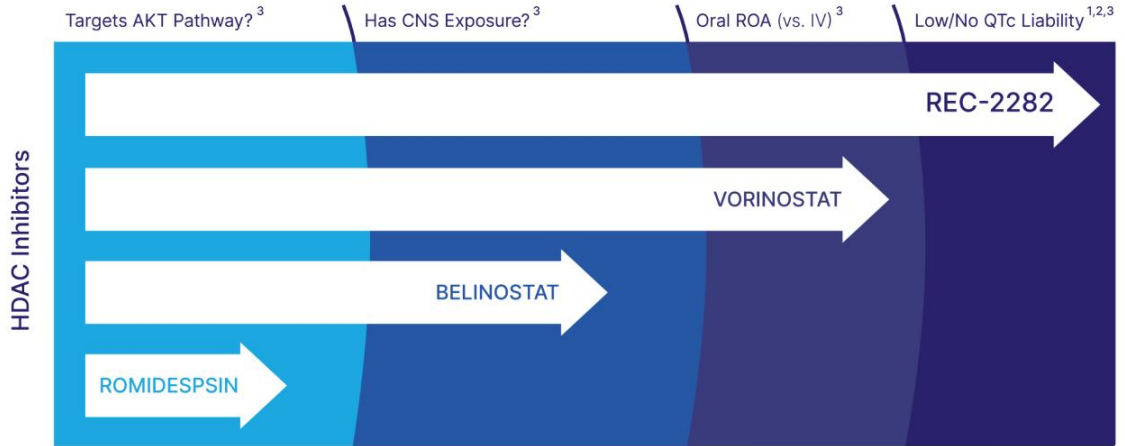
AKT, protein kinase B; eIF4F, eukaryotic initiation factor 4F; HDAC, histone deacetylase; mTor, mammalian target of rapamycin; mTORC1, mammalian target of rapamycin complex 1; NF2, neurofibromatosis type 2; PI3K, phosphoinositide 3-kinase; PP1, protein phosphatase 1; Ras, reticular activating system.



Clinical: NF2

REC-2282 Appears Well Suited for NF2 vs Other HDAC Inhibitors

REC-2282 Would be First-In-Disease HDAC Inhibitor for Treatment of NF2 Meningiomas



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¹Sborov DW, et al. A phase 1 trial of the HDAC inhibitor AR-42 in patients with multiple myeloma and T- and B-cell lymphomas. *Leuk Lymphoma*. 2017 Oct;58(10):2310-2318.

²Collier KA, et al. A phase 1 trial of the histone deacetylase inhibitor AR-42 in patients with neurofibromatosis type 2-associated tumors and advanced solid malignancies. *Cancer Chemother Pharmacol*. 2021 May;87(5):599-611.

³Prescribing Information of Vorinostat/Belinostat/Romidepsin respectively



Clinical: FAP

REC-4881 for Familial Adenomatous Polyposis (FAP)

First-in-disease opportunity in FAP with a MEK 1/2 inhibitor

Program Overview

- Orally bioavailable, small molecule non-ATP competitive allosteric inhibitor of MEK 1/2 in Phase 1b/2 (TUPELO)
- REC-4881 appears more active versus approved MEK inhibitors in disease relevant preclinical models
- Fast Track Designation in FAP granted by FDA in 2022

Clinical Updates

- Part 1 completed with 4 mg QD generally well-tolerated and safety profile consistent with other MEK inhibitors
- Early PD data indicates 4 mg is pharmacologically active – Part 2 protocol updated to dose escalation / expansion
- Efficacy will evaluate change in polyp burden relative to baseline at 12 weeks

Near-term Catalysts

- FPI for Part 2 achieved in Q2 2024
- Phase 2 initial readout (safety, preliminary efficacy, pharmacokinetics) anticipated H1 2025

Commercial Opportunity

- ~ 50,000 FAP patients in US and EU5 eligible for treatment with no approved therapies
- Opportunity to treat moderate-to-severe population to potentially delay or prevent surgical intervention

IP & Exclusivity

- ODD in US and EU provides 7 and 10 years, respectively, of market exclusivity following approval
- No known barriers to market access



Clinical: FAP

Disease Overview : Familial Adenomatous Polyposis



Polyps Found in Colon and Upper GI Tract

Patient Population

- Autosomal dominant tumor predisposition syndrome caused by a mutation in the APC gene
- Classic FAP (germline mutation) :
 - Hundreds to thousands of polyps in colon and upper GI tract
 - Extraintestinal manifestations (e.g., desmoid tumors)
 - 100% likelihood of developing colorectal cancer (CRC) before age 40, if untreated
- Standard of care: colectomy during adolescence
- Post-colectomy, patients at significant risk of polyps progressing to GI cancer

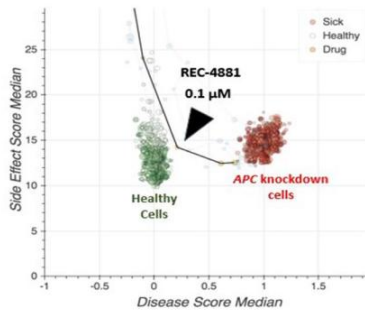
~50,000

Diagnosed US + EU5 patients

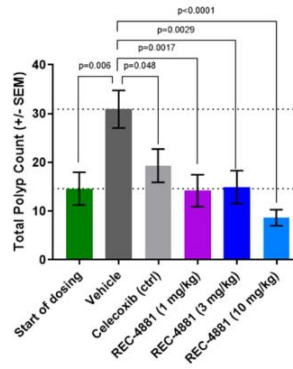


Preclinical Validation of Novel OS Insight in Relevant FAP Models

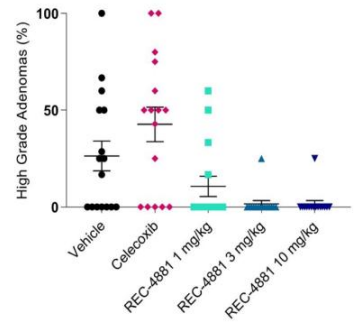
REC-4881 rescued phenotypic defects of cells with APC knockdown



↓ polyp count



↓ high-grade dysplasia

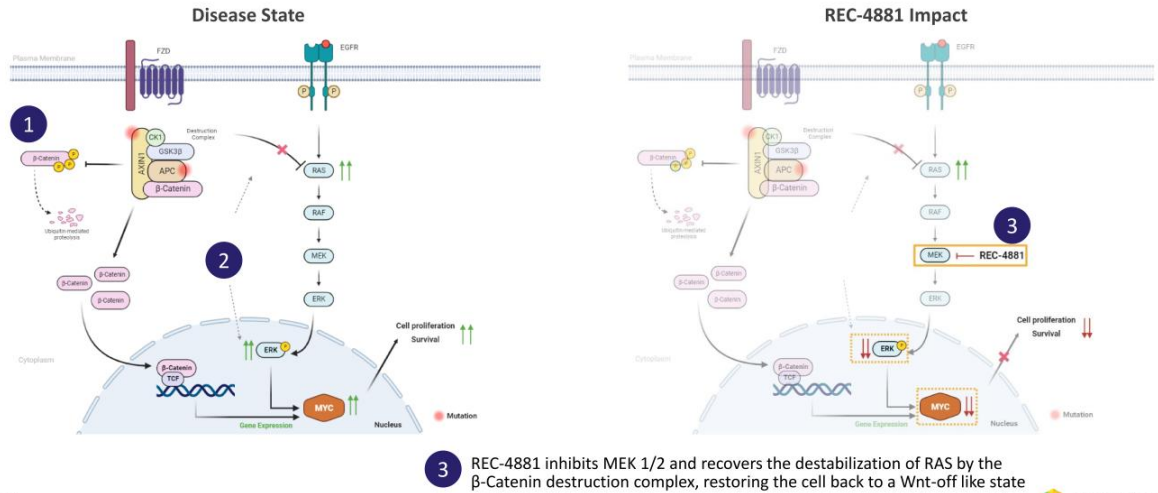




Clinical: FAP

MoA : REC-4881 Blocks Wnt Mutation Induced MAPK Signaling

Orally Bioavailable, Small Molecule MEK Inhibitor



3 REC-4881 inhibits MEK 1/2 and recovers the destabilization of RAS by the β-Catenin destruction complex, restoring the cell back to a Wnt-off like state



Clinical: AXIN1 or APC

REC-4881 for AXIN1 or APC Mutant Cancers

First-in-disease opportunity in AXIN1 or APC mutant cancers with a MEK 1/2 inhibitor

Program Overview

- Orally bioavailable, small molecule non-ATP competitive allosteric inhibitor of MEK 1/2 in Phase 2 (LILAC)
- First therapeutic candidate advanced to a Phase 2 signal finding study in *AXIN1* or *APC* mutant cancers
- Recursion's first clinical trial in oncology and the first that used inferential search for hypothesis generation

Clinical Updates

- Safety run-in of REC-4881 to identify RP2D prior to allocation
- Protocol designed to assess activity in two independent cohorts of *AXIN1* or *APC* mutant tumors
- Efficacy will evaluate ORR as measured by RECIST 1.1

Near-term Catalysts

- FPI achieved in Q1 2024
- Phase 2 readout (safety, preliminary efficacy, and PK) anticipated H1 2025

Commercial Opportunity

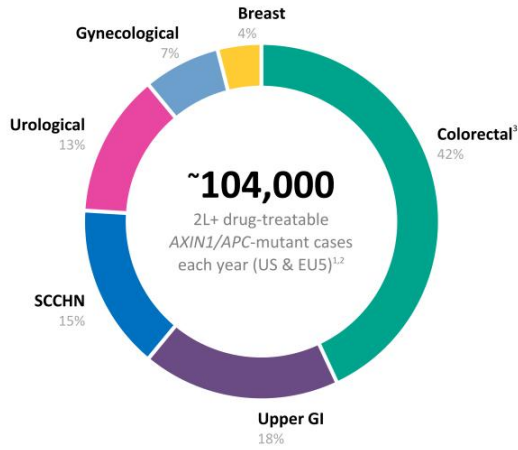
- Diagnosed incidence of ~ 104,000 2L+ drug-treatable patients harboring *AXIN1* or *APC* mutations in US and EU5
- *AXIN1* and *APC* genes covered by commercially available NGS panels and liquid biopsy detection assays

IP & Exclusivity

- Method of use patent pending with protection until 2043 (excluding extensions)
- No known barriers to market access



Disease Overview : AXIN1 or APC Mutant Cancers



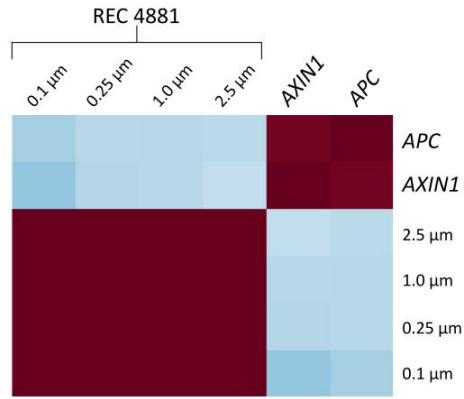
Flexible Patient Selection Strategy and Study Design

- AXIN1 and APC genes covered by commercially available NGS panels and liquid biopsy detection assays
- FDA guidance supports utility of ctDNA as patient selection for the detection of alterations for eligibility criteria and as a stratification factor for trials enrolling marker-positive and marker-negative populations⁴
- Multiple tumor types will inform study design and patient selection

When present, AXIN1 or APC mutations may be actionable drivers across multiple solid tumors



Recursion OS Identified Novel Insight of AXIN1 & APC biology



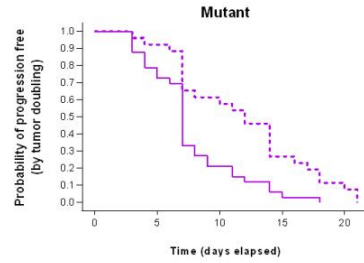
REC-4881 is phenotypically opposite to the genetic KO of *APC* and *AXIN1* providing a novel mechanism that may restore the disease state modeled by the loss of these genes

Significantly greater antitumor activity in mutant models led to significant PFS benefit

	Median PFS (days)	95% CI
REC-4881 (n = 33)	12.0	(7.16 - 20.01)
Vehicle (n = 33)	7.0	(4.19 - 11.70)

Log-rank p value < 0.001

HR = 0.49 (95% CI 0.29 - 0.83)





Clinical: *C. difficile*

REC-3964 for Prevention of recurrent *C. difficile* infection (rCDI)

Potential first-in-class small molecule for prevention of rCDI

Program Overview

- Orally bioavailable, small molecule *C. difficile* toxin inhibitor and the first NCE developed by Recursion
- Differentiated MOA selectively targets bacterial toxin while sparing the host to minimize adverse events
- Robust preclinical activity demonstrating superiority vs bezlotoxumab in the gold standard hamster model

Clinical Updates

- Favorable safety and tolerability profile in Phase 1 dose-escalation with no DLTs and no SAEs
- Minimal adverse events seen in Phase 1, and all deemed Grade 1
- BID dosing provides therapeutic exposures expected to reach targeted trough concentrations

Near-term Catalysts

- Phase 2 proof-of-concept study planned for initiation in Q4 2024
- Preliminary readout expected YE 2025

Commercial Opportunity

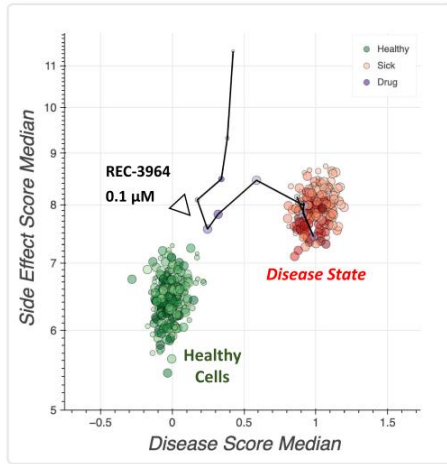
- > 100,000 high-risk rCDI patients in US and EU5 with limited treatment options to prevent recurrent disease
- Ability to address populations not eligible for FMT or microbiome-based therapies due to comorbidities

IP & Exclusivity

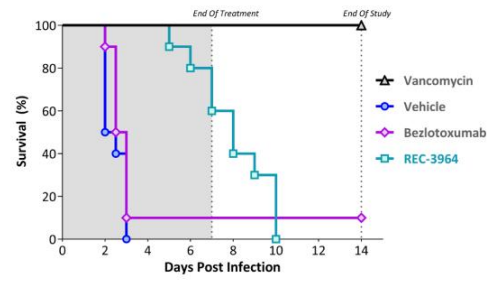
- Composition of matter patent allowed with protection until 2042 (excluding extensions)
- No known barriers to market access



Insight from OS: REC-3964 Rescued Cells Treated with *C. difficile* Toxins



REC-3964 significantly extended survival over SOC



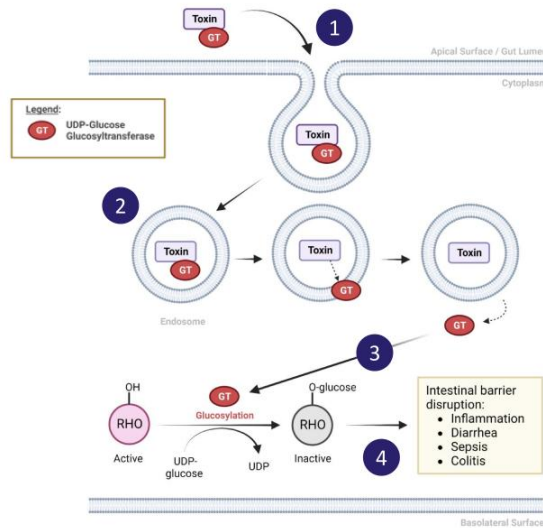
- REC-3964 potently inhibits toxin B with residual activity against toxin A, while bezlotoxumab is specific to toxin B.
- Significant difference in probability of survival vs bezlotoxumab alone at the end of treatment ($p < 0.001$, log-rank test)



Clinical: *C. difficile*

REC-3964 : Selective Inhibitor of *C. difficile* Toxins

REC-3964 is Recursion's 1st Small Molecule NCE to Reach the Clinic

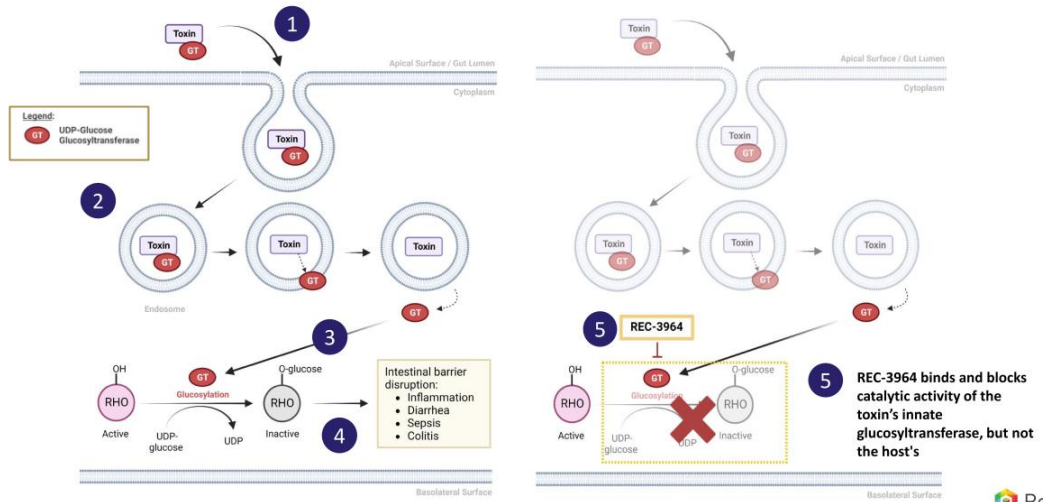




Clinical: *C. difficile*

REC-3964 : Selective Inhibitor of *C. difficile* Toxins

REC-3964 is Recursion's 1st Small Molecule NCE to Reach the Clinic



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Adapted from Awad, MM, et al. (2014). *Clostridium difficile* virulence factors: Insights into an anaerobic spore-forming pathogen. *Gut Microbes*. 5(5), 579-593.



Phase 1 Topline

Trial Design

- Randomized, Double-blind Trial

Population

- Healthy Participants
- SAD (n = 48)
 - 36 participants treated with REC-3964
 - 12 participants treated with placebo
- MAD (n = 42)
 - 34 participants treated with REC-3964
 - 8 participants treated with placebo

Primary Objectives

- ✓ Assess the safety & tolerability of SAD and MAD of REC-3964
- ✓ Evaluate the PK profile of REC-3964 after single and multiple doses

- REC-3964 oral administration was **well tolerated** by all subjects tested
 - ✓ **3%** (n=1) of participants in SAD with drug-related AEs
 - ✓ **12%** (n=4) of participants in MAD with drug-related AEs
 - ✓ All AEs were deemed **Grade 1**
 - ✓ **No SAEs** were observed
 - ✓ **No discontinuations** related to treatment
- REC-3964 exhibited a **favorable PK profile**
 - ✓ Exposures (AUC) **increased approximately dose-proportionally** across the dose ranges tested (50 mg – 1200 mg)
 - ✓ Half-life ranged from **~7-10 hours**; BID dosing expected to reach targeted trough concentrations

**REC-3964 was well-tolerated with no treatment-related SAEs**

MAD Study	Placebo	100 mg	300 mg	500 mg	900 mg	REC-3964	MAD
	(N=8) n (%)	(N=10) n (%)	(N=8) n (%)	(N=8) n (%)	(N=8) n (%)	Overall (N=34) n (%)	Overall (N=42) n (%)
Total Number of TEAEs	17	24	5	9	7	45	62
Total Participants with ≥ 1 TEAE	6 (75.0)	8 (80.0)	4 (50.0)	5 (62.5)	4 (50.0)	21 (61.8)	27 (64.3)
Relationship to Study Drug							
Not Related	4 (50.0)	6 (60.0)	3 (37.5)	4 (50.0)	4 (50.0)	17 (50.0)	21 (50.0)
Related	2 (25.0)	2 (20.0)	1 (12.5)	1 (12.5)	0	4 (11.8)	6 (14.3)
Abdominal Distension	2 (25.0)	1 (10.0)	1 (12.5)	1 (12.5)	0	3 (8.8)	5 (11.9)
Flatulence	0	1 (10.0)	0	0	0	1 (2.9)	1 (2.4)
Severity							
Grade 1	6 (75.0)	8 (80.0)	4 (50.0)	5 (62.5)	4 (50.0)	21 (61.8)	27 (64.3)
Grade 2	0	0	0	0	0	0	0
Grade ≥ 3	0	0	0	0	0	0	0
Total Number of SAEs							
Discontinued Study Drug Due to AE	0	0	0	0	0	0	0

REC-1245: RBM39 Inhibition for Advanced HR-Proficient Cancers

Potential first-in-class molecular glue degrader for biomarker selected population

Program Overview

- Recursion OS identified RBM39 as a novel target capable of mimicking CDK12 biology independent of CDK13
- Lead molecule has demonstrated durable regressions across HRP and HRD cell line and patient derived xenografts
- Program advanced from target identification to IND-enabling stages in under 18 months

Clinical Updates

- No significant in vitro safety concerns with favorable tolerability in disease relevant animal models
- Target engagement assays demonstrate strong correlation between RBM39 degradation and tumor reduction in vivo
- Excellent physiochemical properties and reasonable human projected doses support cost-effective CMC campaign

Near-term Catalysts

- IND submission expected in Q3 2024 with Phase 1/2 initiation expected in Q4 2024
- Phase 1 data from the dose-escalation portion expected by YE 2025

Commercial Opportunity

- ~220,000 patients in US and EU5 harbor cancers that lack HRR mutations and have progressed on frontline therapies
- Potential as a single agent or in combination with other agents (PARP, IO, chemo, etc.)

IP & Exclusivity

- Composition of matter patent pending with protection until 2043 (excluding extensions)
- No known barriers to market access

Recursion Announces Phase 2 Data of REC-994, a First-in-Disease Investigational Treatment for Symptomatic Cerebral Cavernous Malformation (CCM), has Met its Primary Endpoint of Safety and Tolerability

REC-994 also demonstrates encouraging trends in objective MRI-based exploratory efficacy measures at the highest dose and the company plans to advance development of REC-994 for the potential treatment of symptomatic CCM in subsequent studies.

SALT LAKE CITY, Sep. 3, 2024 (GLOBE NEWSWIRE) -- Recursion (NASDAQ: RXXR), a leading clinical stage TechBio company decoding biology to radically improve lives, today announced top-line results of the SYCAMORE trial, a 12-month Phase 2 randomized double-blind, placebo-controlled, safety, tolerability and exploratory efficacy study for REC-994 in symptomatic CCM patients.

REC-994 met its primary endpoint of safety and tolerability, demonstrating a similar profile across placebo and both 200mg and 400mg dosage-arms with regard to the frequency and severity of adverse events after 12 months of treatment. Magnetic resonance imaging-based secondary efficacy endpoints showed a trend towards reduced lesion volume and hemosiderin ring size in patients at the highest dose (400mg) as compared to placebo. Time-dependent improvement in these trends at the 400mg dose was also observed in this signal-finding study. Improvements in either patient or physician-reported outcomes were not yet seen at the 12 month time point. A meeting with the FDA is anticipated as soon as practical to discuss plans for an additional clinical study. Recursion plans to present data from this trial at a forthcoming medical conference and intends to submit these data for publication in a peer reviewed scientific journal.

"These studies are making significant strides in the development of therapeutics for CCM. The data from this readout is an impressive start and will provide a valuable contribution to the existing CCM literature and strongly supports the need for a future study, with a longer duration and a larger patient cohort" said Dr. Jan-Karl Burkhardt, MD, Division Head, Cerebrovascular Surgery, University of Pennsylvania and Principal Investigator of the study. Connie Lee, Psy.D., founder and CEO of the Alliance to Cure Cavernous Malformation added: "I speak for the patients who have participated in the trial and those who have been cheering from the sidelines while waiting for news. This promising start is a critical step forward and will bring hope to thousands of families who currently have no options but brain or spinal cord surgery. The Alliance to Cure Cavernous Malformation looks forward to partnering with Recursion as they move to the next stage of the REC-994 program."

"We are encouraged by the recent data from our signal-finding Phase 2 study in CCM, where the trial successfully met its primary safety endpoint and became the first investigational therapy to demonstrate

safety alongside some promising trends in exploratory efficacy endpoints. These results provide critical insights that will inform our next study design, including exploring study duration, higher doses, and a larger cohort of patients." said Najat Khan, Ph.D., Chief R&D Officer and Chief Commercial Officer of Recursion. "This is the first of several key clinical readouts for the company and represents an early proof-of-platform milestone for our constantly evolving Recursion OS, as we build upon our success in drug discovery with expertise and execution in mid-phase development. We are deeply grateful to the patients and investigators, and we are committed to advancing potential transformational therapies for CCM and beyond."

Background on Cerebral Cavernous Malformation (CCM)

CCM is a neurovascular condition that impacts approximately 360,000 symptomatic individuals in the US and EU5. The disease is often underdiagnosed and potentially affects over 1 million patients worldwide. 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. Currently, only non-pharmacologic treatments including microsurgical resection and stereotactic radiosurgery are available options for this high unmet need patient population. However, surgical resection or stereotactic radiosurgery is not always feasible because of location and may not be curative.

About REC-994

REC-994 is an orally bioavailable, superoxide scavenger small molecule under development for the treatment of symptomatic CCM. The potential of REC-994 in CCM was demonstrated using the earliest version of what would become the foundational technology underlying the Recursion OS. Subsequently, REC-994 demonstrated preclinical activity in models for CCM and tolerability and suitability for chronic dosing in Phase 1 single ascending dose escalation (SAD) and multiple ascending dose escalation (MAD) trials in healthy volunteers directed and executed by Recursion. Recursion has sought and received Orphan Drug Designation for REC-994 in symptomatic CCM in the US and Europe.

About the Trial

Our Phase 2 SYCAMORE clinical trial is a randomized, double-blind, placebo-controlled study of two doses of REC-994 in participants with CCM. The primary endpoint of the study is safety and tolerability. Secondary efficacy endpoints include MRI-based endpoints, clinician and patient reported outcomes, as well as selected biomarkers. This trial was fully enrolled in June 2023 with 62 participants, and 80% of participants who completed 12 months of treatment have entered the long-term extension study. This signal-finding study was not powered to demonstrate statistical significance.

About Recursion

Recursion (NASDAQ: RXX) is a clinical stage TechBio company leading the space by decoding biology to radically improve lives. Enabling its mission is the Recursion OS, a platform built across diverse

technologies that continuously generate one of the world's largest proprietary biological and chemical datasets. Recursion leverages sophisticated machine-learning algorithms to distill from its dataset a collection of trillions of searchable relationships across biology and chemistry unconstrained by human bias. By commanding massive experimental scale — up to millions of wet lab experiments weekly — and massive computational scale — owning and operating one of the most powerful supercomputers in the world, Recursion is uniting technology, biology and chemistry to advance the future of medicine.

Recursion is headquartered in Salt Lake City, where it is a founding member of BioHive, the Utah life sciences industry collective. Recursion also has offices in Toronto, Montréal, London, and the San Francisco Bay Area. Learn more at www.Recursion.com, or connect on X (formerly Twitter) and LinkedIn.

Media Contact

Media@Recursion.com

Investor Contact

Investor@Recursion.com

Forward-Looking Statements

This document contains information that includes or is based upon "forward-looking statements" within the meaning of the Securities Litigation Reform Act of 1995, including, without limitation, those regarding Recursion's anticipated meeting with the FDA; Recursion's plans to present SYCAMORE trial data at a medical conference and submit the data for publication; the clinical relevance of the SYCAMORE trial data and obtaining additional confirmatory data; promising trends in REC-994 efficacy endpoints; advancing potential transformational therapies for CCM and beyond; subsequent REC-994 studies and their results and advancing Recursion's REC-994 program further; the size of the potential CCM patient population; Recursion OS and other technologies potential and advancement of the future of medicine; business and financial plans and performance; and all other statements that are not historical facts. Forward-looking statements may or may not include identifying words such as "plan," "will," "expect," "anticipate," "intend," "believe," "potential," "continue," and similar terms. These statements are subject to known or unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied in such statements, including but not limited to: challenges inherent in pharmaceutical research and development, including the timing and results of preclinical and clinical programs, where the risk of failure is high and failure can occur at any stage prior to or after regulatory approval due to lack of sufficient efficacy, safety considerations, or other factors; our ability to leverage and enhance our drug discovery platform; our ability to obtain financing for development activities and other corporate purposes; the success of our collaboration activities; our ability to obtain regulatory approval of, and ultimately commercialize, drug candidates; our ability to obtain, maintain, and enforce intellectual property protections; cyberattacks or other disruptions to our technology systems; our ability to attract, motivate, and retain key employees and manage our growth; inflation and other macroeconomic issues; and other risks and uncertainties such as those described under the heading "Risk Factors" in our filings with the U.S. Securities and Exchange Commission, including our most recent Annual Report on Form 10-K, our subsequent Quarterly Reports on Form 10-Q, and our Current Reports on Form 8-K. All forward-looking statements are based on management's

current estimates, projections, and assumptions, and Recursion undertakes no obligation to correct or update any such statements, whether as a result of new information, future developments, or otherwise, except to the extent required by applicable law.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Exscientia Plc

Opinion on the Financial Statements

We have audited the accompanying consolidated statement of financial position of Exscientia Plc and its subsidiaries (the “Company”) as of December 31, 2023 and 2022, and the related consolidated statements of loss and other comprehensive (loss)/income, of changes in equity and of cash flows for each of the three years in the period ended December 31, 2023, including 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 as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated 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 of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Reading, U.K.

March 21, 2024

We have served as the Company’s auditor since 2019

Consolidated Statement of Loss and Other Comprehensive (Loss)/Income for the years ended 31 December, 2023, 2022 and 2021

	Note	December 31,	December 31,	December 31,
		2023	2022	2021
		£'000	£'000	£'000
Revenue	5	20,079	27,223	27,359
Cost of sales		(27,403)	(33,297)	(17,112)
Gross (loss)/profit		(7,324)	(6,074)	10,247
Research and development expenses		(128,444)	(128,865)	(44,047)
General administrative expenses		(45,331)	(38,416)	(25,783)
Foreign exchange (losses)/gains		(1,541)	33,609	938
Loss on forward contracts	27	—	(11,287)	—
Other income	6	6,636	5,742	3,749
Operating loss	7	(176,004)	(145,291)	(54,896)
Finance income	8	16,628	5,681	26
Finance expenses	9	(1,067)	(334)	(169)
Share of loss of joint venture	16	(1,645)	(691)	(1,152)
Loss before taxation		(162,088)	(140,635)	(56,191)
Income tax benefit	12	16,125	21,907	6,960
Loss for the year		(145,963)	(118,728)	(49,231)
Other comprehensive (loss)/income:				
<i>Items that may be reclassified to profit or loss</i>				
Foreign currency (loss)/gain on translation of foreign operations		(1,332)	2,476	(549)
<i>Items that will not be reclassified to profit or loss</i>				
Change in fair value of financial assets at fair value through OCI		—	—	(109)
Total other comprehensive (loss)/income for the year, net of tax		(1,332)	2,476	(658)
Total comprehensive loss for the year		(147,295)	(116,252)	(49,889)
Basic and diluted loss per share (£)	13	(1.18)	(0.97)	(0.99)

The accompanying accounting policies and notes on pages F10 to F69 form an integral part of these financial statements

Consolidated Statement of Financial Position as at December 31, 2023 and 2022

	Note	December 31, 2023 £'000	December 31, 2022 £'000
ASSETS			
Non-current assets			
Goodwill	14	6,186	6,321
Other intangible assets, net	14	28,459	33,602
Property, plant and equipment, net	15	48,954	37,648
Investment in joint venture	16	173	—
Right-of-use assets, net	17	18,513	14,794
Other receivables	18	663	100
Investments in equity instruments	27	2,145	2,145
Deferred tax asset, net	23	690	1,008
Total non-current assets		105,783	95,618
Current assets			
Trade receivables		3,372	523
Other receivables and contract assets	18	15,351	14,618
Current tax assets		23,166	33,023
Inventories	19	—	50
Short term bank deposits	27	103,586	101,234
Cash and cash equivalents	20	259,463	404,577
Total current assets		404,938	554,025
Total assets		510,721	649,643
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	21	63	61
Share premium	22	364,639	364,603
Capital redemption reserve	22	3	3
Foreign exchange reserve	22	492	1,824
Share-based payment reserve	22	46,984	35,267
Fair value reserve	22	(199)	(199)
Merger reserve	22	54,213	54,213
(Accumulated losses)/retained earnings	22	(110,469)	23,106
Total equity attributable to owners of the parent		355,726	478,878

The accompanying accounting policies and notes on pages F10 to F69 form an integral part of these financial statements

Consolidated Statement of Financial Position as at December 31, 2023 and 2022 (continued)

	Note	December 31, 2023 £'000	December 31, 2022 £'000
LIABILITIES			
Non-current liabilities			
Loans	27	306	313
Lease liabilities	17	16,221	10,942
Deferred tax liability, net	23	5,774	7,072
Contract liabilities and other advances	24	65,466	59,170
Provisions	25	2,157	1,243
Other payables	26	—	377
Total non-current liabilities		89,924	79,117
Current liabilities			
Trade payables		11,336	30,740
Lease liabilities	17	2,396	2,641
Contract liabilities and other advances	24	27,006	38,812
Other payables	26	24,333	19,455
Total current liabilities		65,071	91,648
Total liabilities		154,995	170,765
Total equity and liabilities		510,721	649,643

The accompanying accounting policies and notes on pages F10 to F69 form an integral part of these financial statements

Consolidated Statement of Changes in Equity for the years ended 31 December, 2023, 2022 and 2021

	Share Capital £'000	Share Premium £'000	Deferred Shares £'000	Foreign Exchange Reserve £'000	Share-based Payment Reserve £'000	Fair Value Reserve £'000	Merger Reserve £'000	(Accumulated Losses)/Retained Earnings £'000	Total Equity £'000
As at January 1, 2021	—	89,099	—	(111)	3,589	—	—	(34,054)	58,523
Loss for the year	—	—	—	—	—	—	—	(49,231)	(49,231)
Foreign exchange loss on translation of subsidiaries	—	—	—	(548)	(1)	—	—	—	(549)
Change in fair value of financial assets through OCI	—	—	—	—	—	(109)	—	—	(109)
Total comprehensive loss for the year	—	—	—	(548)	(1)	(109)	—	(49,231)	(49,889)
Share-based payment charge	—	—	—	—	10,466	—	—	—	10,466
Share issued on acquisition of subsidiary	1	13,886	—	—	—	—	—	—	13,887
Issue of share capital	12	533,804	—	—	—	—	—	—	533,816
Transfer of gain on disposal of equity instruments at fair value through OCI to retained earnings	—	—	—	—	—	(90)	—	90	—
Exercise of share options	—	14	—	—	(1,124)	—	—	1,120	10
Share for share exchange	630	—	—	—	—	—	217,381	—	218,011
Bonus issue	217,381	—	—	—	—	—	(217,381)	—	—
Share capital reduction	(217,381)	—	—	—	—	—	—	217,381	—
Nominal value reduction	(580)	—	—	—	—	—	—	580	—
Reorganisation elimination entry	—	(272,224)	—	—	—	—	54,213	—	(218,011)
Share split	(3)	—	3	—	—	—	—	—	—
As at December 31, 2021	60	364,579	3	(659)	12,930	(199)	54,213	135,886	566,813

The accompanying accounting policies and notes on pages F10 to F69 form an integral part of these financial statements

Consolidated Statement of Changes in Equity for the years ended 31 December, 2023, 2022 and 2021 (continued)

	Share Capital £'000	Share Premium £'000	Deferred Shares £'000	Capital Redemption Reserve £'000	Foreign Exchange Reserve £'000	Share-based Payment Reserve £'000	Fair Value Reserve £'000	Merger Reserve £'000	(Accumulated Losses)/Retained Earnings £'000	Total Equity £'000
As at January 1, 2022	60	364,579	3	—	(659)	12,930	(199)	54,213	135,886	566,813
Loss for the year	—	—	—	—	—	—	—	—	(118,728)	(118,728)
Foreign exchange gain/(loss) on translation of subsidiaries	—	—	—	—	2,483	(7)	—	—	—	2,476
Change in fair value of financial assets through OCI	—	—	—	—	—	—	—	—	—	—
Total comprehensive loss for the year	—	—	—	—	2,483	(7)	—	—	(118,728)	(116,252)
Share-based payment charge	—	—	—	—	—	30,576	—	—	—	30,576
Exercise of share options	1	24	—	—	—	(8,232)	—	—	5,948	(2,259)
Cancellation of deferred shares	—	—	(3)	3	—	—	—	—	—	—
As at December 31, 2022	61	364,603	—	3	1,824	35,267	(199)	54,213	23,106	478,878
Loss for the year	—	—	—	—	—	—	—	—	(145,963)	(145,963)
Foreign exchange loss on translation of subsidiaries	—	—	—	—	(1,332)	—	—	—	—	(1,332)
Total comprehensive loss for the year	—	—	—	—	(1,332)	—	—	—	(145,963)	(147,295)
Share-based payment charge	—	—	—	—	—	24,350	—	—	—	24,350
Exercise of share options	2	36	—	—	—	(12,633)	—	—	12,388	(207)
As at December 31, 2023	63	364,639	—	3	492	46,984	(199)	54,213	(110,469)	355,726

The accompanying accounting policies and notes on pages F10 to F69 form an integral part of these financial statements

Consolidated Statement of Cash Flows for the years ended 31 December, 2023, 2022 and 2021

	Note	December 31, 2023 £'000	December 31, 2022 £'000	December 31, 2021 £'000
Cash flows from operating activities				
Loss before tax		(162,088)	(140,635)	(56,191)
Adjustments to reconcile loss before tax to net cash flows from operating activities:				
Depreciation of right-of-use assets	17	3,567	1,747	848
Depreciation of property, plant and equipment	15	7,330	3,092	1,432
Amortisation of intangible assets	14	4,671	4,645	1,903
Impairment of plant and equipment	15	1,307	—	—
Onerous lease expense	25	807	—	—
Revenue settled with non-cash consideration	5	—	—	(3,349)
Loss recognised from joint venture	16	1,645	691	1,152
Finance income	8	(16,628)	(5,681)	(26)
Finance expenses	9	1,067	334	169
R&D expenditure tax credits	6	(5,387)	(3,923)	(1,653)
Share-based payment charge	30	24,350	30,576	10,466
Foreign exchange loss/(gain)		1,550	(29,556)	(63)
Changes in working capital:				
(Increase)/decrease in trade receivables		(5,347)	666	(574)
Increase in other receivables and contract assets		(1,631)	(7,558)	(3,571)
(Decrease)/increase in contract liabilities and other advances		(5,510)	51,662	35,715
(Decrease)/increase in trade payables		(14,341)	17,287	2,705
Increase in other payables		5,732	8,984	4,202
Decrease/(increase) in inventories		50	309	(184)
Interest received		8,175	3,702	26
Interest paid		(15)	(29)	(19)
R&D expenditure tax credits received		3,912	—	—
Income taxes received		29,317	3,172	309
Income taxes paid		(135)	—	—
Net cash flows used in operating activities		(117,602)	(60,515)	(6,703)
Cash flows from investing activities				
Payment for acquisition of subsidiary, net of cash acquired		—	—	(18,036)
Purchase of property, plant and equipment		(26,458)	(22,386)	(5,646)
Purchase of intangible assets		(200)	(53)	(1,460)
Additional investment in joint venture	16, 29	(1,827)	(242)	(1,424)
Redemption of short term deposits	27	257,834	—	—
Cash invested in short term bank deposits	27	(250,860)	(100,000)	—
Net cash flows used in investing activities		(21,511)	(122,681)	(26,566)

The accompanying accounting policies and notes on pages F10 to F69 form an integral part of these financial statements

Consolidated Statement of Cash Flows
for the years ended December 31, 2023, 2022 and 2021 (continued)

	Note	December 31, 2023 £'000	December 31, 2022 £'000	December 31, 2021 £'000
Cash flows from financing activities				
Proceeds from issue of share capital, net of transactions costs		38	24	183,136
Proceeds from issue of share capital relating to the Company's IPO and concurrent private placements, net of transaction costs		—	—	350,694
Cash paid on settlement of share based payments	30	(243)	(2,282)	—
Payments of obligations under lease liabilities	27	(3,194)	(1,740)	(881)
Net cash flows used in financing activities		(3,399)	(3,998)	532,949
Net (decrease)/increase in cash and cash equivalents				
Net (decrease)/increase in cash and cash equivalents		(142,512)	(187,194)	499,680
Exchange (loss)/gain on cash and cash equivalents		(2,602)	29,598	(91)
Cash and cash equivalents at the beginning of the year		404,577	562,173	62,584
Cash and cash equivalents at the end of the year	20	259,463	404,577	562,173
Supplemental disclosure of total cashflow information				
Net (decrease)/increase in cash and cash equivalents		(142,512)	(187,194)	499,680
Net increase in short term bank deposits		2,352	101,234	—
Exchange (loss)/gain on cash and cash equivalents		(2,602)	29,598	(91)
<i>Net (decrease)/increase in cash, cash equivalents and short term bank deposits including foreign exchange gains/(losses) on cash and cash equivalents</i>		(142,762)	(56,362)	499,589
Supplemental disclosure of operating Inflow Information				
Cash flow from collaborations		22,167	91,868	61,590
Amounts invoiced during the period		(27,737)	(87,328)	(62,333)
Foreign exchange losses/(gains) on trade receivables		223	(3,874)	169
<i>(Increase)/decrease in trade receivables</i>		(5,347)	666	(574)
Non-cash movement in trade receivables		2,498	—	—
Supplemental non-cash investing information				
Capital expenditures recorded within trade payables		(5,063)	7,163	(232)
Capital expenditures recorded within other payables		(1,335)	2,428	(230)

The accompanying accounting policies and notes on pages F10 to F69 form an integral part of these financial statements

1. General Information

These financial statements reflect the financial performance for the years ended December 31, 2023, 2022 and 2021 and the financial position as at December 31, 2023 and 2022 of Exscientia plc (the “Company”) and its subsidiaries (collectively the “Group” or “Exscientia”).

Exscientia plc is a public company incorporated in England and Wales and has the following wholly owned subsidiaries: Exscientia (U.K.) Holdings Limited, Exscientia AI Limited, Exscientia Inc., Exscientia Ventures I, Inc., Exscientia Ventures II, Inc., Exscientia KK, Kinetic Discovery Limited and Exscientia GmbH as well as two 50% owned joint ventures, RE Ventures I, LLC (“RE Ventures”) and RE Ventures II, LLC. The Group is in the process of liquidating Exscientia KK as at the date of authorisation of these consolidated financial statements.

The principal activity of the Group is that of the application of artificial intelligence (“AI”) and machine learning (“ML”) to the discovery and design of novel therapeutic compounds. Exscientia’s technology platform combines the best of human and computational capabilities to accelerate the process of designing novel, safe and efficacious compounds for clinical testing in humans.

2. Material Accounting Policies

a) Statement of Compliance

The consolidated financial statements as of December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (“IASB”).

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group’s accounting policies (see note 3).

b) Basis of Preparation

The accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated. The financial statements have been prepared on the historical cost basis, with the exception of certain financial instruments and assets and liabilities acquired in a business combination which are measured at fair value.

The financial statements have been presented in Pounds Sterling (“Sterling”). This is the functional currency of the Company, being the currency of the primary economic environment in which the Company operates, and the presentational currency of the group. All values are rounded to the nearest thousand pound (£’000) except where otherwise indicated.

These consolidated financial statements were authorised by the Board of Directors on March 14, 2024.

c) Basis of Consolidation

The Group financial statements consolidate the financial statements of Exscientia plc and all its subsidiary undertakings made up to December 31, 2023. Subsidiaries are those entities over which the Company exercises control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method with goodwill representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired.

d) Going Concern

As at December 31, 2023, the Group's cash, cash equivalents and short-term bank deposits amounted to £363,049,000 with total unrestricted cash and short term bank deposits amounting to £361,154,000. The Group has incurred significant research and development expenses from the start of the Group's activities, with net cash outflows from operating activities amounted to £117,602,000 for the financial year ended December 31, 2023 (2022 £60,515,000).

Based upon the year-end cash, cash equivalents and short-term bank deposits and forecast future cashflows for the years ending 31 December 2024 and 2025 respectively, the Board of Directors believes that the Group has sufficient financial resources to cover its planned cash outflows for the foreseeable future, being a period of at least twelve months from the date of issuance of these financial statements.

As the Group has concluded that there is no substantial doubt about its ability to continue as a going concern within one year of the issuance of these financial statements, the Group has prepared these financial statements under the going concern assumption.

e) Application of New and Revised IFRS Accounting Standards

In the year ended December 31, 2023, the Group has applied the below amendments to IFRS and interpretations issued by the Board that are effective for the annual period that begins on or after January 1, 2023.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.
Definition of Accounting Estimates (Amendments to IAS 8)	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

The adoption of these new accounting pronouncements has not had a significant impact on the accounting policies, methods of computation or presentation applied by the Group except for the adoption of the amendments to IAS 12 *Income Taxes*. The amendment to IAS 12 *Income Taxes* was published in May 2021 and became effective for the Group from January 1, 2023. The amendment narrowed the scope of the deferred tax recognition exemption, so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The Group has considered the impact of this amendment, most notably in relation to the accounting for deferred taxes on leases. There was no material impact to retained earnings as at both January 1, 2022 and December 31, 2022 as a result of transitioning to the revised standard. See note 23 for details of the impact on the Group's recognised deferred tax assets and liabilities as at December 31, 2022.

f) Standards, Amendments and Interpretations in Issue But Not Yet Effective:

The adoption of the following mentioned standards, amendments and interpretations in future years are not expected to have a material impact on the Group's financial statements:

	Effective Date Periods Beginning On or After
Amendment to IFRS 16 - Leases on sale and leaseback	January 1, 2024
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	January 1, 2024

g) Revenue from Contracts with Customers

The Group's primary revenue is generated broadly from two streams that relate to its principal activities:

- Licensing fees: We receive licensing fees from partnered programmes where we develop intellectual property on behalf of a collaboration partner. These agreements either assign all of the designated

intellectual property to the partner from inception or grant an exclusive option to the partner to acquire rights to the future development and commercialisation of the intellectual property. As part of these agreements, we may receive future milestone and royalty payments upon achievement of clinical, regulatory and commercial milestones; and

- Service fees: We generate service fees from drug discovery collaboration agreements where we are utilising our proprietary technology to develop novel intellectual property on behalf of the collaboration partner, but do not have any rights to future milestones and royalties as a direct result of the agreement. Until March 2023, we also generated service revenues through our Exscientia GmbH entity related to collaboration agreements that existed with Exscientia GmbH at the time of our acquisition.

The Group receives four types of payments included within the two streams of revenue:

- “Upfront payments” are generally payable on execution of the collaboration agreement or on initiation of a project;
- “Research funding” (including term extension payments), which is generally payable throughout the collaboration at defined intervals as set out in the agreement (e.g., quarterly or at the beginning of a specific phase of work) and is intended to fund research (internal and external) which is undertaken to develop the collaboration drug compound that is the subject of the collaboration;
- “Milestone payments” are linked to the achievement of an event, as defined in the collaboration agreement e.g. initiation of Phase 1 clinical trial milestones and constitute variable consideration in accordance with IFRS15; and
- “Opt-in payments” are similar in principal to milestone payments, however, are payable when the partner exercises its option to take ownership of the designated intellectual property. These payments only exist where the Group initially retained ownership of the designed intellectual property.

Under these collaboration agreements the Group may also receive commercialisation milestones upon the first commercial sale of a product, if and when approved, the amount of which is based on the territory the sale occurs in, and royalties based on worldwide net sales. These amounts have not been included within the transaction price for any contract as of December 31, 2023, 2022 or 2021. We have only recognised revenue in respect of non-cancellable, non-refundable payments and achieved milestones due under executed collaboration contracts. Any payments which relate to future milestones or options under the control of our collaboration partners have not been recognised.

In accordance with IFRS 15, the Group recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the Group expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Group determines are within the scope of IFRS 15, the Group performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when or as the Group satisfies a performance obligation.

At contract inception, the Group assesses the goods or services promised within each contract that falls

under the scope of IFRS 15 to identify distinct performance obligations. The Group then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when or as the performance obligation is satisfied. Revenue is measured at the contract price excluding value added tax and other sales taxes.

The Group includes the unconstrained amount of estimated variable consideration in the transaction price, such that only amounts for which it is highly probable that a significant reversal of cumulative revenue recognised will not occur are included. At contract inception, unconstrained revenue will typically include the upfront payments and in some instances, research funding.

At the inception of each arrangement that includes research, development, or regulatory milestone payments, the Group evaluates whether the milestones (i) relate to the one or more distinct performance obligations under the agreement; and (ii) are considered highly probable of being reached and estimate the amount to be included in the transaction price using the most likely amount method. If it is highly probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestone payments that are not within our control or that of the licensee, such as regulatory approvals, are not considered highly probable of being achieved until those approvals are received.

At the end of each subsequent reporting period, the Group re-evaluates the estimated variable consideration included in the transaction price and any related constraint and, if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which may affect license, fees, and other revenues and earnings in the period of adjustment.

The transaction price is then allocated to each performance obligation on a relative stand-alone selling price basis, for which the Group recognizes revenue as or when the performance obligations under the contract are satisfied.

When determining whether performance obligations have been satisfied, progress is measured using an input method utilising either total or external costs or labour hours incurred depending on the nature of the collaboration arrangement to establish and estimate the progress of completion. Management has determined the input method represents a faithful depiction of the Group's progress towards completion of performance obligations because the time and costs incurred depict the progress of development of the underlying IP which may be transferred to the customer. At the end of each reporting period, the Group re-evaluates costs/hours incurred compared with total expected costs/hours to recognize revenue for each performance obligation. In certain instances expected total cost estimates include estimated costs relating to the substitution of targets where allowed in accordance with a specific collaboration agreement.

For obligations recognised over time the Group recognizes revenue only equal to a percentage of costs incurred until such time that it can reasonably estimate the total expected costs/hours to be incurred in delivering the performance obligation. For obligations in which revenue is recognised at a point in time, that point in time is the date at which the title of the service or IP is transferred to the customer.

Contract liabilities consists of billings or payments received in advance of revenue recognition. Contract assets consists of revenue recognised in advance of billings or payments.

h) Grants

Grants compensating the Group for research activities undertaken and are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

i) Foreign Currencies

At each period-end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

On consolidation, the results of overseas operations are translated into pounds sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date, inclusive of goodwill and any intangible assets which are attributable to those operations. Exchange differences arising on translating overseas operations are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

j) Intangible Assets

Goodwill. Goodwill is recognised in a business combination when the consideration transferred by the acquirer exceeds the net identifiable assets acquired. Goodwill is not amortised but is reviewed for impairment at least annually.

Intangible assets other than goodwill. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over their useful economic lives from the point at which the intangible asset in question is brought into use, and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Assets yet to be brought into use are assessed for impairment at least annually. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

Computer Software	4 years on a straight line basis
Patents	Over the term of the patent on a straight line basis
Acquired IP	8 years from the acquisition date/date the asset is brought into use on a straight line basis

Amortisation of intangible assets is included under the 'Research and development expenses' and 'General and administrative expenses' classifications in the Statement of Loss and Other Comprehensive Loss based on the nature of the underlying expenditure.

k) Cost of Sales

Costs of sales relates to costs from third-party contract research organisations as well as internal labour and absorbed overheads incurred in relation to collaboration arrangements and drug discovery agreements for third parties which have been designated as contracts with customers in accordance with IFRS 15.

l) Property, Plant and Equipment

Assets under construction, plant and equipment, fixtures and fittings, computer equipment and leasehold improvements are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management. These assets are subsequently measured using the cost model, less accumulated depreciation and impairment losses. Depreciation is provided at rates calculated to write off

the cost of assets, less their estimated residual value on a straight line basis, over their expected lives:

Assets Under Construction	Not Depreciated
Plant and Equipment	5 years
Fixture and Fittings	5 years
Leasehold Improvements	Over the term of the lease or to the first-break clause, whichever is earlier
Computer Equipment	4 years

m) Cash and Cash Equivalents and Short Term Bank Deposits

Cash is cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Short term bank deposits consist of bank deposits of 12 months duration or less, and are measured at amortised cost as described in *section s)* below.

n) Impairment of Assets

Individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable with the exception of acquired IP yet to be brought into use, which is reviewed for impairment at least annually.

An asset is impaired when its carrying amount exceeds its recoverable amount. The recoverable amount is measured as the higher of fair value less cost of disposal and value in use. The value in use is calculated as being net projected cash flows based on financial forecasts discounted back to present value.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. If it is deemed that an impairment is necessary the impairment loss is allocated to reduce the carrying amount of the asset, first against the carrying amount of any goodwill allocated to the cash-generating unit, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

o) Joint Ventures and Joint Operations

Investments in joint ventures are accounted for using the equity method in the Group's financial statements. Under the equity method, the investment is recognised initially at cost and the carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets.

Investments in joint ventures are tested for impairment annually, and an impairment loss is recognised where it is indicated that the carrying amount of the investment may not be recoverable. The recoverable amount is measured as the higher of fair value less cost of disposal and value in use. The value in use is calculated as being net projected cash flows based on financial forecasts discounted back to present value. The Group also undertakes various joint operations with third parties. Where a collaboration is deemed to be a joint operation the Group recognizes:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly; and
- its expenses, including its share of any expenses incurred jointly.

The Group incurs expenses that under the joint operation agreement are to be shared jointly with the collaboration partner. Amounts reimbursed are recorded as a reduction in the underlying expenditure. Where amounts are reimbursed in advance of the Group incurring the expenditure, the amounts received are recognised as a liability in other advances. The other advances are extinguished when the expenditure to which the reimbursement relates is incurred.

p) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group, and each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant rate of interest on the remaining balance for the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the present value of the following lease payments:

- Fixed payments, less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be determined, the Group's incremental borrowing rate (i.e. the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions) is used.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

The right-of-use assets are measured at cost which comprise the following:

- The initial measurement of lease liability;
- Lease payments made at or before the commencement date (less lease incentives received);
- Initial direct costs; and
- Restoration costs.

Extension and Termination Options. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Lease Modifications. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Short-term and Low Value Leases. The Company does not recognize right-of-use assets for short-term and low value leases. Payments associated with short-term leases (leases of less than twelve months duration) and leases of low-value assets are recognised on a straight-line basis over the lease term

Impairment. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimation of the considerations required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation.

Provisions for the cost to restore leased property to their original condition, as required by the terms and conditions of the lease, are recognised when the obligation is incurred, either at the commencement date or as a consequence of having used or made alterations to the underlying asset during a particular period of the lease, at the Directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

Provisions for onerous contracts are recognised when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received, and are based on the Group's best estimate of the present value of the outflows incurred in fulfilling/exiting the contract net of any associated inflows.

r) Pension Costs

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contributions payable are charged to the Group profit or loss on an accruals basis.

s) Financial Instruments

Financial Assets. Financial assets classified as financial instruments measured at amortised cost comprise trade and other receivables and cash and cash equivalents and short term bank deposits. Financial assets measured at amortised cost are recognised when the Group becomes party to the contractual provisions of the instrument and are derecognised when the contractual rights to the cash flows from the financial asset expire or when the financial asset and all substantial risks and reward are transferred. Financial assets are measured at amortised cost when both of the following criteria are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest rate method. At each reporting date the Group recognizes a loss allowance for expected credit

losses on financial assets measured at amortised cost. In establishing the appropriate amount of loss allowance to be recognised, the Group applies either the general approach or the simplified approach, depending on the nature of the underlying group of financial assets. Further details are set out in Note 27.

Classification as Debt or Equity. Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instruments. Equity instruments constitute any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments such as preference shares issued by the Group are recognised at the proceeds received, net of direct issue costs. All preference shares in issue throughout 2021 were convertible into ordinary shares under certain conditions and bore no fixed or cumulative dividend. As such these shares were deemed to be equity in nature.

Following the achievement of a development milestone relating to the Group's revenue contract with GT Apeiron Therapeutics Inc. ("GTA") on March 31, 2021, the Group became entitled to receive a number of ordinary shares and preference shares in this company as non-cash revenue consideration (see note 27 for further details). These shares represent unlisted equity securities and the Group has taken the election provided within IFRS9 to recognize fair value gains and losses within Other Comprehensive Income (FVOCI).

Financial Liabilities. Financial liabilities comprise trade and other payables as well as loan liabilities. Financial liabilities are obligations to pay cash or other financial assets and are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially recognised at fair value adjusted for any directly attributable transaction costs. After initial recognition, financial liabilities are measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Derivative Financial Instruments- Forward Contracts. Derivative financial instruments relating to currency forward contracts are initially recognised at fair value on the date at which the derivative contract is executed, and are subsequently re-measured at fair value each period-end. Any gains and losses arising from changes in the fair value of derivatives are recognised within the consolidated statement of profit or loss.

t) Share-based Payments

The Group operates equity-settled share-based compensation plans whereby certain employees of the Group are granted equity awards in the Company in the form of share options, restricted share units (“RSUs”), performance options and performance share units.

The fair value of awards granted is recognised as an expense within profit or loss with a corresponding increase in equity. The fair value of the award is measured at the grant date and is spread over the period during which the respective employee becomes unconditionally entitled to the award. The fair value of share options and those performance option and PSU awards not containing market-based performance conditions are valued using a Black-Scholes model, while performance options and PSUs containing market-based conditions are valued using a Monte-Carlo model. The fair value of RSUs is based on the market value of the underlying shares at the award grant date.

At each statement of financial position date, the Group revises its estimate of the number of awards that are expected to become exercisable based on forfeiture rates, and with the exception of changes in the estimated probability of achieving market-based performance conditions, adjustments are made such that at the end of the vesting period the cumulative charge is based on the number of awards that eventually vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period. There were no modifications to the terms and conditions of options during the current or previous financial period.

When a share based payment award is exercised an intra-equity movement is recorded to transfer the cumulative charge recorded within the share-based payment reserve for those awards to retained earnings.

u) Tax

Tax on the loss for the year comprises current and deferred tax. Tax is recognised in the profit or loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current Tax. Current tax is provided at the amounts expected to be paid applying tax rates that have been enacted or substantively enacted by the balance sheet date. Current tax includes tax credits, which are accrued for the period based on calculations that conform to the U.K. Research and Development Tax Credit Scheme that is applicable to small and medium sized companies.

Research and development costs which are not eligible for reimbursement under the U.K. Research and Development Tax Credit scheme, such as expenditure incurred on research projects for which the group receives income, may be reimbursed under the U.K. R&D expenditure credit (“RDEC”) scheme.

Amounts receivable under the RDEC scheme are presented within other income. Research and development expenditure credits are also claimed in Austria in relation to qualifying expenditure incurred on research projects by the Group's Austrian subsidiary. These amounts are also presented within other income.

Deferred Tax. Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). However, for deductible temporary differences associated with investments in subsidiaries a deferred tax asset is recognised when the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are set off only where the Group has a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

v) Research and Development Costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in research and development costs. During the period of development, the asset is tested for impairment annually. No expenditure met the criteria for capitalisation during the current or prior years.

3. Critical Accounting Estimates and Judgements

In the application of the Group's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Critical Accounting Estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. The critical estimates that the directors have made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements are discussed below.

Recognition of Revenue. Revenue is recognised upon the satisfaction of performance obligations, which occurs when control of the good or service transfers to the customer. Control transfers over time in relation to the majority of research and design activities performed during the years ended December 31, 2023 and 2022. Total or external costs or labour hours incurred are utilised as the relevant input method in order to estimate the extent to which the performance obligations satisfied over time have been satisfied at the end of the reporting period depending on the nature of the arrangement. Estimation of the future costs to be incurred in the satisfaction of performance obligations delivered over time, inclusive of any costs relating to the substitution of targets where allowed in accordance with a specific collaboration agreement, is considered to be a key source of estimation uncertainty in relation to the recognition of revenue in any given period.

No changes to estimated total projected costs were noted during the years ended December 31, 2023 and 2022 that had a significant impact on revenues recognised during the period.

The table below illustrates the sensitivity analysis of the Group's reported profit to a 10% increase or decrease in the estimated future costs to be incurred in the delivery of partially unsatisfied performance obligations relating to the Group's revenue contracts as at December 31, 2023.

	Change in Estimated Future Costs	Effect on Profit Before Tax	Effect on Equity
		£'000	£'000
Impact on change in the estimated future costs to be incurred in delivering partially unsatisfied performance obligations	+10%	(1,145)	(1,145)
	-10%	1,289	1,289

Revenue from potential milestones or royalties are not recognised at the initiation of a contract. Upfront payments that include performance obligations are recognised as those obligations are satisfied. In addition no profit is recognised as costs are incurred until such a time as costs and time to programme completion can be reasonably estimated, with revenues recognised equal to a percentage of costs incurred until that time. As a result of this, until total costs and time to completion can be reliably estimated, a gross loss may be recognised on individual customer contracts despite the expectation that the relevant contract will be profitable overall.

Leases. The Group has entered into lease arrangements pertaining to various premises globally, in relation to which it assesses whether the lease arrangements constitute onerous contracts at the end of each reporting period.

In December 2022, the Group entered into a lease arrangement in relation to premises in Miami, Florida, United States, with the lease term due to commence in the first quarter of 2024. Subsequent to entering into the above arrangement, as a result of the Group's cost containment measures, the decision was taken not to occupy these premises, and instead to lease smaller premises nearby. Total minimum lease commitments of £3,040,000 are payable under this arrangement, and as such the Group must assess whether an onerous contract exists for which a provision is required.

The Group has engaged an agent to assist in arranging the subleasing of the original leased premises to a third party, and has estimated that the present value of the unavoidable costs of meeting the Group's obligations under the contract exceed the expected benefits to be received from subletting the space by £807,000 as at December 31, 2023, with such amount being recorded within provisions at that date.

No other onerous lease provisions or ROU asset impairments have been deemed necessary as at December 31, 2023.

Gates Foundation Private Placement Buy-back Rights. Under the terms of the Company's private placement with the Gates Foundation, the latter has the right to sell, or require the Group to buy-back any shareholdings in the Group held by the Gates Foundation at the higher of the public offering price and the market value of the shares if the Group is in breach of certain terms within the agreement. This right constitutes a derivative financial liability for the Company which is recognised at fair value through profit or loss. The Group has assessed the likelihood of a default occurring as low as at December 31, 2023, and as such the fair value of this liability has been estimated as nil at the balance sheet date.

Fair Value of the Group's Investment in GTA. As at December 31, 2023 the Group holds a number of ordinary and preference shares in GTA at fair value through other comprehensive income. GTA is an unlisted early-stage business, with projects in the discovery and clinical stages of drug development which are pre-revenue generation. As such the key source of estimation uncertainty is the value per share of these unlisted equity securities. The shares in question are very illiquid, and the primary valuation input is cost or the price of latest investment where third party share acquisition transactions have taken place adjusted to reflect other factors as appropriate.

The Group has also assessed the impact of the current war in Ukraine and the conflict between Hamas and Israel on this investment, and does not consider that any revaluation is required as a result of these events. Finally the Group has assessed changes in relevant market equity indexes, with specific reference to changes in the NASDAQ Biotechnology Index over the period in question, with no revaluation required as a result.

Goodwill and Pharmacology IP Intangible Impairment. The Group assesses annually, or whenever there is a change in circumstances, whether goodwill or acquired IP may be impaired. Determining whether an impairment exists requires estimation of the recoverable amount of the CGU to which the goodwill and acquired IP relate, being equal to the higher of its value in use and fair value less costs to sell.

The value in use calculation is judgmental in nature, and requires the Group to make a number of estimates relating to the future cash flows expected to arise from the CGU spanning drug discovery, development, regulatory approval and commercialisation, as well as a suitable discount rate in order to calculate present value.

The cash flow projections are further risk adjusted based on observable market comparables to take into account the probability of successfully commercialising a drug at each stage of its development. Sensitivity analysis is performed in order to determine whether reasonable changes in significant assumptions would lead to the carrying value exceeding its recoverable amount. When the carrying value of the CGU exceeds its recoverable amount, the CGU is considered impaired and the assets in the CGU are written down to their recoverable amount. Impairment losses are recognised in the consolidated statement of loss and other comprehensive income.

A detailed impairment assessment was performed as of December 31, 2023, with no impairment noted and no reasonable changes in significant assumptions were identified that would lead to the carrying amount exceeding its recoverable amount.

Accounting Judgements

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

Recognition of Revenue. Management judgement is required to determine the performance obligations under each agreement and appropriately allocate revenue to the identified performance obligations in line with IFRS 15. Judgement is also required in determining the point at which the total costs to be incurred in delivering a performance obligation can be reliably estimated such that revenue can be recognised in excess of recoverable costs incurred. Judgement is also required in estimating the likelihood of and costs that may be incurred in relation to the substitution of targets where allowed in accordance with a specific collaboration agreement.

Further judgement is required to determine whether sources of variable consideration are constrained as at the end of the reporting period as a result of it not being highly probable that a significant reversal in the amount of cumulative revenue recognised would not occur when the uncertainty associated with the variable consideration is subsequently resolved. Constraint is typically considered to be removed in relation to milestone/opt-in amounts when written confirmation of achievement has been provided by the counterparty or achievement has been ratified at a project Joint Steering Committee.

Loss-making Collaboration Arrangements. Management judgement is required in order to determine whether the unavoidable costs of meeting the obligations under each customer collaboration arrangement, inclusive of both costs that relate directly to the contract and an allocation of other costs, exceed the economic benefits expected to be received under it. Where such costs are in excess of the Group's best estimate of future revenues to be generated from the arrangement a provision is recorded in accordance with IAS 37.

The company has assessed the value of the remaining transaction price relating to the outstanding performance obligations relative to the value of the estimated remaining unavoidable costs of meeting the obligations under contracts relating to the Group's customers and determined that no onerous contract provision is required as at December 31, 2023.

4. Operating Segments

The Group manages its operations as a single segment for the purposes of assessing performance and making operating decisions. Operating segments are defined as components of an enterprise for which separate financial information is regularly evaluated by the Group's chief operating decision maker, or decision-making group, in deciding how to allocate resources and assess performance. The Group has determined that its chief operating decision maker is its Interim Chief Executive Officer.

Information on Major Customers. Revenue recognised during the years ended December 31, 2023, 2022 and 2021 relates to collaboration agreements with Bristol Myers Squibb Company ("BMY"), Celgene Switzerland LLC ("Celgene") (a company acquired by BMY subsequent to the inception of the collaboration), Sanofi S.A. ("Sanofi"), Merck KGaA, Darmstadt, Germany ("Merck KGaA, Darmstadt, Germany"), Bayer AG ("Bayer"), GTA, and the Group's joint venture with RallyBio IPB, LLC ("RallyBio"), RE Ventures I, as well as legacy contracts operated by the Group's Austrian subsidiary.

The proportion of revenue by customer in each period is as follows:

	2023	December 31,		2021
	%	2022	%	%
BMY (including Celgene)	72	77		80
Sanofi	25	16		—
Merck	3	—		—
GTA	—	—		13
Others	—	7		7
	100%	100%		100%

Information on Non-current Assets by Geography. The Group's non-current assets are held in the following geographies as at December 31, 2023:

	UK	Austria	Rest of the World	Total
	£'000	£'000	£'000	£'000
Goodwill	173	6,013	—	6,186
Other intangible assets, net	2,815	25,644	—	28,459
Property, plant and equipment, net	42,059	6,467	428	48,954
Right-of-use assets, net	9,177	6,634	2,702	18,513

The Group's non-current assets are held in the following geographies as at December 31, 2022:

	UK	Austria	Rest of the World	Total
	£'000	£'000	£'000	£'000
Goodwill	173	6,148	—	6,321
Other intangible assets, net	2,688	30,914	—	33,602
Property, plant and equipment, net	30,893	6,647	108	37,648
Right-of-use assets, net	10,403	4,391	—	14,794

5. Revenue

The Group's revenue by type during 2023, 2022 and 2021 are as follows:

	2023	December 31, 2022	2021
	£'000	£'000	£'000
Service fees	104	670	452
Licensing fees- opt-in payments and milestones recognised at a point in time	—	—	18,583
Licensing fees - recognised over time	19,975	26,553	8,324
	20,079	27,223	27,359

Revenue is recognised upon the satisfaction of performance obligations, which occurs when control of the goods or services transfers to the customer. For obligations discharged over time, the Group recognises revenue equal to recoverable costs incurred for new collaborations from their inception until such time as the collaboration is sufficiently progressed such that the Group can reliably estimate the level of profit that will be achieved from delivery of the related performance obligations. Where collaborations include significant variable consideration which is constrained at the inception of the arrangement this can lead to gross losses being recognised during the early stages of a contract.

Service fees during the year ended December 31, 2023, 2022 and 2021 relate to revenues generated from legacy contracts held by Exscientia GmbH, in relation to which revenue is recognised at a point in time.

During the year ended December 31, 2021, £14,437,000 was recognised in relation to a candidate opt-in milestone achieved in respect of the Group's collaboration with Celgene, in addition to £3,349,000 recognised as revenue in relation to a candidate selection milestone achieved in respect of the Group's collaboration with GTA.

On January 4, 2022 the Group entered into a strategic research collaboration with Sanofi to develop an AI-driven pipeline of precision engineered medicines. Research will be focused on up to 15 novel small molecule candidates across oncology and immunology, in relation to which the Group will receive an up-front cash payment of £74,242,000 (\$100,000,000) with the potential of \$5,200,000,000 in total milestones plus tiered royalties over the duration of the collaboration.

On March 11, 2022, BMY extended its first collaboration arrangement with the Group by six months in order to generate additional data including the use of translational capabilities for key targets under the collaboration using the Group's precision medicine platform, in relation to which the Group received a cash payment of \$5,000,000 (£3,821,000). The term extension payment has been treated as an addition to the transaction price relating to the collaboration's partially unsatisfied performance obligations relating to the design and development of candidates for collaboration targets, with a cumulative recognition of revenue at that date based upon the progress towards satisfaction of the related performance obligations in accordance with paragraph 21b of IFRS 15. The remaining element of the transaction price was recognised as revenue over the remainder of 2022 as the performance obligations were satisfied.

On May 30, 2022, the Group ended its pre-existing collaboration arrangement with Bayer AG by mutual agreement. Upon ending the agreement all remaining performance obligations pertaining to the contract were deemed to be fully discharged, resulting in the recognition of revenues totalling £1,153,000 at that point.

On July 27, 2023 the Group and Sanofi S.A. entered into an amendment to the collaboration agreement executed between the parties on January 4, 2022, pursuant to which certain terms, including with respect to certain target substitution and milestone payments, relating to targets under the collaboration were amended. There was no change to the overall contract transaction price as a result of the amendment, and no significant adjustment to revenue recognised on partially satisfied performance obligations as at the amendment date.

On September 19, 2023 the Group and the Healthcare Business of Merck KGaA, Darmstadt, Germany ("Merck KGaA, Darmstadt, Germany"), entered into a collaboration agreement focused on the discovery of novel small molecule drug candidates across oncology, neuroinflammation and immunology using Exscientia's AI-driven precision drug design and discovery capabilities. Three potential first-in-class or best-in-class targets have been identified as the initial focus of the partnership, in relation to which the Group received an up-front cash payment of \$20,100,000 (net of withholding taxes of \$3,181,000 which are expected to be received in the second half of 2024), with the potential of up to \$674,000,000 in discovery, development, regulatory and sales-based milestones in addition to royalty payments on net sales.

On September 27, 2023 the Group received confirmation of the achievement of a research milestone in the Group's collaboration with Sanofi for its first inflammation and immunology target, in relation to which it received a cash payment of £3,191,000 (\$4,000,000). Until achievement, this milestone was treated as constrained variable consideration relating to the drug design work undertaken in relation to the associated project, and as such it has been added to the transaction price for the related partially satisfied performance obligation from the point of achievement, with revenue recognised as the performance obligation is satisfied.

On December 21, 2023, the Group amended its current collaboration with Sanofi to add a new discovery stage programme identified and initially advanced by Exscientia, in relation to which a cash payment of \$4,000,000 was received in February 2024, with revenue recognised over time as the related performance obligation is satisfied. Under the terms of the amended agreement the Group is eligible to receive up to \$45,000,000 in upfront and preclinical milestone payments, as well as development, regulatory and sales-based milestone payments of over \$300,000,000 and tiered royalties on product sales.

Included within revenues during the year ended December 31, 2023 are amounts totalling £6,859,000 relating to non-refundable upfront payments on projects under the Group's ongoing collaboration with BMY which have been recognised as revenue during the year as it has been mutually determined not to proceed with further development of these projects and prioritise others within the collaboration.

The Group has assessed its significant collaboration arrangements with commercial partners and determined that no provision for future operating losses is required as at December 31, 2023, taking into account expected future cash inflows and remaining contract liability amounts for each collaboration relative to the remaining unavoidable costs of meeting the respective contracts' obligations in each instance.

By Geographical Market:

	2023	December 31,		2021
	£'000	2022	£'000	£'000
United Kingdom	—	—	—	—
France	5,075	4,379	—	—
Rest of Europe	619	1,846	—	1,599
United States of America	14,385	20,998	—	22,197
Rest of the World	—	—	—	3,563
	20,079	27,223		27,359

The above table represents the geographic locations of the headquarters of the customers to which the Group has provided services during the period, rather than the locations where the services themselves were performed.

Timing of Revenue Recognition:

	2023	December 31,		2021
	£'000	2022	£'000	£'000
Revenue related to obligations discharged over time	19,975	26,553	—	12,804
Revenue related to obligations discharged at a point in time	104	670	—	14,555
	20,079	27,223		27,359

During fiscal year 2023, £nil was recognised in relation to performance obligations satisfied or partially satisfied in previous periods (2022: £3,559,000, 2021: £nil). £19,528,000 was recognised as revenue in the period that was included in the contract liability balance at the beginning of the period (2022: £18,223,000).

The transaction price (after excluding variable consideration that is constrained) allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31, are as follows:

	2023	December 31, 2022	2021
	£'000	£'000	£'000
Within one year	25,036	29,433	21,203
More than one year	65,466	58,451	7,743
	90,502	87,884	28,946

Contractual maturities reflect the Group's best estimate of when underlying costs upon which revenue is recognised will be incurred. Details of contract liability balances are set out in notes 18 and 24.

6. Other Income

	2023	December 31, 2022	2021
	£'000	£'000	£'000
Grant income	1,249	1,819	2,096
R&D expenditure credits	5,387	3,923	1,653
	6,636	5,742	3,749

As at January 1, 2023 the Group operated four grants consisting of a European governmental grant, a grant from the Gates Foundation, a grant from the Austrian Research Promotion Agency ("FFG") and a grant from the Austrian Wirtschaftsservice, with the European governmental grant subsequently ending in April 2023. The grant with the Gates Foundation provides reimbursement for certain personnel, consumables and overhead costs incurred in the performance of research and development activities, while the FFG grant relates to the early stage testing of a drug's action in solid tumour patient samples with high content microscopy and deep-learning. The Austrian Wirtschaftsservice grant provides funding in respect of capital investments made in the period from August 2020 to the end of February 2022.

On November 15, 2023 the Group entered into a grant from Open Philanthropy Project LLC, in relation to which the Group received £1,895,000 (\$2,300,000) in order to fund further exploration of the requirements for the activation of key aspects of the interferon response of known antiviral effects against influenza and COVID-19. The grant provides reimbursement for certain personnel, consumables and overhead costs incurred in the performance of the related research and development activities.

As at December 31, 2023 all amounts relating to the above grants had been received (2022: £561,000 outstanding).

7. Operating Loss

The following items have been included in operating loss:

	2023	December 31, 2022	2021
	£'000	£'000	£'000
Depreciation of property, plant and equipment	7,330	3,092	1,432
Depreciation of right-of-use assets	3,567	1,747	848
Amortisation of intangible assets	4,671	4,645	1,903
Impairment of property, plant and equipment	1,307	—	—
Onerous lease expense	807	—	—
Research and development expenses	128,444	128,865	44,047
Foreign exchange loss/(gain)	1,541	(33,609)	(938)
Loss on forward contracts	—	11,287	—
Share-based payment charge	24,350	30,576	10,466
Fees payable to the Group's auditors for the audit of the Group and Company's financial statements	915	904	637
Other audit services provided by the Group's auditors	281	233	1,164

8. Finance Income

	2023	December 31, 2022	2021
	£'000	£'000	£'000
Bank interest income	16,628	5,681	26
	16,628	5,681	26

See note 27 for details of the various short-term bank deposit transactions entered into by the Group over the twelve month periods ended December 31, 2023 and 2022 respectively.

9. Finance Expenses

	2023	December 31, 2022	2021
	£'000	£'000	£'000
Bank interest payable	12	27	16
Loan interest payable	3	2	2
Interest expense on lease liabilities	1,028	299	149
Unwinding of discount on provisions	24	6	2
	1,067	334	169

10. Employee Benefit Expenses

Employee benefit expenses (including the directors) comprise:

	2023	December 31, 2022	2021
	£'000	£'000	£'000
Wages and salaries	54,922	42,738	15,006
Social security costs	10,428	6,845	3,147
Other pension costs	2,523	1,542	526
Share-based payment charge	24,350	30,576	10,466
Total employee benefit expenses	92,223	81,701	29,145

The average number of persons employed by the Group (including the directors) during the period, was as follows:

	2023	2022	2021
	Number	Number	Number
Research and development	427	344	151
Management and operations	74	62	24
	501	406	175

11. Directors' Emoluments and Key Management Personnel Remuneration**Directors' Emoluments:**

	2023	December 31, 2022	2021
	£'000	£'000	£'000
Directors' emoluments	1,607	3,010	1,537
Contributions to defined contribution pension schemes	3	3	2
Total emoluments	1,610	3,013	1,539

Retirement benefits were accrued for 2 directors (2022: 2, 2021: 2). Share options were granted to 6 directors during 2023 (2022: 5, 2021: 4) and 5 directors exercised options during 2023 (2022: 3, 2021: 1).

In Respect of the Highest Paid Director:

	2023	December 31, 2022	2021
	£'000	£'000	£'000
Short term employee benefits	620	542	491
Contributions to defined contribution pension schemes	1	1	1
	621	543	492

The highest paid director exercised share options in the period. (2022: none, 2021: none).

Key Management Personnel Remuneration

The remuneration of key management personnel during the year (including remuneration relating to executive directors) was as follows:

	2023	December 31, 2022	2021
	£'000	£'000	£'000
Short term employee benefits	2,409	1,954	1,438
Share based payments	8,165	7,895	3,248
Contributions to defined contribution pension schemes	38	24	15
Compensation for loss of office	360	—	—
	10,972	9,873	4,701

12. Taxation

	2023	December 31, 2022	2021
	£'000	£'000	£'000
Current tax			
UK current tax on loss for the year	(14,120)	(20,459)	(6,706)
Overseas taxation on loss for the year	275	13	37
Adjustments in respect of prior year	(1,411)	(26)	(12)
	(15,256)	(20,472)	(6,681)
Deferred tax			
Origination and reversal of timing differences	(869)	(870)	(279)
Effect of tax rate change on opening balance	—	(565)	—
Total deferred tax benefit	(869)	(1,435)	(279)
Income tax benefit	(16,125)	(21,907)	(6,960)
Loss on ordinary activities before tax	(162,088)	(140,635)	(56,191)
Normal applicable rate of tax	23.52%	19.00%	19.00%
Loss on ordinary activities multiplied by normal rate	(38,123)	(26,721)	(10,676)
Effects of:			
Fixed asset differences	(22)	(693)	(181)
Other permanent differences	(3,111)	(3,727)	—
Expenses not deductible for tax purposes	6,698	7,304	3,831
Income not deductible for tax purposes	—	—	(1)
Additional deduction for R&D expenditure	(15,171)	(15,503)	(5,185)
Surrender of tax losses for R&D tax credit refund	15,700	6,496	2,173
R&D expenditure credits	789	480	295
Adjustments to tax charge in respect of previous periods	(1,411)	(26)	(12)
Adjustments for foreign tax	(44)	(395)	(435)
Deferred tax not recognised	18,570	10,878	3,231
Income tax benefit	(16,125)	(21,907)	(6,960)

Factors That May Affect Future Tax Charges:

In the Spring Budget 2021, the U.K. Government announced that from April 1, 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on May 24, 2021. For the financial year ended December 31, 2023, the current weighted average tax rate was 23.5%. Deferred taxes at the balance sheet date have been measured using the enacted 25% tax rate, and reflected within these financial statements.

The Group currently surrenders losses relating to eligible U.K. research and development expenses for a cash rebate of up to 33.35% under the U.K. SME scheme. The SME Programme cash rebate rate reduced to 18.6% for qualifying research and development expenditure incurred on or after April 1, 2023, with this rate being applied in order to calculate the SME cash rebate recorded within these financial statements.

Amendments to the U.K. R&D tax credit regime that are contained in the recently enacted Finance Bill increase the cash rebate that may be claimed from such date to 26.97% of qualifying expenditure, if we qualify as an "R&D-intensive SME" for an accounting period (broadly, a loss making SME whose qualifying R&D expenditure represents 40% (or, from April 1, 2024, 30%) or more of its total expenditure for that accounting period. If it is determined that we qualified as an R&D-intensive SME for the accounting period ended December 31, 2023 (and as such that the cash tax rebate for the period April 1, 2023 to December 31, 2023 can be claimed at 26.97% of eligible expenditure rather than the 18.6% rate currently utilised), the expected impact would be to increase the income tax benefit for the year to December 31, 2023 by £3,961,000.

Additionally, amendments will come in effect from April 1, 2024 that (i) (unless limited exceptions apply) introduce restrictions on the tax relief that can be claimed for expenditure incurred on sub-contracted R&D activities or externally provided workers, where such sub-contracted activities are not carried out in the U.K. or such workers are not subject to U.K. payroll taxes, and (ii) merge the SME Program and the RDEC Program into a single scheme. If we do not qualify as an R&D-intensive SME, we will either cease to be able to claim cash rebates in respect of our R&D activities, or only be able to receive such cash rebates at a significantly lower rate than at present. These and other potential future changes to the U.K. R&D tax relief programmes may mean we no longer qualify for them or have a material impact on the extent to which we can make claims or benefit from them.

13. Basic and Diluted Loss per Share per Share

	2023	December 31, 2022	2021
	£	£	£
Basic and Diluted loss for the year (£)	(145,963,000)	(118,728,000)	(49,231,000)
Basic and Diluted weighted average number of shares	124,197,000	122,119,635	49,876,081
Basic and Diluted loss per share (£)	(1.18)	(0.97)	(0.99)

Basic loss per share is calculated in accordance with IAS 33 ("Earnings per Share") based on earnings attributable to the Company's shareholders and the weighted average number of shares outstanding during the period.

Concurrent with the Company's IPO on October 05, 2021 all of the ordinary and preference shareholders of Exscientia plc exchanged each of the existing shares held by them for 300 newly issued Ordinary shares of £0.0005 each in the Company. The ordinary shares outstanding used for computation of loss per share in all periods reflect this share split, consistent with the principles in IAS 33 paragraph 64.

The Company issues performance share options, share options, restricted share units ("RSUs") and performance share units ("PSUs") to employees, upon the exercise of which ordinary shares are issued. Inclusion of these awards would have an anti-dilutive effect on the loss per share due to the loss incurred during the period, therefore basic and diluted loss per share are the same.

14. Intangible Assets and Goodwill

	Goodwill	Acquired IP	Computer Software	Patents	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At December 31, 2021	5,985	38,054	98	150	44,287
Additions	—	—	53	—	53
Foreign Currency Translation	336	2,055	—	—	2,391
At December 31, 2022	6,321	40,109	151	150	46,731
Additions	—	—	200	—	200
Foreign Currency Translation	(135)	(827)	—	—	(962)
At December 31, 2023	6,186	39,282	351	150	45,969
Accumulated Amortisation					
At December 31, 2021	—	1,850	77	45	1,972
Amortisation Charge- R&D Expenses	—	4,611	16	15	4,642
Amortisation Charge- G&A Expenses	—	—	3	—	3
Foreign Currency Translation	—	191	—	—	191
At December 31, 2022	—	6,652	96	60	6,808
Amortisation Charge- R&D Expenses	—	4,601	47	15	4,663
Amortisation Charge- G&A Expenses	—	—	8	—	8
Foreign Currency Translation	—	(155)	—	—	(155)
At December 31, 2023	—	11,098	151	75	11,324
Carrying Value					
At December 31, 2022	6,186	28,184	200	75	34,645
At December 31, 2023	6,321	33,457	55	90	39,923

Goodwill and Acquired IP- Alcyte Acquisition. On August 18, 2021 the Group acquired intellectual property with a fair value of £36,078,000 relating to the pharmacoscopy technology utilised by Alcyte as part of the acquisition of that company. The IP is being amortised over a period of 8 years from the acquisition date. No indicators of impairment were noted in relation to the pharmacoscopy IP as at December 31, 2023.

Goodwill totalling £5,887,000 was also acquired as part of that acquisition, representing the additional value expected to be derived by the Group from the acquisition, as well as the assembled workforce.

The Group consists of one CGU relating to its drug discovery activities. An impairment review was performed in relation to the goodwill and pharmacoscopy IP as at December 31, 2023 by comparing the recoverable amount of the CGU to its carrying value using a value in use model. A discounted cashflow methodology was utilised, with key assumptions relating to the number of internal and partnership programs delivered by the Group, the duration of and total costs relating to each phase of the drug development, the costs of completing clinical trials and obtaining certain regulatory approvals, and product sales volumes and the time period to patent expiry once regulatory approvals have been achieved. A probability of success was then applied to each phase of the drug development in order to reflect the possibility that the drug may not be successfully commercialised.

Other key inputs relate to costs incurred relating to other operational and administrative overheads and capital expenditure. Cashflows were projected over a 20 year period, with the period in question deemed appropriate based on the time taken to design, develop, and commercialise drugs through to patent expiry once regulatory approvals have been achieved. A terminal value growth rate of 2.0% was applied thereafter.

Cashflows determined by the model were then discounted to present value using a discount rate of 14%. The assumptions are based from industry literature and, where possible, the Group's experience of developing drug candidates. No impairment was noted as a result of this review. Sensitivity analysis was performed in order to determine whether reasonable changes in significant assumptions would lead to the carrying value exceeding its recoverable amount, this showed no reasonably possible change that would result in an impairment.

Acquired IP- GT Apeiron Collaboration. On July 1, 2021 the Group entered into a joint operation with GTA in order to build a sustainable pipeline of high-value, best in class therapeutics. As part of this arrangement the pre-existing collaboration arrangement between the two parties was terminated, the Group made a payment of £1,448,000 and waived the rights to 30% of the shares in GTA that became receivable following the achievement of a milestone on the pre-existing collaboration agreement, with the total fair value of these amounts of £2,543,000 capitalised as an acquired IP intangible at that date. The intangible relates to the IP in the pre-existing collaboration target that the group gained joint control of as a result of its participation in the joint operation.

No amortisation charge has been recognised in relation to the IP during the period and as such the asset was reviewed for impairment on December 31, 2023. A value in use assessment was performed in order

to determine that the asset's recoverable amount is in excess of its carrying amount. A discounted cashflow methodology was utilised, with key assumptions relating to the duration of and total costs relating to each phase of the drug development, the costs of completing clinical trials and obtaining certain regulatory approvals, and product sales volumes and the time period to patent expiry once regulatory approvals have been achieved. A probability of success was then applied to each phase of the drug development in order to reflect the possibility that the drug may not be successfully commercialised. Cashflows determined by the model were then discounted to present value using a discount rate of 14%. Cashflows were projected over a 20 year period, with the period in question deemed appropriate based on the time taken to design, develop, and commercialise drugs through to patent expiry once regulatory approvals have been achieved. The assumptions are based from industry literature and, where possible, the Group's experience of developing similar drug candidates. No impairment was noted.

Goodwill- Kinetic Discovery Acquisition. Goodwill amounting to £173,000 arose on the acquisition of Kinetic Discovery Limited on November 23, 2018. No impairment review was performed at December 31, 2023 given the value of this goodwill is deemed to be immaterial.

15. Property, Plant and Equipment

	Assets Under Construction	Plant and Equipment	Fixtures and Fittings	Leasehold Improvements	Computer Equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At January 1, 2022	637	6,108	345	3,335	779	11,204
Additions	25,755	4,391	398	310	1,123	31,977
Reclassification of assets under construction	(4,053)	1,593	—	2,460	—	—
Foreign currency translation	—	42	3	—	2	47
At December 31, 2022	22,339	12,134	746	6,105	1,904	43,228
Additions	14,837	4,205	151	720	148	20,061
Reclassification of assets under construction	(31,045)	11,019	284	19,702	40	—
Disposals	—	(4)	—	—	—	(4)
Foreign currency translation	15	(88)	(7)	(50)	(4)	(134)
At December 31, 2023	6,146	27,266	1,174	26,477	2,088	63,151
Accumulated Depreciation						
At January 1, 2022	—	1,301	102	829	232	2,464
Depreciation charge- R&D expenses	—	1,895	27	626	332	2,880
Depreciation charge- G&A expenses	—	—	25	136	51	212
Foreign currency translation	—	21	—	—	3	24
At December 31, 2022	—	3,217	154	1,591	618	5,580
Depreciation charge- R&D expenses	—	4,049	162	2,187	403	6,801
Depreciation charge- G&A expenses	—	—	61	399	69	529
Impairment charge- R&D expenses	1,307	—	—	—	—	1,307
Disposals	—	(1)	—	—	—	(1)
Foreign currency translation	—	(13)	(1)	(1)	(4)	(19)
At December 31, 2023	1,307	7,252	376	4,176	1,086	14,197
Carrying value						
At December 31, 2023	4,839	20,014	798	22,301	1,002	48,954
At December 31, 2022	22,339	8,917	592	4,514	1,286	37,648

Transfers from assets under construction relate primarily to leasehold improvements and plant and equipment, the majority of which relates to our site at Milton Park, which was bought into use during 2023.

An impairment charge of £1,307,000 was recognised during the year ended December 31, 2023 relating to certain plant and equipment acquired in relation to our Biologics programme. In connection with our strategic decision to concentrate our efforts on our small molecule programmes, our Biologics programme was de-prioritised in the fourth quarter of 2023.

16. Investments in Joint Ventures and Joint Operations

Investment in Joint Venture

Held by the Group and included in the Statement of Financial Position measured under the equity method:

Name	Class of Shares	Holding	Country of Incorporation	Principal Activity	Registered Address
RE Ventures I, LLC (US)	Ordinary	50%	US	The JV was established to develop novel compounds for rare diseases	251 Little Falls Drive, Wilmington, Delaware 1980
RE Ventures II, LLC (US)	Ordinary	50%	US	The JV was established to develop novel compounds for rare diseases	251 Little Falls Drive, Wilmington, Delaware 1980

During 2019, the Group established a 50% interest in RE Ventures I, LLC with RallyBio which combines the deep therapeutic-area expertise of the RallyBio team with Exscientia's proprietary AI platform to deliver novel small molecule treatments for certain rare diseases. During 2023, additional capital contributions totalling £1,827,000 (2022: £242,000) were made by the Group.

Under the equity method the joint venture was recognised as follows:

	2023	2022
	£'000	£'000
As at January 1,	—	424
Additional equity	1,827	242
Foreign exchange differences	(9)	25
Share of the losses	(1,645)	(691)
As at December 31,	173	—

Research and development costs totalling £2,174,000 (2022: £302,000) have been recharged to RE Ventures I, LLC, with no contract assets recognised at December 2023 (2022:£nil).

No commitments to provide funding for the joint venture's capital commitments were present as at either December 31, 2023 or 2022.

The following table illustrates the summarised financial information of the joint venture entity, RE Ventures I, LLC. The Group acquired its interest in the joint venture entity at the point of incorporation and therefore, there were no financials prior to acquisition.

	2023	December 31, 2022	2021
	£'000	£'000	£'000
Operating expenses	(3,274)	(1,720)	(2,304)
Loss for the period	(3,274)	(1,720)	(2,304)
Total Comprehensive Loss	(3,274)	(1,720)	(2,304)

	2023	December 31, 2022	2021
	£'000	£'000	£'000
Cash and cash equivalents	853	253	1,178
Current assets	—	3	91
Current liabilities	(479)	(209)	(78)
Members' surplus	374	47	1,191

During 2022 the Group established a further 50% joint venture with RallyBio, RE Ventures II, LLC, with the same aims. There have been no transactions with this entity and no capital contributions were made from its inception to December 31, 2023.

Joint Operations

Exscientia has a joint contractual arrangement with Evotec AG, which originally entitled each party to 50% ownership over three novel compounds under the collaboration. The joint operation is not structured through a separate legal entity, and it operates from Exscientia and Evotec AG's respective principal places of business. Evotec exercised its opt-out rights in relation to the arrangement in April 2021, revising downwards their ownership rights at each stage of development of the collaboration's intellectual property, with their ownership rights at 40% as at December 31, 2023. Evotec's ownership reduces further at future stages of development, subject to a minimum level at commercialisation of 10%. As at January 1, 2023 activities were ongoing in relation to one novel compound, EXS21546 ('546). On October 3, 2023 the Company announced that it was discontinuing internal development on '546.

A joint contractual arrangement was entered into between Exscientia and Blue Oak Pharmaceuticals Inc. ("Blue Oak") on September 25, 2020. On August 8, 2023, Exscientia and Blue Oak Pharmaceuticals Inc. ended this collaboration agreement. The purpose of this arrangement was to collaborate on a project to design dual targeted (bispecific) small molecules for the treatment of neurodegenerative diseases. No

settlement amounts were paid as a result of the termination and no impairments of assets were recorded. Both parties retain the right to operate within the target area.

On May 26, 2021 the Group entered into a joint operation with EQRx Inc. ("EQRx"), a Delaware corporation to identify, discover and develop innovative drug candidates for high value therapeutics. The collaboration was ended on October 9, 2023 following the announcement of the acquisition of EQRx by Revolution Medicines Inc., at which point it was agreed that the Group would return the agreed unspent funds advanced to it by EQRx at the initiation of the collaboration in complete satisfaction of the Group's financial obligations under the collaboration agreement. As part of the arrangement, the Group obtained full and exclusive rights to all intellectual property on the three initial targets that was created during the collaboration. Accordingly, \$8,750,000 was transferred to EQRx on October 12, 2023.

On July 1, 2021 the Group entered into a joint operation with GTA as described in note 14 above. The aim of the collaboration is to accelerate the discovery of multiple small molecule therapeutic drug candidates designed to selectively treat aberrant cell cycle driven cancers and build a pipeline of CDK novel therapies, with equal ownership of any pipeline products resulting from the collaboration and costs incurred shared equally between the two parties.

On November 14, 2022 Exscientia entered into a joint operation with MD Anderson to leverage AI in developing novel oncology treatments. The research collaboration will utilise Exscientia's precision medicine platform to identify novel anti-cancer, cell-intrinsic small-molecule compounds based on jointly identified therapeutic targets. Promising candidates will advance for further development with the team at MD Anderson's Therapeutics Discovery division. MD Anderson and Exscientia anticipate that successful target discovery programs may be advanced into proof-of-concept clinical trials at MD Anderson. Under the agreement terms, Exscientia and MD Anderson will jointly contribute to and support each program designated to move forward. Any collaboration IP will then be jointly owned with percentage ownership dependent upon costs incurred, with a target cost-sharing ratio of 50%.

No collaboration IP has been capitalised in relation to any of the above joint operations as at December 31, 2023 and 2022 with the exception of the acquired IP intangible relating to the Group's collaboration with GTA as described in *note 14*.

17. Leases

Right-of-use Assets:

	£'000
Cost	
At January 1, 2022	6,625
Additions	9,502
Lease modification	1,759
Disposals	(161)
Foreign currency translation	133
At December 31, 2022	17,858
Additions	6,775
Lease modification	742
Disposals	(157)
Foreign currency translation	(214)
At December 31, 2023	25,004
Accumulated Depreciation	
At January 1, 2022	1,471
Depreciation charge- R&D expenses	1,468
At Depreciation charge- G&A expenses	279
At Disposals	(161)
At Foreign currency translation	7
At December 31, 2022	3,064
Depreciation charge- R&D expenses	3,077
Depreciation charge- G&A expenses	490
Disposals	(125)
Foreign currency translation	(15)
At December 31, 2023	6,491
Carrying value	
At December 31, 2023	18,513
At December 31, 2022	14,794

All right-of-use assets relate to leased properties. As at January 1, 2023 the Group had ten pre-existing lease agreements relating to four properties based in the United Kingdom and one in Austria.

The Group entered into two seven-year lease arrangements in relation to laboratory and office space in Vienna, Austria on September 3, 2021. The lease term for the office space commenced on December 1, 2022, expiring in December 2029. The lease term for the laboratory space commenced on January 26, 2023. Annually from January, each year lease payments will be indexed based on the consumer price index rate as published by STATISTIK AUSTRIA at September of the preceding year.

On July 1, 2022, the Group entered into a lease arrangement in relation to premises in Boston, Massachusetts, United States. The lease commenced on January 23, 2023 and expires on June 23, 2033.

In December 2022, the Group entered into a lease arrangement in relation to premises in Miami, Florida, United States. The lease commencement date, being the date at which the landlord makes the premises available to the Group, is currently expected to transpire during the first quarter of 2024, and as such no right of use asset has been recognised in relation to this lease during the year ended December 31, 2023. The lease expires on June 1, 2034. See note 3 for further details regarding this lease.

On October 16, 2023 the Group entered into a second lease arrangement in relation to premises in Miami, Florida which expires on January 31, 2029.

Right-of-use assets totalling £6,692,000 were recognised in relation to the Group's leased premises in Vienna, Miami and Boston leases during the year ended December 31, 2023.

On May 23, 2023, the Group exited a lease pertaining to part of its leased premises in Dundee, United Kingdom, resulting in a disposal of right-of-use asset of £157,000.

On December 28, 2023, the Group made the decision to not exercise a break clause present within one of the leases on a building at one of our Oxford sites. The lease term was subsequently revised to the lease expiration date of July, 28, 2028, and the related right of use lease asset increased by £742,000. An adjustment was also made to increase the restoration provision relating to this site by £84,000 as a result of the change in lease term.

Restoration provisions of £200,000 and £500,000 were made during 2022 in respect of the Group's obligation to restore alterations made during the period on leased spaces in two of the Group's leasehold properties. The required work is expected to be completed in 2026 and 2031 respectively.

Lease Liability Maturity

	December 31,	
	2023	2022
	£'000	£'000
Current	2,396	2,641
Non-current	16,221	10,942
	18,617	13,583

In respect of the Group's leasing activities the following amounts were recognised:

	December 31,	
	2023	2022
	£'000	£'000
<i>Recognised within general administrative expenses</i>		
Depreciation charge for the right-of-use assets	3,567	1,747
Expenses relating to short-term leases	286	409
Onerous lease expense	807	—
<i>Recognised within finance expenses</i>		
Interest expense on lease liabilities	1,028	299

See note 3 for further details regarding the onerous lease expense recorded during the year ended December 31, 2023.

The undiscounted lease liability contractual maturities as at December 31, 2023 and 2022 are as follows:

	December 31,	
	2023	2022
	£'000	£'000
Within one year	3,399	2,641
One to five years	14,707	9,682
More than 5 years	4,003	3,930
	22,109	16,253

18. Other Receivables and Contract Assets

Current Other Receivables and Contract Assets

	December 31,	
	2023	2022
	£'000	£'000
VAT recoverable	3,356	3,040
Prepayments	5,961	5,935
Contract assets and accrued grant income	—	176
Accrued bank interest	412	746
Other receivables	5,622	4,721
	15,351	14,618

Non-current Other Receivables and Contract Assets

	December 31,	
	2023	2022
	£'000	£'000
Other receivables	663	100
	663	100

Non-current other receivables relate to deposits on leased premises; due back at the end of the respective lease terms.

A reconciliation of the movement in contract assets and accrued grant income for the Group is as follows:

	January 1, 2023	Recognised as Income	Deductions	Foreign Exchange	December 31, 2023
	£'000	£'000	£'000	£'000	£'000
Grants	176	117	(293)	—	—
Total contract assets and accrued grant income	176	117	(293)	—	—

	January 1, 2022	Recognised as Income	Deductions	Foreign Exchange	December 31, 2022
	£'000	£'000	£'000	£'000	£'000
Grants	126	171	(143)	22	176
Collaborations	179	(69)	(110)	—	—
Total contract assets and accrued grant income	305	102	(253)	22	176

19. Inventories

	2023	December 31,	2022
	£'000		£'000
Raw materials	—		15
Work in progress	—		35
	—		50

20. Cash and Cash Equivalents

	December 31,	
	2023	2022
	£'000	£'000
Cash and cash equivalents	257,568	403,717
Restricted cash	1,895	860
	259,463	404,577

Restricted cash relates to amounts on deposit which have been granted to the Group to reimburse certain costs incurred in relation to the Group's grants with the Open Philanthropy Project LLC and the Gates Foundation.

21. Share Capital

	December 31, 2023	December 31, 2022
	£	£
Issued and fully paid share capital		
125,702,396 (2022: 122,963,545) Ordinary shares of £0.0005 each	62,851	61,482
	62,851	61,482

Shares authorised and issued (number)

	December 31, 2022	Exercise of share-based payment awards	Issue of Shares	December 31, 2023
Ordinary shares	122,963,545	2,738,848	3	125,702,396
	122,963,545	2,738,848	3	125,702,396

A total of 2,738,848 shares were issued upon the exercise of share-based payment awards during the year ended December 31, 2023; see note 30 for further details. A total of 3 shares were issued to employees for consideration equal to their nominal value during the year ended December 31, 2023.

Rights of Share Classes

Holders of ordinary shares are entitled to one vote per share at a show of hands meeting of the Company and one vote per share on a resolution on a poll taken at a meeting and on a written resolution. The deferred shares conveyed no voting rights to the shareholders prior to their repurchase.

22. Reserves

Share capital. Share capital represents the nominal value of shares that have been issued.

Share premium. Share premium is the excess amount received by the Company over the par value of shares issued.

Capital redemption reserve. Represents the cancellation and repurchase of deferred shares.

Foreign exchange reserve. Comprises translation differences arising from the translation of financial statements of the Group's foreign entities into GBP.

Share based payment reserve. Represents share options awarded by the Group and company.

Fair value reserve. The fair value reserve comprises the cumulative net change in the fair value of investments classified as at FVOCI until the investments are derecognised.

Merger reserve. The merger reserve arose as a result of group reorganisation transactions and represents the difference between the equity of Exscientia plc and Exscientia AI Limited at the point at which the share for share exchange was executed.

Retained Earnings/accumulated Losses. Retained earnings/accumulated losses comprise the Group's undistributed earnings after taxes in addition to amounts generated as a result of the Group's corporate reorganisation.

23. Deferred Tax**United Kingdom**

The Group has recognised deferred tax assets and liabilities at December 31, 2023 and 2022. In light of the Group's history of losses, recovery of the whole deferred tax asset is not sufficiently certain, and therefore a deferred tax asset has been recognised only to the extent that there is a deferred tax liability in the form of fixed asset temporary differences.

The unrecognised deferred tax asset of £57,658,000 (2022: £42,358,000) relates to short term timing differences of £40,788,000 (2022: £31,372,676) and losses and other deductions of £202,495,000 (2022: £167,305,000) offset by underlying fixed asset timing differences of £11,985,000 (2022: £29,247,000).

<i>Recognised</i>	December 31,	
	2023	2022
	£'000	£'000
<i>Deferred tax asset</i>		
Other temporary differences	3,115	7,312
<i>Deferred tax liability</i>		
Fixed asset temporary differences	(3,115)	(7,312)
Deferred tax asset, net	—	—

<i>Not Recognised</i>	December 31,	
	2023	2022
	£'000	£'000
<i>Deferred tax asset</i>		
Losses and other deductions	50,576	41,827
Other temporary differences	7,082	531
Deferred tax asset, net	57,658	42,358

Austria

The Group has recognised the following deferred tax assets and liabilities at December 31, 2023 and 2022:

	December 31,	
	2023	2022 ⁽¹⁾
	£'000	£'000
<i>Deferred tax asset</i>		
Other temporary differences	1,649	1,006
<i>Deferred tax liability</i>		
Fixed asset temporary differences	(5,897)	(7,072)
Other temporary differences	(1,526)	(1,006)
Deferred tax liability, net	(5,774)	(7,072)

(1) Comparative figures are restated for the adoption of the amendment to IAS 12, *Income Taxes*, see note 2e.

United States of America

The Group has recognised the following deferred tax assets and liabilities at December 31, 2023 and 2022:

	December 31,	
	2023	2022 ⁽¹⁾
	£'000	£'000
<i>Deferred tax asset</i>		
Other temporary differences	1,257	1,008
<i>Deferred tax liability</i>		
Other temporary differences	(567)	—
Deferred tax asset, net	690	1,008

(1) Comparative figures are restated for the adoption of the amendment to IAS 12, *Income Taxes*, see note 2e.

The Group has an unrecognised deferred tax asset of £1,006,000 (2022: £660,000) relating to losses of £4,789,000 (2022: £3,144,000).

24. Contract Liabilities and Other Advances

	Within one year December 31,		More than one year December 31,	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Contract liabilities				
Revenue generating collaborations	25,036	29,433	65,466	58,451
Total contract liabilities	25,036	29,433	65,466	58,451
Other advances				
Grants	1,970	959	—	—
Joint Operations	—	8,420	—	719
Total other advances	1,970	9,379	—	719
Total contract liabilities and other advances	27,006	38,812	65,466	59,170

A reconciliation of the movement in contract liabilities and other advances is as follows:

	January 1, 2023	Additions	Recognised in the Income Statement	Transferred to Other Creditors	Foreign Exchange	December 31, 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Grants	959	2,141	(1,127)	—	(2)	1,971
Revenue generating collaborations	87,884	22,655	(20,038)	—	—	90,501
Joint operations	9,139	—	(2,033)	(7,106)	—	—
Total contract liabilities and other advances	97,982	24,796	(23,198)	(7,106)	(2)	92,472

Additions to contract liabilities relating to revenue generating collaborations during the year ended December 31, 2023 include £16,238,000 (\$20,100,000) invoiced to Merck KGaA, Darmstadt, Germany relating to the collaboration initiated with that counterparty on September 19, 2023, and amounts of £3,274,000 (\$4,000,000) and £3,144,000 (\$4,000,000) invoiced to Sanofi in relation to the achievement of a research milestone and the initiation of a new drug discovery project as detailed in note 5.

The Group's collaboration with EQRx International, Inc. ("EQRx") was ended on October 9, 2023 following the announcement of the acquisition of EQRx by Revolution Medicines Inc., at which point it was agreed that the Group would return the agreed unspent funds advanced to it by EQRx at the initiation of the collaboration in complete satisfaction of the Group's financial obligations under the collaboration agreement. As part of the arrangement, the Group obtained full and exclusive rights to all intellectual property on the three initial targets that was created during the collaboration.

The Group expects to recognise its contract liabilities relating to revenue generating collaborations over the terms of the related collaborations, the longest of which extends to December 2027. As at

December 31, 2022, the Group expected to recognise its contract liabilities relating to revenue generating collaborations over the period to December 2027. The ageing presented above reflects the Group's best estimate of when contract liability and other advance amounts will be utilised based upon when the underlying costs to be incurred in the delivery of the related projects are expected to be incurred.

A reconciliation of the movement in contract liabilities and other advances for the year ended December 31, 2022 is as follows:

	January 1, 2022	Additions	Recognised in the Income Statement	Foreign Exchange	December 31, 2022
	£'000	£'000	£'000	£'000	£'000
Grants	1,889	715	(1,648)	3	959
Revenue generating collaborations	28,946	85,700	(26,769)	7	87,884
Joint Operations	15,486	—	(6,347)	—	9,139
Total contract liabilities and other advances	46,321	86,415	(34,764)	10	97,982

25. Provisions

	Restoration Provisions	Onerous Contracts	Total
	£'000	£'000	£'000
At January 1, 2022	537	—	537
Provisions made during the year	700	—	700
Unwind of discount	6	—	6
At December 31, 2022	1,243	—	1,243
Provisions made during the year	84	807	891
Unwind of discount	23	—	23
At December 31, 2023	1,350	807	2,157

A provision of £535,000 was made during 2020 in respect of the Group's obligation to restore alterations made on lease space within one of the Group's leasehold properties. The required work is expected to be completed in 2024 and 2028.

Further provisions of £200,000 and £500,000 were made during 2022 in respect of the Group's obligation to restore alterations made during the period on leased spaces in two of the Group's leasehold properties. The required work is expected to be completed in 2026 and 2031 respectively.

An adjustment was made to increase the restoration provision relating to part of the Group's Oxford headquarters by £84,000 upon extension of the related lease. The required work is now expected to be completed in 2028.

Key uncertainties surrounding the amount and timing of the outflows relate to changes in required restoration costs over the lease term and the timing of exit of the relevant buildings.

A provision for costs relating to an onerous contract relating to one of the Group's leased premises was recorded during the year ended December 31, 2023, see note 3 for further details.

26. Other Payables

Current Other Payables

	December 31,	
	2023	2022
	£'000	£'000
Accruals	16,238	15,801
Other payables	2,087	814
Other taxation and social security	5,897	2,830
Corporation tax	111	10
	<u>24,333</u>	<u>19,455</u>

Non-current Other Payables

	December 31,	
	2023	2022
	£'000	£'000
Other payables	—	377
	<u>—</u>	<u>377</u>

27. Financial Instruments

The group holds the following financial instruments:

Financial Assets	December 31,	
	2023	2022
	£'000	£'000
<i>Held at amortised cost</i>		
Trade and other receivables (excluding prepayments and taxes)	10,069	6,266
Cash and cash equivalents	259,463	404,577
Short term bank deposits	103,586	101,234
<i>Held at fair value through OCI</i>		
Investments held in unquoted equity instruments	2,145	2,145
	375,263	514,222

Financial Liabilities	December 31,	
	2023	2022
	£'000	£'000
<i>Held at amortised cost</i>		
Trade and other payables (excluding taxes and contract liabilities and other advances)	29,662	47,732
Loans	306	313
Lease liability	18,617	13,583
Other advances from joint operation partners	—	9,139
	48,585	70,767

As disclosed throughout the financial statements, management consider fair value to be materially the same as the carrying amount. Other advances relating to amounts received from joint operation partners have been classified as financial liabilities and included within the tables above and below.

Classification of Financial Assets at Amortised Cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- The asset is held within a business model with the objective of collecting the contractual cash flows, and
- the contractual terms give rise on a specified date to cash flows that are solely payments of principal and interest on the principal outstanding.

Nature of Financial Instruments Recognised and Measured at Fair Value

Unlisted Equity Securities- Shares in GTA. Following the achievement of a development milestone on March 31, 2021, the Group became entitled to receive a number of ordinary shares and preference shares in GTA. These shares represent unlisted equity securities and the Group has taken the election provided within IFRS9 to recognize fair value gains and losses within Other Comprehensive Income (FVOCI) as

gains and losses relating to the value of these securities are not considered to be part of the trading activities of the entity.

On July 1, 2021 the rights to a portion of these shares were waived as part of an agreement to enter into a joint arrangement with the Group as further detailed in note 14. The remainder of the shares in question were received on that date.

The Group's current valuation for this investment has been established with reference to the price of third party investment into GTA in the first quarter of 2022, with no adjustment deemed necessary based on our assessment of internal and other market factors throughout the remainder of 2022 and 2023.

Foreign Exchange Forward Contracts. During the three months ended June 30, 2022 the Group entered into one specific set of foreign exchange transactions, whereby a commitment was made to exchange U.S. dollars for a fixed number of Pounds Sterling at future dates between one and three months from the trade dates based on the estimated future cashflow needs of the Group. All of the transactions were settled within the quarter ended June 30, 2022 for a cumulative loss of £11,287,000. No such transactions were entered subsequent to that date, and the group does not use derivative financial instruments for speculative purposes.

Fair Value Hierarchy. To provide an indication about the reliability of the inputs used in determining fair value, the group classifies its financial instruments into the three levels prescribed under the accounting standards as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Fair Value Measurements Using Significant Unobservable Inputs (level 3)

	Unlisted Equity Securities
	£'000
Opening balance as at January 1, 2023	2,145
Acquisitions	—
Loss recognised in other comprehensive income	—
Disposal	—
Closing balance as at December 31, 2023	2,145

The group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at December 31, 2023. There have been no transfers between levels 2 and 3 and changes in valuation techniques during the period.

Risk Management Objectives. Management identifies and evaluates financial risks on an on-going basis. The principal risks to which the Group is exposed are market risk (including interest rate risk, and cash flow risk), credit risk, and liquidity risk.

Market Risk. Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. For the Group, market risk comprise of two types of risks; interest rate risk and foreign currency risk.

Foreign Currency Risk. The Group is exposed to foreign currency exchange risks due to the Group holding foreign currency monetary assets and liabilities which are exposed to exchange rate fluctuations, primarily in relation to foreign currency denominated cash and cash equivalents as well as trade receivables. This risk is assessed on an on-going basis.

The Group does not have a policy to use derivative financial instruments to manage currency exchange movements, although they may be used for specific transactions, and as such, no hedge accounting is applied.

The table below illustrates the sensitivity analysis of the Group's reported profit to a 10% increase or decrease in the respective foreign exchange rates to which they are significantly exposed. The sensitivity analysis is calculated on balances outstanding at the year end, with all other variables held constant.

	Change in rate	Effect on profit before tax £'000	Effect on equity £'000
2023			
Change in USD	+10%	9,031	9,092
	-10%	(9,031)	(9,092)
Change in EUR	+10%	(17)	3,648
	-10%	17	(3,648)
2022			
Change in USD	+10%	6,290	6,051
	-10%	(6,290)	(6,051)
Change in EUR	+10%	165	4,631
	-10%	(165)	(4,631)

Interest Rate Risk. The Group's exposure to the risk of changes in market interest rates relate to the Group's interest-bearing current accounts. The Group has multiple instant access accounts including within cash and cash equivalents which are exposed to variable interest rates which total to £97,292,000 (2022: £370,868,000). A sensitivity analysis prepared with a 1% increase or decrease in interest rate with all other variables held constant would lead to an increase or decrease in profit and equity of £973,000 (2022: £3,709,000).

The sensitivity analysis has been determined based on the exposure to floating interest rate instruments at the end of the reporting year. The analysis is prepared assuming the amount of the consolidated balance at the end of the reporting year was the balance for the whole year.

Credit Risk. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash balances (including bank deposits, cash and cash equivalents) and credit exposures to trade and other receivables.

The Group's maximum exposure to credit risk is represented by the carrying value of cash and cash equivalents and trade and other receivables.

Credit risk is managed by monitoring clients and performing credit checks before accepting any customers and by placing funds with banks with high credit-ratings assigned by international credit-rating agencies.

Impaired Trade Receivables. Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. There have been no impairments during 2023 (2022: £nil).

Expected Credit Losses. At each reporting date, the Group recognizes a loss allowance for expected credit losses on material balances by applying the simplified approach.

In applying the simplified approach, the Group uses a “probability of default” (“PD”) approach, to determine the lifetime expected credit losses. Under the PD approach, the expected credit losses are calculated using three main parameters:

- a counterparty PD;
- expected LGD (loss given default); and
- EAD (expected exposure at default).

In calculating the expected credit loss, the following formula is applied:

Expected Credit Loss (ECL) = PD x LGD x EAD

Based on the nature of the Group’s activities and trade receivables being current, management has determined that the expected credit loss on these balances is not material at the reporting date.

Capital Management. The Group manages its capital to ensure that it will be able to continue as a going concern. The capital structure of the Group consists of issued capital, the share premium account and accumulated losses.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. No significant changes were made in the objectives, policies or processes during the years ended December 31, 2023 and December 31, 2022. The Group does not have any externally imposed capital requirements. As part of the Group’s management of capital structure, consideration is given to the cost of capital.

Liquidity Risk. Liquidity risk is the risk that the Group may encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or other financial assets. The Group seeks to manage its liquidity risk by ensuring that sufficient liquidity is available to meet its foreseeable needs.

A summary table with maturity of financial liabilities presented below is used by management to manage liquidity risks. The amounts disclosed in the following tables are the contractual undiscounted cash flows with the exception of advances received from joint operation partners, which are based on the Group’s best estimate of when the underlying costs to which those advances relate are incurred.

Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position, as the impact of discounting is not material.

The maturity analysis of financial liabilities at December 31, 2023 is as follows:

	Carrying Amount	Demand and Less Than 3 Months	From 3 to 12 Months	From 12 Months to 2 Years	From 2 to 5 Years	More Than 5 Years	Total Contractual Cash Flows
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Liabilities:							
Trade and other payables	(29,662)	(29,007)	(655)	—	—	—	(29,662)
Loans	(306)	(1)	(2)	(2)	(313)	—	(318)
Lease liability	(18,617)	(812)	(2,587)	(3,661)	(11,046)	(4,003)	(22,109)
	(48,585)	(29,820)	(3,244)	(3,663)	(11,359)	(4,003)	(52,089)

Interest Bearing Loans and Borrowings. As part of the Group's acquisition of Allice the group acquired a loan of €353,000 (£300,000) from the FFG. This loan accrues interest at a rate of 0.75% repaid annually and is repayable on September 30, 2026.

The maturity analysis of financial liabilities at December 31, 2022 is as follows:

	Carrying Amount	Demand and Less Than 3 Months	From 3 to 12 Months	From 12 Months to 2 Years	From 2 to 5 Years	More Than 5 Years	Total Contractual Cash Flows
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Liabilities:							
Trade and other payables	(47,732)	(47,355)	—	(377)	—	—	(47,732)
Loans	(313)	(1)	(2)	(2)	(320)	—	(325)
Lease liability	(13,583)	(619)	(2,022)	(2,576)	(7,107)	(3,930)	(16,254)
Other advances from joint operation partners	(9,139)	(1,572)	(6,870)	(697)	—	—	(9,139)
	(70,767)	(49,547)	(8,894)	(3,652)	(7,427)	(3,930)	(73,450)

Changes in liabilities arising from financing activities

	At January 1, 2023	Cash Flows	Additions	Interest Expense	Foreign Exchange	Disposals	At December 31, 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Interest-bearing loans and borrowings	313	(2)	—	2	(7)	—	306
Lease liabilities	13,583	(3,194)	7,434	1,028	(195)	(39)	18,617
Total liabilities from financing activities	13,896	(3,196)	7,434	1,030	(202)	(39)	18,923

	At January 1, 2022	Cash Flows	Additions	Interest Expense	Foreign Exchange	At December 31, 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Interest-bearing loans and borrowings	296	—	—	2	15	313
Lease liabilities	4,879	(1,740)	10,033	298	113	13,583
Total liabilities from financing activities	5,175	(1,740)	10,033	300	128	13,896

Other Financial Instruments. On June 21, 2022, the Group invested £100,000,000 into a 12-month deposit with an F1+ rated U.K. financial institution. This short term bank deposit accrued interest at a rate of 2.35% and was classified as a financial asset measured at amortised cost. The investment was redeemed on June 21, 2023.

On March 24, 2023, the Group invested £150,000,000 into a 9-month short term deposit with an F1 rated financial institution. This short term bank deposit accrued interest at a rate of 4.8% and was classified as a financial asset measured at amortised cost. The investment was redeemed on December 27, 2023.

On July 27, 2023 the Group invested \$40,000,000 into a 6-month short term deposit with an F1+ rated financial institution. On August 11, and August 16, 2023, the Group invested £45,000,000 and £25,000,000 respectively into two 6-month short term deposits with an F1 rated financial institution. These short term bank deposits accrue interest at 5.2%, 5.4% and 5.4% respectively and have been classified as financial assets measured at amortised cost.

The Group also has a number of other financial instruments which are not measured at fair value in the balance sheet consisting of trade receivables, trade and other payables, other loans and lease liabilities. For these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

28. Pension Commitments

The Group operates a defined contribution retirement benefit schemes for all qualifying employees. The assets of the scheme are held separately from those of the Group in funds under the control of trustees. The total expense recognised for the year ended December 31, 2023 was £2,523,000 (2022: £1,542,000). Contributions outstanding at the period end were £430,000 (2022: £349,000).

29. Related Party Transactions

In accordance with the IAS 24 definition there are no disclosable related party transactions who are not key management personnel of the Group (whose remuneration is disclosed in note 11) or joint ventures during the year ended December 31, 2023 (2022: none).

The Group has undertaken transactions with its joint venture entity, RE Ventures I, LLC during the years ending December 31, 2023 and 2022, details of which are set out in note 16.

30. Share Based Payments

From April 2022 the Company has issued all share options, performance share options, RSUs and PSUs to employees and non-employee members of the Board of Directors under the *2021 Equity Incentive Plan* ("EIP"). All awards prior to that date were issued under the following legacy plans:

- Enterprise Management Incentive ("EMI") Scheme
- Company Share Ownership Plan ("CSOP")
- Unapproved Share Ownership Plan ("USOP")

Total share-based remuneration expenses (including charges relating to the clawback shares) amounted to £24,350,000 during the year ended December 31, 2023 (2022: £30,576,000).

The following table represents the share-based payment expense by award type for the year ended December 31, 2023 and 2022:

	Year ended December 31,	
	2023	2022
	£'000	£'000
Share options	14,510	19,959
Performance share options	3,005	2,545
PSUs	718	424
RSUs	4,090	3,709
Clawback shares	2,027	3,939
	24,350	30,576

Clawback Shares. As part of the Group's acquisition of Allecyte in 2021, additional equity securities with a total fair value of £8,074,000 were issued to shareholders of Allecyte who act in management positions of the company. These shares are subject to a clawback period of three years from the acquisition date whereby should said employees leave their positions within the Group within the clawback period the shares will be repurchased by the Group at their then nominal value. The fair value of these securities has been excluded from the purchase consideration in accordance with paragraph B55 of IFRS3 and will be expensed to profit or loss on a systematic basis over the period to which the clawback relates.

The total expense recognised within the share based payment charge during the year to December 31, 2023 in relation to these shares in the period is £2,027,000 (2022: £3,939,000). This expense is included within research and development expenses.

Share Options. Share options are granted to employees and non-executive directors of the Group. These options typically vest in tranches over four years, with the only vesting condition relating to continued employment by the Group. Information with respect to share options for the year ended December 31, 2023 is as follows:

	Number of Share Options	Weighted Average Exercise Price
Options held as at January 1, 2023	9,809,788	£0.04
Granted	2,946,265	£0.14
Exercised	(2,294,497)	£0.02
Forfeited	(1,003,584)	£0.01
Options held as at December 31, 2023	9,457,972	£0.08
Exercisable as at December 31, 2023	4,856,059	£0.08

Share options outstanding as at December 31, 2023 had exercise prices in the range of £0.02 to £7.86 (December 31, 2022: £0.02 to £0.07). The weighted average contractual life for options outstanding as of December 31, 2023 was 7.8 years (December 31, 2022: 7.8 years).

The following information is relevant to the determination of the fair value of the options issued during the period. The Black-Scholes model has been used to calculate the fair value of options of the equity settled share based payments, with the following weighted average values:

Exercise price	£0.0005
Expected life	6.0 years
Expected volatility	95.7%
Risk-free rate	3.12%
Expected dividend rate	£0.00
Fair value	£4.22

The fair value of the underlying ordinary shares is equal to the closing share price at the grant date converted at the prevailing exchange rate at that date. The risk-free rate is determined by reference to the rate of interest obtainable from U.S. Government Bonds over a period commensurate with the expect term of the options. Expected volatility has been set with reference to the Group's own share price volatility over the period from the Company's IPO to the award grant date and peer group analysis. The expected life of the options has been set equal to the mid-point between the vesting date and the expiry date of the award in question.

Performance Share Options. Performance share options are granted to certain executive officers of the group on an annual basis, and contain market based performance conditions relating to total shareholder return as well as a continued employment vesting requirement. These awards vest in tranches over three years. Information with respect to performance share options for the year ended December 31, 2023 is as follows:

	Number of Share Options	Weighted Average Exercise Price
Options held as at January 1, 2023	877,704	£0.00
Granted	1,350,482	£0.00
Exercised	(39,304)	£0.00
Forfeited	(239,192)	£0.00
Options held as at December 31, 2023	1,949,690	£0.00
Exercisable as at December 31, 2023	—	£0.00

A Monte Carlo model has been used to calculate the fair value of the performance options as at the grant date, with the following weighted average values for the year ended December 31, 2023:

Exercise price	£0.0005
Expected life	3.0 years
Expected volatility	88.6%
Risk-free rate	3.59%
Expected dividend rate	—
Fair value	£3.33

The fair value of the underlying ordinary shares is equal to closing share price at the grant date converted at the prevailing exchange rate at that date. The risk-free rate is determined by reference to the rate of interest obtainable from U.S. Government Bonds over a period commensurate with the expect term of the options. Expected volatility has been derived as the weighted average volatility of comparator companies who have been listed for a period commensurate with the expected term prior to the grant date, and the expected life of the options has been set equal to the mid-point between the vesting date and the expiry date of the award in question.

Performance Share Units. Performance share units are granted to certain executive officers of the group on an annual basis, and contain market based performance conditions relating to total shareholder return as well as a continued employment vesting requirement. These awards vest in tranches over three years.

Information with respect to performance share units for the year ended December 31, 2023 is as follows:

	Number of PSUs
PSUs held as at January 1, 2023	146,285
Granted	342,548
PSUs held as at December 31, 2023	488,833

The weighted average grant date fair value per unit of the PSUs granted in the year to December 31, 2023 was £4.10. The weighted average remaining contractual life of the awards granted was 9.0 years as at December 31, 2023.

A Monte Carlo model has been used to calculate the fair value of the performance share units as at the grant date, with the same model inputs as detailed for the performance share options above.

Restricted Share Units. The Group operates a RSU scheme, whereby certain employees and directors receive restricted stock units held over Ordinary shares in the Company. These units are non-transferable and subject to forfeiture for periods prescribed by the Company. These awards are valued at the market value of the underlying shares at the date of grant and are subsequently amortised over the periods during which the restrictions lapse, typically four years. The awards expire on the cessation of the participant's employment with the Group.

Details of the RSUs in existence during the year to December 31, 2023 are as follows:

	Number of RSUs
RSUs held as at January 1, 2023	759,696
Granted	745,345
Released	(443,768)
Forfeited	(42,087)
RSUs held as at December 31, 2023	1,019,186

The weighted average grant date fair value per unit of the RSUs granted in the year to December 31, 2023 was £4.35. The weighted average remaining contractual life of the awards granted was 9.0 years as at December 31, 2023.

During the year ended December 31, 2023, 108,616 awards were released via a net settlement arrangement, with 55,260 shares issued and £243,000 paid by the Company in order to settle related employee tax obligations. The payments made have been recognised within retained earnings.

Of the RSUs held at January 1, 2022, 600,000 were issued as replacement options for EMI options cancelled during the year ended December 31, 2021. These 600,000 awards were released during the year ended December 31, 2022 via a net settlement arrangement, with 374,887 shares issued and £2,282,000 paid by the Company in order to settle related employee tax obligations. The payment made was recognised within retained earnings.

31. Capital Commitments

The Group has significant capital expenditure contracted for the end of the reporting period but not recognised as liabilities is as follows:

	December 31, 2023	December 31, 2022
	£'000	£'000
Plant and equipment	840	8,656
Computer Equipment	—	8
Computer Software	40	—
Fixtures and Fittings	14	447
Leasehold improvements	12	2,639
	<u>906</u>	<u>11,750</u>

Gates Foundation Private Placement Commitment. Concurrent with the Company's IPO on October 5, 2021, the Company completed a private placement to the Gates Foundation for the sale of 1,590,909 ADSs at the initial offering price of \$22.00 per ADS, for gross proceeds of approximately \$35,000,000 (£25,743,000). Under the terms of the Company's agreement with the Gates Foundation, the Group is committed to spending \$70,000,000 over a four-year period to the research, discovery, and development of small molecule anti-infective therapeutics for future pandemic preparedness, with a specific focus on developing therapeutics that can be applied against multiple species of coronaviridae, influenza, and paramyxoviridae (the "Pandemic Preparedness Program"). The Group had incurred £9,697,000 relating to the Pandemic Preparedness Program as at December 31, 2023 (2022: £6,459,000), with a total outstanding commitment of £41,789,000 (2022: £45,027,000).

In the event that the Group is in breach of certain terms within the agreement, the Gates Foundation has the right to sell, or require the Group to buy-back any shareholdings in the Group held by the Foundation at the higher of the public offering price and the market value of the shares at the date of default. Should such a breach occur or should the Company enter bankruptcy the Gates Foundation also has the exclusive right to utilise an exclusive global license granted as part of the agreement in relation to any IP generated by the Group pertaining to the Pandemic Preparedness Program for the benefit of people in certain developing countries. The default conditions are within the control of the Group and the license in question cannot be utilised unless such a default occurs or the Group enters bankruptcy. As such no fair value has been assigned to this license.

32. Ultimate Parent and Controlling party

Exscientia plc is the ultimate parent company of the Group. There is no ultimate controlling party.

33. Events Occurring After the Reporting Period

On January 19, 2024 the Group invested £150,000,000 into a 6-month short term deposit with an F1 rated financial institution. This short term deposit accrues interest at a rate of 5.1% and has been classified as a financial asset at amortised cost.

On February 13, 2024, our board of directors terminated the employment of Andrew Hopkins as our Chief Executive Officer and Principal Executive Officer, and removed Dr. Hopkins from his role as a member of the board of directors. The impact of Dr. Hopkins' termination on his bonus for the year ended December 31, 2023 has been reflected in the total emoluments disclosed within note 11. All outstanding share options and performance-related share options held by Dr. Hopkins, representing 2,636,709 underlying shares, were forfeited in association with his termination on February 13, 2024.

On March 13, 2024, the Group contributed a further \$750,000 to its joint venture with RallyBio, RE Ventures I, LLC.

Exscentia plc

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Loss
for the three and six months ended June 30, 2024 and 2023

	Note	Three months ended June 30,		Six months ended June 30,	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
Revenue	4	4,419	3,006	9,709	8,767
Cost of sales		(7,759)	(6,269)	(15,166)	(14,726)
Gross loss		(3,340)	(3,263)	(5,457)	(5,959)
Research and development expenses		(25,112)	(32,993)	(48,672)	(66,405)
General and administrative expenses		(16,802)	(11,635)	(20,232)	(22,549)
Foreign exchange gains/(losses)		70	(452)	927	(1,644)
Other income	5	5,977	1,834	7,216	4,439
Operating loss	6	(39,207)	(46,509)	(66,218)	(92,118)
Finance income	7	3,866	4,214	7,704	7,777
Finance expenses		(302)	(273)	(562)	(536)
Share of loss of joint venture	12	(383)	(155)	(924)	(614)
Loss before taxation		(36,026)	(42,723)	(60,000)	(85,491)
Income tax (charge)/benefit	8	(213)	6,752	2,754	11,877
Loss for the period		(36,239)	(35,971)	(57,246)	(73,614)
Other comprehensive loss:					
<i>Items that may be reclassified to profit or loss</i>					
Foreign currency loss on translation of foreign operations		(497)	(1,205)	(1,164)	(1,681)
Total other comprehensive loss for the period, net of tax		(497)	(1,205)	(1,164)	(1,681)
Total comprehensive loss for the period		(36,736)	(37,176)	(58,410)	(75,295)
Basic and diluted loss per share (£)	9	(0.29)	(0.29)	(0.45)	(0.60)

The above unaudited condensed consolidated statement of profit or loss and other comprehensive loss should be read in conjunction with the accompanying notes.

	Note	June 30, 2024 £'000	December 31, 2023 £'000
ASSETS			
Non-current assets			
Goodwill	10	6,048	6,186
Other intangible assets, net	10	25,736	28,459
Property, plant and equipment, net	11	44,078	48,954
Investment in joint venture	12	436	173
Right-of-use assets, net	13	17,736	18,513
Other receivables	14	657	663
Investments in equity instruments	15	2,145	2,145
Deferred tax asset, net		749	690
Total non-current assets		97,585	105,783
Current assets			
Trade receivables		234	3,372
Other receivables	14	14,667	15,351
Current tax assets		32,507	23,166
Short term bank deposits	15	153,457	103,586
Cash and cash equivalents		139,327	259,463
Total current assets		340,192	404,938
Total assets		437,777	510,721
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	16	64	63
Share premium		364,658	364,639
Capital redemption reserve		3	3
Foreign exchange reserve		(672)	492
Share-based payment reserve		35,975	46,984
Fair value reserve		(199)	(199)
Merger reserve		54,213	54,213
Accumulated losses		(158,007)	(110,469)
Total equity attributable to owners of the parent		296,035	355,726

	Note	June 30, 2024 £'000	December 31, 2023 £'000
LIABILITIES			
Non-current liabilities			
Loans		299	306
Lease liabilities	13	17,027	16,221
Deferred tax liability, net		5,097	5,774
Contract liabilities and other advances	17	60,578	65,466
Provisions	18	1,364	2,157
Total non-current liabilities		84,365	89,924
Current liabilities			
Trade payables		7,750	11,336
Lease liabilities	13	4,060	2,396
Contract liabilities and other advances	17	21,986	27,006
Other payables	19	23,581	24,333
Total current liabilities		57,377	65,071
Total liabilities		141,742	154,995
Total equity and liabilities		437,777	510,721

The above unaudited condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Exscientia plcUnaudited Condensed Consolidated Statement of Changes in Equity
for the three months ended June 30, 2024 and 2023

	Share capital £'000	Share premium £'000	Capital Redemption Reserve £'000	Foreign exchange reserve £'000	Share-based payment reserve £'000	Fair value reserve £'000	Merger Reserve £'000	Retained earnings/ (accumulated losses) £'000	Total equity £'000
As at March 31, 2023	62	364,609	3	1,348	40,741	(199)	54,213	(13,053)	447,724
Loss for the period	—	—	—	—	—	—	—	(35,971)	(35,971)
Foreign exchange loss on translation of subsidiaries	—	—	—	(1,205)	—	—	—	—	(1,205)
Total comprehensive loss for the period	—	—	—	(1,205)	—	—	—	(35,971)	(37,176)
Share-based payment charge	—	—	—	—	6,836	—	—	—	6,836
Exercise of share-based payment awards	—	9	—	—	(2,713)	—	—	2,592	(112)
As at June 30, 2023	62	364,618	3	143	44,864	(199)	54,213	(46,432)	417,272
As at March 31, 2024	63	364,648	3	(175)	37,203	(199)	54,213	(125,165)	330,591
Loss for the period	—	—	—	—	—	—	—	(36,239)	(36,239)
Foreign exchange loss on translation of subsidiaries	—	—	—	(497)	—	—	—	—	(497)
Total comprehensive loss for the period	—	—	—	(497)	—	—	—	(36,239)	(36,736)
Share-based payment charge	—	—	—	—	2,317	—	—	—	2,317
Exercise of share-based payment awards	1	10	—	—	(3,545)	—	—	3,397	(137)
As at June 30, 2024	64	364,658	3	(672)	35,975	(199)	54,213	(158,007)	296,035

The above unaudited condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Exscientia plc

Unaudited Condensed Consolidated Statement of Changes in Equity
for the six months ended June 30, 2024 and 2023

	Share capital £'000	Share premium £'000	Capital Redemption Reserve £'000	Foreign exchange reserve £'000	Share-based payment reserve £'000	Fair value reserve £'000	Merger Reserve £'000	Retained earnings/ (accumulated losses) £'000	Total equity £'000
As at January 1, 2023	61	364,603	3	1,824	35,267	(199)	54,213	23,106	478,878
Loss for the period	—	—	—	—	—	—	—	(73,614)	(73,614)
Foreign exchange loss on translation of subsidiaries	—	—	—	(1,681)	—	—	—	—	(1,681)
Total comprehensive loss for the period	—	—	—	(1,681)	—	—	—	(73,614)	(75,295)
Share-based payment charge	—	—	—	—	13,794	—	—	—	13,794
Exercise of share-based payment awards	1	15	—	—	(4,197)	—	—	4,076	(105)
As at June 30, 2023	62	364,618	3	143	44,864	(199)	54,213	(46,432)	417,272
As at January 1, 2024	63	364,639	3	492	46,984	(199)	54,213	(110,469)	355,726
Loss for the period	—	—	—	—	—	—	—	(57,246)	(57,246)
Foreign exchange loss on translation of subsidiaries	—	—	—	(1,164)	—	—	—	—	(1,164)
Total comprehensive loss for the period	—	—	—	(1,164)	—	—	—	(57,246)	(58,410)
Share-based payment charge	—	—	—	—	(1,080)	—	—	—	(1,080)
Exercise of share-based payment awards*	1	19	—	—	(9,929)	—	—	9,708	(201)
As at June 30, 2024	64	364,658	3	(672)	35,975	(199)	54,213	(158,007)	296,035

*includes amounts transferred from the share-based payment reserve to accumulated losses relating to vested share options that were forfeited during the period, see note 21.

The above unaudited condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Unaudited Condensed Consolidated Statement of Cash Flows
for the six months ended June 30, 2024 and 2023

	Note	June 30, 2024 £'000	June 30, 2023 £'000
Cash flows from operating activities			
Loss before tax		(60,000)	(85,491)
Adjustments to reconcile loss before tax to net cash flows from operating activities:			
Depreciation of right-of-use assets	6	1,916	1,775
Depreciation of property, plant and equipment	11	4,989	2,689
Amortisation of intangible assets	10	2,300	2,326
Impairment of right-of-use assets	13	1,619	—
Impairment of plant and equipment	11	1,958	—
Loss recognised from joint venture	12	924	614
Finance income	7	(7,704)	(7,777)
Finance expenses		562	536
R&D expenditure tax credits	5	(7,017)	(3,446)
Share-based payment (credit)/charge	21	(1,080)	13,794
Foreign exchange (gain)/loss		(755)	1,827
Changes in working capital:			
Decrease/(increase) in trade receivables		3,138	(806)
Decrease/(increase) in other receivables and contract assets		885	(988)
Decrease in contract liabilities and other advances		(9,909)	(11,893)
Decrease in trade payables		(2,139)	(15,295)
(Decrease)/increase in other payables		(53)	3,625
Decrease in inventories		—	50
Interest received		3,455	4,904
Interest paid		(3)	(9)
R&D expenditure tax credits received		—	1,881
Income taxes received		—	7,015
Income taxes paid		(150)	—
Net cash flows used in operating activities		(67,064)	(84,669)
Cash flows from investing activities			
Purchase of property, plant and equipment		(4,461)	(19,264)
Purchase of intangible assets	10	(154)	(110)
Additional investment in joint venture	12	(1,175)	(623)
Redemption of short term bank deposits	15	104,248	102,350
Cash invested in short term bank deposits	15	(150,000)	(150,000)
Net cash flows used in investing activities		(51,542)	(67,647)

Exscientia plc**Unaudited Condensed Consolidated Statement of Cash Flows**
for the six months ended June 30, 2024 and 2023

	Note	June 30, 2024 £'000	June 30, 2023 £'000
Cash flows from financing activities			
Proceeds from issue of share capital, net of transaction costs		20	16
Cash paid on net settlement of share based payments	21	(223)	(121)
Payments of obligations under lease liabilities		(1,623)	(1,498)
Net cash flows used in financing activities		(1,826)	(1,603)
Supplemental non-cash investing information			
Net decrease in cash and cash equivalents		(120,432)	(153,919)
Exchange gain/(loss) on cash and cash equivalents		296	(2,440)
Cash and cash equivalents at the beginning of the year		259,463	404,577
Cash and cash equivalents at the end of the period		139,327	248,218
Supplemental non-cash investing information			
Change in capital expenditures recorded within trade payables		(1,447)	(5,019)
Change in capital expenditures recorded within other payables		(777)	101

The above unaudited condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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Notes to the unaudited condensed consolidated financial statements for the three and six months ended June 30, 2024 and 2023

1. General information

These unaudited condensed consolidated financial statements reflect the financial performance and position of Exscientia plc (the “Company”) and its subsidiaries (collectively the “Group” or “Exscientia”) for the three and six months ended June 30, 2024 and 2023.

Exscientia plc is a public company incorporated in England and Wales and has the following wholly owned subsidiaries: Exscientia (UK) Holdings Limited, Exscientia AI Limited (“Exscientia AI”), Exscientia Inc., Exscientia Ventures I, Inc., Exscientia Ventures II, Inc., Exscientia KK, Kinetic Discovery Limited and Exscientia GmbH as well as two 50% owned joint ventures: RE Ventures I, LLC (“RE Ventures”) and RE Ventures II, LLC. Exscientia KK was liquidated on April 4, 2024.

The principal activity of the Group is that of the application of artificial intelligence (“AI”) and machine learning (“ML”) to the discovery and design of novel therapeutic compounds. Exscientia’s technology platform combines the best of human and computational capabilities to accelerate the process of designing novel, safe and efficacious compounds for clinical testing in humans.

2. Accounting policies

a) Basis of preparation

These unaudited condensed consolidated financial statements for the three and six months ended June 30, 2024 and 2023 have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”) as issued by the International Accounting Standards Board. The accounting policies and methods of computation applied in the preparation of the unaudited condensed consolidated financial statements are consistent with those applied in the Group’s annual financial statements for the year ended December 31, 2023 except for the estimation of income tax (see note 8).

The financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2023.

The financial statements have been prepared on the historical cost basis, with the exception of certain financial instruments which are measured at fair value.

The financial statements and footnotes have been presented in pounds sterling. This is the functional currency of the Company, being the currency of the primary economic environment in which the Company operates, and the presentational currency of the Group. All values are rounded to the nearest thousand pound (“£’000”) except where otherwise indicated.

These unaudited condensed consolidated financial statements were prepared at the request of the Company’s Board of Directors (the “Board”) to meet regulatory and contractual commitments and were approved by the Board on August 14, 2024, except for the revisions to note 2c) which were approved by the Board on August 29, 2024 and signed on its behalf by David Hallett, Ph.D., Interim Chief Executive Officer of the Company.

b) Basis of consolidation

These unaudited condensed consolidated Group financial statements consolidate the financial statements of Exscientia plc and all its subsidiary undertakings made up to June 30, 2024.

Exscientia plc

Notes to the unaudited condensed consolidated financial statements for the three and six months ended June 30, 2024 and 2023

2. Accounting policies (continued)

c) Going concern

Management has undertaken a detailed cash flow forecast to assess the Group's ability to continue as a going concern. Management's base case scenario has a cash out date of early 2027 and a severe but plausible downside scenario forecasting sufficient liquidity well into 2026. As such on a standalone basis the Directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future.

On August 8, 2024, the Company entered into a transaction agreement with Recursion Pharmaceuticals, Inc., a Delaware corporation ("Recursion"), whereby, subject to conditions, Recursion will acquire the Company's entire issued and to be issued share capital. The board's expectation is that the business combination will provide the combined Group with the resources, internal pipeline and portfolio of pharmaceutical partnerships to achieve continued success over the coming years. Based on discussions between the Companies up to August 30, 2024, the Group has concluded that there is no substantial doubt about its ability to continue as a going concern within one year of the issuance of these financial statements, and as such the Group has prepared these financial statements under the going concern assumption.

d) Application of new and revised International Financial Reporting Standards (IFRSs)

There have been no new or revised accounting standards that have had a material impact on the unaudited condensed consolidated financial statements relative to those applied within the consolidated financial statements of the Group for the year ended December 31, 2023. Any new accounting standards implemented were assessed and determined to be either not applicable or did not have a material impact on the interim financial statements or processes.

e) Material accounting policies

The material accounting policies are disclosed in the consolidated financial statements of the Group for the year ended December 31, 2023. There have been no significant changes to existing accounting policies for the three and six months ended June 30, 2024.

3. Critical accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions. These judgements, estimates and assumptions affect the reported assets and liabilities as well as income and expenses in the financial period.

The estimates are based on information available when the consolidated financial statements are prepared, historical experience and various other factors which are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources.

The significant estimates and judgements made by management in applying the Group's accounting policies are the same as those applied in the consolidated financial statements for the year ended December 31, 2023 with the exception of changes to the Group's estimates in relation to UK research and development tax credits.

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Notes to the unaudited condensed consolidated financial statements for the three and six months ended June 30, 2024 and 2023

3. Critical accounting estimates and judgements (continued)

Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the Group's control. Hence, estimates may vary from the actual values.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of revision and future periods if this revision affects both current and future periods.

UK research and development tax credits- R&D intensity

The Company has historically received income in the form of cash tax credits relating to the U.K. Research and Development Tax Credit Scheme that is applicable to small and medium sized companies ("SMEs"), recognised within income tax benefit. Research and development costs which are not eligible for reimbursement under the U.K. Research and Development Tax Credit scheme, such as expenditure incurred on research projects for which the group receives income, may be reimbursed under the U.K. R&D expenditure credit ("RDEC") scheme. Amounts receivable under the RDEC scheme are presented within other income.

Under the U.K. Research and Development Tax Credit Scheme the Company is able to surrender some of its losses for a cash rebate of up to 18.6% of expenditures related to eligible research and development projects. Qualifying expenditures largely consist of employment costs for relevant staff, external workers provided by CROs, and software and consumables used in research and development projects. A higher rate of cash rebate, of up to 26.97% of qualifying research and development expenditure, could be available if the Group were to qualify as an "R&D intensive" SME for relevant periods (broadly, a loss making SME whose qualifying R&D expenditure represents 40% (or, from April 1, 2024, 30%) or more of its total expenditure for that accounting period).

During the three months ended March 31, 2024 it was estimated that the Group would not meet the requirements to be eligible for this higher rate in relation to either of its 2023 and 2024 claims due to the definition in the legislation of the relevant R&D expenditure (which has been restricted to exclude expenditure eligible under the RDEC scheme), and as such the Group's income tax benefit for those periods was calculated at the lower, 18.6%, rate.

Based on updated guidance from His Majesty's Revenue and Customs that claims including RDEC qualifying expenditure within the relevant R&D expenditure utilised within the eligibility calculations would be permitted, the Group now expects to qualify as R&D intensive for the year to December 31, 2023, and has recognised an additional income tax benefit of £3,961,000 during the three months ended June 30, 2024 in relation to its 2023 claim.

UK research and development tax credits- availability of the U.K. Research and Development Tax Credit Scheme

As disclosed in note 24, the Company entered into a transaction agreement with Recursion Pharmaceuticals, Inc., a Delaware corporation ("Recursion") on August 8, 2024, whereby, subject to conditions, Recursion will acquire the Company's entire issued and to be issued share capital. In accordance with the terms of the United Kingdom's R&D tax credit regime, the Company will no longer qualify for the scheme during the accounting period in which the acquisition completes, with expenditure that would previously have been eligible for the R&D tax credit scheme instead being eligible for inclusion in the RDEC. It is the Company's current best estimate that the transaction will complete by December 31, 2024, and as such the execution of the transaction agreement has been treated as an adjusting post balance sheet event for the purposes of second quarter 2024 financial statements, and the Company's estimated income tax benefit and other income amounts attributable to the U.K. research and development tax credit and RDEC regimes have been adjusted on this basis. Were the acquisition by Recursion to complete after December

Exscientia plc

Notes to the unaudited condensed consolidated financial statements for the three and six months ended June 30, 2024 and 2023

31, 2024 the Company would expect to be eligible to claim under the R&D tax credit regime in relation to spend incurred during calendar 2024.

The rules of the UK's R&D regime are complex, and if a tax authority were to challenge or seek to disallow our claims (in whole or in part), for example by asserting that we do not (or the relevant expenditure does not) meet the technical conditions to be granted tax credits (or cash rebates), then such challenge or disallowance, if successful, could have a material impact on our cash-flow and financial performance.

4. Revenue

Revenue recognised during the three and six months ended June 30, 2024 and 2023 relates to collaboration agreements with Bristol Myers Squibb Company ("BMY"), Sanofi S.A. ("Sanofi"), Merck KGaA, Darmstadt, Germany ("Merck KGaA, Darmstadt, Germany"), Millennium Pharmaceuticals Inc. ("Millennium") (an indirect wholly owned subsidiary of Takeda Pharmaceutical Company Limited), as well as legacy contracts operated by the Group's Austrian subsidiary. The proportion of revenue by customer in each period is as follows:

4. Revenue (continued)

	Three months ended June 30,		Six months ended June 30,	
	2024 %	2023 %	2024 %	2023 %
BMY	23	73	25	70
Merck KGaA, Darmstadt, Germany	24	—	19	—
Sanofi	53	27	46	29
Others	—	—	10	1
	100	100	100	100

	Three months ended June 30,		Six months ended June 30,	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Service fees	—	—	—	104
Licensing fees - upfront payments and research funding	4,419	3,006	9,709	8,663
Total Revenue	4,419	3,006	9,709	8,767

Revenue is recognised upon the satisfaction of performance obligations, which occurs when control of the goods or services transfers to the customer. For obligations discharged over time, the Group recognises revenue equal to recoverable costs incurred for new collaborations from their inception until such time as the collaboration is sufficiently progressed such that the Group can reliably estimate the level of profit that will be achieved from delivery of the related performance obligations. Where collaborations include significant variable consideration which is constrained at the inception of the arrangement this can lead to gross losses being recognised during the early stages of a contract.

All licensing revenue during the three and six months ended June 30, 2024 and 2023 relates to obligations discharged over time, and input methods are utilised in order to estimate the extent to which the performance obligations have been satisfied at the end of the reporting period based upon costs incurred, which can be internal or third party in nature.

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Notes to the unaudited condensed consolidated financial statements for the three and six months ended June 30, 2024 and 2023

Included within revenue for the six months ended June 30, 2024 is an amount of £1.0 million relating to an up-front payment received from Millennium in October 2020 following completion of the related collaboration contract term on March 31, 2024, at which time all related performance obligations have been deemed to be fully satisfied.

The Group has assessed its significant collaboration arrangements with commercial partners and determined that no provision for future operating losses is required as at June 30, 2024 taking into account expected future cash inflows and remaining contract liabilities amounts for each collaboration relative to the remaining unavoidable costs of meeting the contracts' obligations in each instance.

5. Other Income

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Grant income	182	362	199	993
R&D expenditure credits	5,795	1,472	7,017	3,446
	<u>5,977</u>	<u>1,834</u>	<u>7,216</u>	<u>4,439</u>

5. Other Income (continued)

Grant income during the three and six months ended June 30, 2024 relates to grants with Open Philanthropy Project LLC and the Austrian Wirtschaftsservice. The former provides reimbursement for certain personnel, consumables and overhead costs incurred through research and development activities, whilst the latter provided funding in respect of capital investments made in the period from August 2020 to the end of February 2022. As of June 30, 2024 and December 31, 2023 all amounts relating to grants awarded to the Group had been received.

Income relating to R&D expenditure credits during the three and six months ended June 30, 2024 includes amounts expected to be claimable under the U.K. R&D expenditure credit ("RDEC") scheme relating to qualifying research and development expenditure incurred in the first quarter of 2024 that had previously been assessed as eligible for inclusion with the Company's claims under the UK R&D tax credit regime available to SMEs. See note 3 for further details.

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Notes to the unaudited condensed consolidated financial statements
for the three and six months ended June 30, 2024 and 2023

6. Operating Loss

Operating loss for the three and six months ended June 30, 2024 and 2023 has been arrived at after charging/(crediting):

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Depreciation of property, plant and equipment	2,504	1,616	4,989	2,689
Depreciation of right-of-use assets	978	883	1,916	1,775
Amortisation of intangible assets	1,147	1,154	2,300	2,326
Research and development expenses	25,112	32,993	48,672	66,405
Foreign exchange (gain)/loss	(70)	452	(927)	1,644
Share-based payment charge/(credit)	2,317	6,836	(1,080)	13,794
Impairment of right-of-use assets	1,619	—	1,619	—
Impairment of plant and equipment	1,958	—	1,958	—

7. Finance Income

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Bank interest income	3,866	4,214	7,704	7,777
	<u>3,866</u>	<u>4,214</u>	<u>7,704</u>	<u>7,777</u>

8. Taxation

The Group's income tax credit is recognised at an amount determined by multiplying the loss before taxation for the interim reporting period by the Group's best estimate of the weighted average annual income taxation rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from the Group's estimate of the effective tax rate for the annual financial statements.

The Group's consolidated effective tax rate in respect of continuing operations for the three and six months ended June 30, 2024 was (0.59)% and 4.59% (2023: 15.80% and 13.89%). The effective tax rate is impacted by the level of eligible research and development activity undertaken by the Company, as well as the changes in scheme eligibility described in note 3 above.

9. Loss per share

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Basic and diluted loss for the period (£'000)	(36,239)	(35,971)	(57,246)	(73,614)
Basic and diluted weighted average number of shares	126,594,358	123,748,524	126,285,033	123,504,575
Basic and diluted loss per share (£)	<u>(0.29)</u>	<u>(0.29)</u>	<u>(0.45)</u>	<u>(0.60)</u>

Basic loss per share ("Loss per Share") is calculated in accordance with IAS 33 based on earnings attributable to the Company's shareholders and the weighted average number of shares outstanding during the period.

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The Company issues performance options, share options, restricted share units (“RSUs”) and performance share units (“PSUs”) to employees, upon the exercise of which ordinary shares are issued. Inclusion of these awards would have an anti-dilutive effect on the loss per share due to the loss incurred during the period, therefore basic and diluted loss per share are the same.

10. Goodwill and other intangible assets

During the six months ended June 30, 2024 the Group acquired assets at a cost of £154,000 relating to computer software. There were no disposals in the period. The amortisation charge for the period of £2,300,000 consisted of £38,000 relating to computer software, £7,000 relating to patents and £2,255,000 relating to acquired intellectual property. The residual movement in the net book value of goodwill and intangible assets relates to the foreign currency translation of assets relating to the Group’s Austrian business.

No impairment charge was recognised in the period.

11. Property, plant and equipment

During the six months ended June 30, 2024, the Group acquired assets at a cost of £2,237,000, of which £242,000 were additions to leasehold improvement and £1,836,000 were additions to plant and equipment, primarily laboratory equipment. The depreciation charge for the period was £4,989,000.

During the six months ended June 30, 2024, £430,000 was transferred from assets under construction to leasehold improvements which constituted costs relating to the fit-out of premises leased by the Group. An additional £3,054,000 was transferred from assets under construction to plant and equipment for assets now installed, primarily at our premises in Milton Park.

Disposals of property plant and equipment with a total cost and net book value of £968,000 and £26,000 respectively were made during the six months ended June 30, 2024.

On May 21, 2024, the Company announced cost saving and efficiency measures targeting some areas of target identification, precision medicine, experimentation, engineering and infrastructure. Following these measures the Company has performed an impairment review to identify property, plant and equipment which, as at June 30, 2024, have a carrying value in excess of their recoverable amounts. As a result of this review the Company has recognised an impairment charge of £795,000 in relation to plant and equipment and £1,200,000 in relation to leasehold improvements during the three months ended June 30, 2024.

12. Investments in joint ventures and joint operations

During the six months ended June 30, 2024, the Group made £1,175,000 in capital contributions to its joint venture with RallyBio, RE Ventures (six months to June 30, 2023: £623,000). The Group’s share of the loss incurred by the joint venture during the three and six months ended June 30, 2024 totalled £383,000 and £924,000 respectively (June 30, 2023: £155,000 and £614,000). There were no transactions with the Group’s other joint venture with RallyBio, RE Ventures II, LLC, during the six months ended June 30, 2024 (six months to June 30, 2023: £nil).

12. Investments in joint ventures and joint operations (continued)

The Group’s interests in joint operations are disclosed in the consolidated financial statements for the year ended December 31, 2023. See note 24 for details in relation to the termination of the Group’s collaboration with GT Apeiron Therapeutics Inc. (“Apeiron”) on July 17, 2024.

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13. Leases

All right-of-use assets relate to leased premises. As at January 1, 2024, the Group had right-of-use assets relating to ten pre-existing lease agreements pertaining to four properties in the United Kingdom, three properties in the United States of America and one in Austria.

On June 26, 2024 the Group reached agreement with the landlord of its headquarters in Oxford, United Kingdom in relation to updated lease rentals following completion of contractually required rent reviews as per the terms of the underlying lease agreements for that premises. Based on the revised lease rentals, the related ROU assets and lease liabilities were revised upwards by £2,540,000 from that date.

In December 2022, the Group entered into a lease arrangement in relation to premises in Miami, Florida, United States. The lease term commenced on February 26, 2024, being the date at which the landlord made the premises available to the Group, resulting in the recognition of a right of use asset of £2,125,000. The lease expires on June 1, 2034. In the fourth quarter of 2023, as a result of the Group's cost containment measures, the decision was taken not to occupy these premises, and instead to lease smaller premises nearby. The Group has engaged an agent to assist in arranging the subleasing of the original leased premises to a third party, and has estimated that the present value of the unavoidable costs of meeting the Group's obligations under the contract exceed the expected benefits to be received from subletting the space by £807,000 as at both December 31, 2023 and June 30, 2024 respectively, with such amount recorded as a provision during the year ended December 31, 2023 and subsequently recognised as an impairment of the right-of-use ("ROU") asset upon its capitalisation in February 2024.

The Group entered into two seven-year lease arrangements in relation to laboratory and office space in Vienna, Austria on September 3, 2021. Annually from January, 1 each year lease payments are indexed based on the consumer price index rate as published by STATISTIK AUSTRIA at September of the preceding year, being 10.6% in September 2022 and 6.0% in September 2023 respectively. The impact of this change in index rate is reflected when the adjustment to the lease payments takes effect in accordance with IFRS 16 paragraph 42(b), with the change in lease rentals from January 2024 resulting in reductions of £442,000 and £532,000 to the lease liabilities and related ROU assets for the laboratory and office space respectively at that date.

As part of the impairment review described in note 12 above, the Company has recognised an impairment charge of £911,000 in relation to these premises during the three months ended June 30, 2024.

During the second quarter of 2024, the Group engaged in discussions with the landlord of one of its leased premises in Oxford, United Kingdom, the result of which was an agreement, subsequently executed on August 12, 2024, to return the lease in question to the landlord from that date. A payment of £700,000 was made upon the return of the lease, representing settlement of all outstanding obligations in relation to the premises. This agreement constitutes an adjusting post balance sheet event, and accordingly the Group has recorded an impairment to the ROU asset relating to the leased premises of £707,000 within these financial statements.

The undiscounted lease liability contractual maturities as at June 30, 2024 and December 31, 2023 are as follows:

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	June 30, 2024 £'000	December 31, 2023 £'000
Within one year	5,197	3,399
One to five years	16,162	14,707
More than 5 years	3,611	4,003
	<u>24,970</u>	<u>22,109</u>

14. Other receivables*Current other receivables*

	June 30, 2024 £'000	December 31, 2023 £'000
VAT recoverable	1,711	3,356
Prepayments	6,294	5,961
Accrued bank interest	607	412
Other receivables	6,055	5,622
	<u>14,667</u>	<u>15,351</u>

Non-current other receivables

	June 30, 2024 £'000	December 31, 2023 £'000
Other receivables	657	663
	<u>657</u>	<u>663</u>

15. Fair value measurement of financial instruments

This note provides an update on the judgements and estimates made by the Group in determining the fair values of financial instruments since the last annual financial report.

*Nature of financial instruments recognised and measured at fair value*Apeiron shares

During the six months ended June 30, 2024 the Group's only financial instrument measured at fair value consisted of 9,173,021 ordinary shares with a par value of \$0.00001 each and 1,549,942 Series Pre-A preferred shares with a par value of \$0.00001 each that the Group holds in Apeiron, which were acquired in March 2021 and in relation to which the Group has taken the election provided within IFRS 9 to recognise fair value gains and losses within Other Comprehensive Income.

On July 17, 2024 the Group and Apeiron entered into an Asset Purchase Agreement, IP Assignment Agreement, Subscription Agreement and Share Surrender Agreement, pursuant to which the Group now owns the full rights to the intellectual property in GTAEX617. As part of the consideration for the transaction, the Group surrendered its shares in Apeiron; see note 24 for further details.

Fair value measurements using significant unobservable inputs (level 3)- equity investments at FVOCI

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	Unlisted equity securities
	£'000
Opening balance as at January 1, 2024	2,145
Gain recognised in other comprehensive income	—
Closing balance as at June 30, 2024	2,145

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at June 30, 2024. There have been no transfers between levels 2 and 3 and changes in valuation techniques during the period.

15. Fair value measurement of financial instruments (continued)

Other financial instruments

On January 19, 2024 the Group invested £150,000,000 into a six-month short term deposit with an F1-rated financial institution. This short term deposit accrued interest at a rate of 5.1% and has been classified as a financial asset at amortised cost. The deposit was redeemed inclusive of accrued interest on July 19, 2024.

On July 19, 2024 the Group invested £125,000,000 into a six-month deposit with an F1-rated financial institution. This short term deposit accrued interest at a rate of 5.1% and has been classified as a financial asset at amortised cost. On the same date the Group invested a further £28,837,000 into a three-month deposit with the same financial institution, also at a rate of 5.1%. This deposit has been classified as a cash equivalent.

The Group measures expected credit losses over cash and cash equivalents as a function of individual counterparty credit ratings and associated 12 month default rates. Expected credit losses over cash and cash equivalents and third-party financial derivatives are deemed to be immaterial and no such loss has been experienced during the three and six months ended June 30, 2024.

The Group also has a number of other financial instruments which are not measured at fair value in the balance sheet consisting of trade receivables, trade and other payables and other loans. For these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

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16. Share capital

	June 30, 2024	December 31, 2023
	£	£
Issued and fully paid share capital		
127,017,710 (2023: 125,702,396) Ordinary shares of £0.0005 each	63,509	62,851
	63,509	62,851

Shares authorised and issued (number)

	December 31, 2023	Exercise of share-based payment awards	June 30, 2024
Ordinary shares	125,702,396	1,315,314	127,017,710
	125,702,396	1,315,314	127,017,710

A total of 1,315,314 shares were issued upon the exercise of share-based payment awards during the six months ended June 30, 2024; see note 21 for further details.

Rights of share classes

Holders of ordinary shares are entitled to one vote per share at a show of hands meeting of the Company and one vote per share on a resolution on a poll taken at a meeting and on a written resolution.

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17. Contract liabilities and other advances

	Within one year		More than one year	
	June, 30	December 31,	June, 30	December 31,
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
<i>Contract liabilities</i>				
Revenue generating collaborations	20,215	25,036	60,578	65,466
Total contract liabilities	20,215	25,036	60,578	65,466
<i>Other advances</i>				
Grants	1,771	1,970	—	—
Total other advances	1,771	1,970	—	—
Total contract liabilities and other advances	21,986	27,006	60,578	65,466

A reconciliation of the movement in contract liabilities and other advances for the six months ended June 30, 2024 is as follows:

	January 1, 2024	Additions	Recognised in the income statement	Foreign exchange	June 30, 2024
	£'000	£'000	£'000	£'000	£'000
Grants	1,971	—	(199)	—	1,771
Revenue generating collaborations	90,501	—	(9,708)	—	80,793
Total contract liabilities and other advances	92,472	—	(9,907)	—	82,564

The Group expects to recognise its contract liabilities relating to revenue generating collaborations over the terms of the related collaborations, the longest of which extends to December 2027. As at December 31, 2023 the Group expected to recognise its contract liabilities relating to revenue generating collaborations over the period to December 2027. The ageing presented above reflects the Group's best estimate of when contract liability and other advance amounts will be utilised based upon when the underlying costs to be incurred in the delivery of the related projects are expected to be incurred.

A reconciliation of the movement in contract liabilities and other advances for the year ended December 31, 2023 is as follows:

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	January 1, 2023	Additions	Recognised in the income statement	Transferred to other creditors	Foreign exchange	December 31, 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Grants	959	2,141	(1,127)	—	(2)	1,971
Revenue generating collaborations	87,884	22,655	(20,038)	—	—	90,501
Joint operations	9,139	—	(2,033)	(7,106)	—	—
Total contract liabilities and other advances	97,982	24,796	(23,198)	(7,106)	(2)	92,472

18. Provisions

At June 30, 2024 a provision of £1,364,000 existed in respect of the Group's obligation to restore alterations made on leased space within three of the Group's leasehold properties. The required work for the spaces is expected to be completed between 2026 and 2031.

As at December 31, 2023, the Group held an onerous contract provision of £807,000 relating to one of the Group's leased properties in Miami, Florida. The amount had been recorded as a provision because the lease term on the property had yet to commence as of December 31, 2023, and as such no right of use asset had been recorded as at that date. The lease term commenced on February 26, 2024, and as such the onerous contract provision was de-recognised at that date, and an impairment of the right of use asset recorded in its place (see note 13).

19. Other payables

Current other payables

	June 30, 2024	December 31, 2023
	£'000	£'000
Accruals	13,016	16,238
Other payables	5,253	2,087
Other taxation and social security	5,120	5,897
Corporation tax	192	111
	23,581	24,333

20. Related party transactions

Following the Group's IPO on October 5, 2021 the Group has no related parties in accordance with the IAS 24 definition who are not key management personnel of the Group (whose remuneration is disclosed annually) or joint

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ventures, and as such there are no disclosable related party transactions during either the six months ended June 30, 2024 or 2023 relating to such parties.

See note 12 for details of the Group's transactions with joint ventures during the six months ended June 30, 2024 and 2023.

21. Share based payments

From April 2022 the Company has issued all share options, performance share options, RSUs and PSUs to employees and non-employee members of the Board of Directors under the 2021 *Equity Incentive Plan* ("EIP"). All awards prior to that date were issued under the following legacy plans:

- *Enterprise Management Incentive* ("EMI") *Scheme*
- *Company Share Ownership Plan* ("CSOP")
- *Unapproved Share Ownership Plan* ("USOP")

Total share-based remuneration expenses relating to share options, performance share options, RSUs, PSUs and the equity securities issued upon the acquisition of a subsidiary undertaking amounted to a net credit of £(1,080,000) during the six months ended June 30, 2024 (expense for the six months ended June 30, 2023: £13,794,000).

Total share-based remuneration expenses for the three months ended June 30, 2024 amounted to £2,317,000 (three months ended June 30, 2023: £6,836,000).

21. Share based payments (continued)

Included within the net credit for the six months ended June 30, 2024 are amounts totalling £5,935,000 that were released to profit and loss as a result of the forfeiture of unvested options held by our previous CEO on their exit from the Group in February 2024. Transfer of a further £3,289,000 from the share based payment reserve to accumulated losses was made in relation to awards that had vested prior to the forfeiture date.

The following table represents the share-based payment expense/(credit) by award type for the three and six months ended June 30, 2024 and 2023:

	Three months ended June 30,		Six months ended June 30,	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Share options	1,622	4,495	1,546	8,587
Performance share options	277	441	(3,719)	1,311
PSUs	36	184	235	329
RSUs	269	1,157	634	2,455
Clawback shares	113	559	224	1,112
	<u>2,317</u>	<u>6,836</u>	<u>(1,080)</u>	<u>13,794</u>

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Share Options

Share options are granted to employees and non-executive directors of the Group. These options typically vest in tranches over four years, with the only vesting condition relating to continued employment by the Group. Information with respect to share options for the six months ending June 30, 2024 is as follows:

	Number of share options	Weighted average exercise price
Options held as at January 1, 2024	9,457,972	£ 0.08
Granted	2,281,670	£ 0.00
Exercised	(1,167,399)	£ 0.02
Forfeited	(1,729,312)	£ 0.07
Options held as at June 30, 2024	8,842,931	£ 0.07
Exercisable as at June 30, 2024	4,166,771	£ 0.13

A Black-Scholes model has been used to calculate the fair value of the share options as at the grant date, with the following weighted average values for the six months ended June 30, 2024:

Exercise price	£ 0.0005
Expected life	6.0 years
Expected volatility	90.1 %
Risk-free rate	3.83 %
Expected dividend rate	—
Fair value	£ 3.74

21. Share based payments (continued)

The fair value of the underlying ordinary shares is equal to the closing share price at the grant date converted at the prevailing exchange rate at that date. The risk-free rate is determined by reference to the rate of interest obtainable from U.S. government bonds over a period commensurate with the expect term of the options. Expected volatility has been set with reference to the Company's own share price volatility over the period from the Company's IPO to the award grant date and peer group analysis. The expected life of the options has been set equal to the mid-point between the vesting date and the expiry date of the award in question.

Performance Share Options

Performance share options are granted to certain executive officers of the Company on an annual basis, and contain market based performance conditions relating to total shareholder return as well as a continued employment vesting requirement. These awards vest in tranches over three years. Information with respect to performance share options for the six months ending June 30, 2024 is as follows:

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	Number of share options	Weighted average exercise price
Options held as at January 1, 2024	1,949,690	£ 0.00
Granted	726,233	£ 0.00
Forfeited	(1,525,129)	£ 0.00
Options held as at June 30, 2024	1,150,794	£ 0.00
Exercisable as at June 30, 2024	—	£ 0.00

A Monte Carlo model has been used to calculate the fair value of the performance options as at the grant date, with the following weighted average values for the six months ended June 30, 2024:

Exercise price	£ 0.0005
Expected life	3.0 years
Expected volatility	87.6%
Risk-free rate	4.78%
Expected dividend rate	—
Fair value	£ 3.28

The fair value of the underlying ordinary shares is equal to closing share price at the grant date converted at the prevailing exchange rate at that date. The risk-free rate is determined by reference to the rate of interest obtainable from US Government Bonds over a period commensurate with the expect term of the options. Expected volatility has been derived as the weighted average volatility of comparator companies who have been listed for a period commensurate with the expected term prior to the grant date, and the expected life of the options has been set equal to the mid-point between the vesting date and the expiry date of the award in question.

Performance Share Units

Performance share options are granted to certain executive officers of the group on an annual basis, and contain market based performance conditions relating to total shareholder return as well as a continued employment vesting requirement. These awards vest in tranches over three years. Information with respect to performance share units for the six months ending June 30, 2024 is as follows:

21. Share based payments (continued)

	Number of PSUs
PSUs held as at January 1, 2024	488,833
Granted	427,539
PSUs held as at June 30, 2024	916,372

A Monte Carlo model has been used to calculate the fair value of the performance share units as at the grant date, with the same model inputs as detailed for the performance share options above.

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Restricted Share Units

The Group operates a RSU scheme, whereby certain employees and directors receive RSUs held over ordinary shares in the Company. These units are non-transferable and subject to forfeiture for periods prescribed by the Company. These awards are valued at the market value of the underlying shares at the date of grant and are subsequently amortised over the periods during which the restrictions lapse, typically four years. The awards expire on the cessation of the participant's employment with the Group. Information with respect to restricted share units for the six months ending June 30, 2024 is as follows:

	Number of RSUs
RSUs held as at January 1, 2024	1,019,186
Granted	615,954
Exercised	(282,261)
Forfeited	(212,444)
RSUs held as at June 30, 2024	1,140,435

The weighted average grant date fair value per unit of the RSUs granted in the three and six months to June 30, 2024 was £3.74. The weighted average remaining contractual life of the outstanding awards as at June 30, 2024 was 9.2 years.

During the six months ended June 30, 2024, 106,699 awards were released via a net settlement arrangement, with 53,979 shares issued and £223,000 paid by the Company in order to settle related employee tax obligations. The payments made have been recognised within retained earnings. During the six months ended June 30, 2023, 53,566 awards were released via a net settlement arrangement, with 27,098 shares issued and £121,000 paid by the Company in order to settle related employee tax obligations. The payments made have been recognised within retained earnings.

22. Commitments and contingent liabilities

The Group has capital expenditure contracted for but not recognised as liabilities as at June 30, 2024. The expenditure is as follows:

	June 30, 2024 £'000
Plant and equipment	22
Computer software	15
Computer equipment	—
Leasehold improvements	25
Office Furniture and equipment	19
	81

22. Commitments and contingent liabilities (continued)

Gates Foundation private placement commitment

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Concurrent with the Company's IPO on October 5, 2021, the Company completed a private placement to the Gates Foundation as detailed in note 21 of the consolidated financial statements of the Group for the year ended December 31, 2023. Under the terms of the Company's agreement with the Gates Foundation, the Group is committed to spending \$70,000,000 over a four-year period to the research, discovery, and development of small molecule anti-infective therapeutics for future pandemic preparedness, with a specific focus on developing therapeutics that can be applied against multiple species of coronaviridae, influenza, and paramyxoviridae (the "Pandemic Preparedness Program").

The Group had incurred £11,075,000 relating to the Pandemic Preparedness Program as at June 30, 2024 (December 31, 2023: £9,697,000), with a total outstanding commitment of £40,411,000 (December 31, 2023: £41,789,000).

In the event that the Group is in breach of certain terms within the agreement, the Gates Foundation has the right to sell, or require the Company to buy-back any shareholdings in the Company held by the Foundation at the higher of the public offering price and the market value of the shares at the date of default. Should such a breach occur or should the Company enter bankruptcy the Gates Foundation also has the exclusive right to utilise an exclusive global license granted as part of the agreement in relation to any IP generated by the Group pertaining to the Pandemic Preparedness Program for the benefit of people in certain developing countries. The default conditions are within the control of the Group and the license in question cannot be utilised unless such a default occurs or the Group enters bankruptcy. As such no fair value has been assigned to this license.

FFG Guarantee

Prior to its acquisition by the Group, the Company's subsidiary, Exscientia GmbH (which was formally known as Allecyte GmbH), received grant funding totalling €2,485,000 and a €353,000 loan from the Austrian Research Promotion Agency ("FFG") between July 2018 and December 2021, with the loan due for repayment on September 30, 2026. The provision of this funding was contingent upon certain conditions, inclusive of the continuation of research and development activities at Allecyte's Vienna site, with the period over which the associated conditions are applicable extending to late 2025 for a portion of the funding.

In previous periods the likelihood of any repayment in relation to these amounts has been considered to be remote. In the current period the Group has re-assessed the probability of some repayment being required as a result of changes to business activities following the Group's recent re-organisation, and deemed that while it is still unlikely that any repayment will be required, the likelihood is now deemed to be more than remote and as such is disclosing this amount as a contingent liability as at June 30, 2024.

23. Ultimate Parent and Controlling Party

Exscientia plc is the ultimate parent Company of the Group. There is no ultimate controlling party.

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24. Events occurring after the reporting period

On July 17 2024, a subsidiary of the Company, Exscientia AI, and Apeiron announced that they had entered into an Asset Purchase Agreement, IP Assignment Agreement, Subscription Agreement and Share Surrender Agreement, pursuant to which Exscientia AI acquired the full rights to the intellectual property in GTAEX617 and took full operational control of the CDK7 inhibitor programme (the "IP Rights") for the purpose of continuing Exscientia AI's own independent research, development and commercialisation efforts. Concurrent to the transaction, Exscientia AI and Apeiron terminated the Collaboration Agreement, dated July 1, 2021, by and between the Exscientia AI and Apeiron.

24. Events occurring after the reporting period (continued)

As consideration for the IP Rights, Exscientia AI made an upfront payment to Apeiron in the amount of \$10 million and forgave Apeiron of all outstanding debt, totalling \$6.4 million. The Company also issued Apeiron \$10 million of the Company's equity in the form of restricted American Depositary Shares, each representing one ordinary share, nominal value £0.0005 per share. In addition, Exscientia AI surrendered 9,173,021 ordinary shares with a par value of \$0.00001 each and 1,549,942 Series Pre-A preferred shares with a par value of \$0.00001 each that Exscientia AI holds in Apeiron Therapeutics, Inc. with no consideration being due from Apeiron to Exscientia AI or the Company.

Pursuant to the Asset Purchase Agreement, Exscientia AI will pay Apeiron a single digit royalty, net of any applicable withholding taxes, if Exscientia AI or a third party commercialises GTAEX617. Exscientia AI will take on all development costs and shall also pay Apeiron a single digit percentage of any outlicensing income received by Exscientia AI or its affiliates if Exscientia AI enters into an outlicensing agreement with a third party.

On August 8, 2024, the Company entered into a transaction agreement with Recursion. The transaction agreement provides that, subject to customary closing conditions (including the requisite approval of each of the Company's shareholders and Recursion's stockholders) Recursion will acquire the Company's entire issued and to be issued share capital pursuant to a scheme of arrangement under Part 26 of the United Kingdom Companies Act 2006.

On August 12, 2024, the Group reached an agreement with the landlord of one of its leased premises to return the lease in question from that date. A payment of £700,000 has been made upon the return of the lease, representing settlement of all outstanding obligations in relation to the premises. This agreement constitutes an adjusting post balance sheet event, and accordingly the Group has recorded an impairment to the ROU asset relating to the leased premises of £707,000.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On August 8, 2024, Recursion Pharmaceuticals, Inc. ("Recursion") entered into a transaction agreement (the "Transaction Agreement") with Exscientia plc ("Exscientia") to acquire the entire issued and to be issued share capital of Exscientia pursuant to a scheme of arrangement (the "Scheme of Arrangement") under Part 26 of the United Kingdom Companies Act 2006 (the "proposed Transaction").

The following unaudited pro forma condensed combined financial information is based on the historical consolidated financial statements of Recursion and Exscientia and is adjusted to give effect to the proposed Transaction. Under the terms of the Transaction Agreement, upon consummation of the proposed Transaction, Exscientia shareholders will receive 0.7729 shares (the "Exchange Ratio") of Recursion Class A common stock ("Recursion Shares") for each Exscientia ordinary share ("Exscientia Share") issued and outstanding as of the effective time of the proposed Transaction (the "Effective Time") and cash in lieu of the fractional shares. The Transaction agreement also provides that Recursion will replace all Exscientia equity awards which are outstanding on the date of the consummation of the proposed Transaction, with Recursion equity awards or Recursion Shares, as applicable, based on the Exchange Ratio. Based on a stock price of \$7.61 as of August 27, 2024, and the total fair value of Recursion's replacement share based awards for Exscientia's legacy incentive awards, the estimated total purchase price is equal to approximately \$775.4 million. Upon the close of the proposed Transaction, Recursion stockholders will own approximately 74% of the combined company, and Exscientia shareholders will own approximately 26% of the combined company, in each case on a fully diluted basis based on the number of Exscientia Shares and Recursion Shares outstanding as of August 7, 2024. The combined company will account for the proposed Transaction as a business combination between Recursion and Exscientia using the acquisition method of accounting with Recursion as the accounting acquirer.

The following unaudited pro forma condensed combined balance sheet as of June 30, 2024, and the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2023, and the six months ended June 30, 2024, are presented herein. The unaudited pro forma condensed combined balance sheet combines the unaudited condensed consolidated balance sheets of Recursion and Exscientia as of June 30, 2024 and gives effect to the proposed Transaction as if it occurred on June 30, 2024. The unaudited pro forma condensed combined statements of operations combine the historical results of Recursion and Exscientia for the year ended December 31, 2023 and the six months ended June 30, 2024 and give effect to the proposed Transaction as if it occurred on January 1, 2023.

The historical financial information has been adjusted in the unaudited pro forma condensed combined financial information to give effect to the following adjustments:

- Adjustments to reconcile Exscientia's historical financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") to U.S. Generally Accepted Accounting Principles ("GAAP") and conversion from Pounds Sterling ("GBP") to U.S. dollars ("USD");
- Addressing accounting policy differences and classification and presentation of certain financial information; and
- Application of transaction accounting adjustments and the acquisition method of accounting in connection with the proposed Transaction.

The pro forma adjustments are subject to modification based on the final purchase price which is based on the value of Recursion Shares and the fair value of the replacement Recursion stock options and restricted stock units ("RSUs") issued at the Effective Time, the final determination of the fair value of the assets acquired and liabilities assumed and additional information that may become available. This may cause the final adjustments to be materially different from the unaudited pro forma condensed combined financial information presented below. Management of Recursion performed a preliminary

review of Exscientia's accounting policies and did not identify any material adjustments to be made to align accounting policies. Following the consummation of the proposed Transaction, Recursion management will perform a detailed review of Exscientia's accounting policies in an effort to determine if differences in accounting policies require further adjustment or reclassification of Exscientia's results of operations or assets or liabilities to conform to Recursion's accounting policies and classification. As a result, Recursion may subsequently identify additional differences in the accounting policies which could have a material impact on the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information presented is for informational purposes only and is not necessarily indicative of the financial position or results of operations that would have been realized if the proposed business combination had been completed on the dates set forth above, nor is it indicative of future results or the financial position of the combined company. The unaudited pro forma condensed combined financial information does not reflect any anticipated synergies or dis-synergies, operating efficiencies or cost savings that may result from the proposed business combination. The pro forma adjustments, which Recursion believes are reasonable under the circumstances, are preliminary and are based upon available information and certain assumptions described in the accompanying notes to the unaudited pro forma condensed combined financial information. Actual results and valuations may differ materially from the assumptions within the accompanying unaudited pro forma condensed combined financial information.

These unaudited pro forma condensed combined financial statements should be read in conjunction with the following:

- The accompanying notes to the unaudited pro forma condensed combined financial information;
- The historical audited consolidated financial statements of Recursion as of and for the year ended December 31, 2023, included in Recursion's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the SEC on February 29, 2024;
- The historical unaudited condensed consolidated financial statements of Recursion as of and for the six months ended June 30, 2024, included in Recursion's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024, filed with the SEC on August 8, 2024;
- The historical audited consolidated financial statements of Exscientia as of and for the year ended December 31, 2023, included in Exscientia's Annual Report on Form 20-F for the fiscal year ended December 31, 2023, filed with the SEC on March 21, 2024; and
- The historical unaudited condensed consolidated financial statements of Exscientia as of and for the three and six months ended June 30, 2024, and 2023 included in Exscientia's unaudited interim financial information furnished on Form 6-K with the SEC on August 15, 2024.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF June 30, 2024
(in thousands of USD)

Historical

	Recursion (U.S. GAAP)	Exscientia (IFRS) (See Note 3)	Exscientia U.S. GAAP Adjustments	Note	Exscientia (U.S. GAAP)	Transaction Accounting Adjustments	Note	Pro Forma Combined
Assets								
Current assets								
Cash and cash equivalents	\$ 474,341	\$ 176,109	\$ —		\$ 176,109	\$ (2,352)	6A, 6B	\$ 648,098
Restricted cash	1,783	—	—		—	—		1,783
Short term bank deposits	—	193,970	—		193,970	—		193,970
Trade receivables	—	296	—		296	—		296
Other receivables	2,526	18,539	—		18,539	—		21,065
Current tax assets	—	41,089	—		41,089	—		41,089
Other current assets	43,725	—	—		—	—		43,725
Total current assets	522,375	430,003	\$ —		430,003	(2,352)		950,026
Restricted cash, non-current	6,629	—	—		—	—		6,629
Property and equipment, net	83,633	55,715	—		55,715	—		139,348
Other receivables	—	830	—		830	—		830
Deferred tax asset, net	—	947	—		947	1,257	6H	2,204
Operating lease right-of-use assets	44,088	—	18,153	4A	18,153	5,544	6C	67,785
Financing lease right-of-use assets	28,562	22,418	(22,418)	4A	—	—		28,562
Intangible assets, net	38,210	32,530	(3,241)	4B	29,289	366,711	6D	434,210
Goodwill	52,056	7,645	—		7,645	21,352	6E	81,053
Other assets, non-current	308	3,262	139	4C	3,401	—		3,709
Total assets	\$ 775,861	\$ 553,350	\$ (7,367)		\$ 545,983	\$ 392,512		\$ 1,714,356
Liabilities and stockholders' equity								
Current liabilities								
Accounts payable	\$ 3,762	\$ 9,796	\$ —		\$ 9,796	\$ —		\$ 13,558
Accrued expenses and other liabilities	33,401	32,044	—		32,044	27,085	6A, 6G	92,530
Unearned revenue	32,204	25,552	—		25,552	(8,123)	6K	49,633
Notes payable and financing lease liabilities, current	8,109	5,132	(5,132)	4A	—	—		8,109
Operating lease liabilities	8,607	—	3,486	4A	3,486	370	6C	12,463
Total current liabilities	86,083	72,524	(1,646)		70,878	19,332		176,293
Unearned revenue, non-current	29,169	76,571	—		76,571	—		105,740
Notes payable and financing lease liabilities, non-current	22,921	21,900	(21,522)	4A	378	—		23,299
Operating lease liabilities, non-current	50,239	—	18,253	4A	18,253	1,587	6C	70,079
Deferred tax liabilities	—	6,443	—		6,443	(2,676)	6H	3,767
Other liabilities, non-current	3,000	1,724	—		1,724	—		4,724
Total liabilities	191,412	179,162	(4,915)		174,247	18,243		383,902
Stockholders' equity:								
Common stock	3	81	—		81	(80)	6I, 6J	4
Additional paid-in capital	1,740,981	574,929	—		574,929	220,165	6B, 6F, 6I, 6J	2,536,075
Accumulated other comprehensive income (loss)	—	(1,101)	139	4C	(962)	962	6I	—
Accumulated deficit	(1,156,535)	(199,721)	(2,591)	4A, 4B	(202,312)	153,222	6A, 6B, 6F, 6I, 6G	(1,205,625)
Total stockholders' equity	584,449	374,188	(2,452)		371,736	374,269		1,330,454
Total liabilities and stockholders' equity	\$ 775,861	\$ 553,350	\$ (7,367)		\$ 545,983	\$ 392,512		\$ 1,714,356

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED December 31, 2023
(in thousands of USD except per share amounts)

Historical

	Recursion (U.S. GAAP)	Exscientia (IFRS) (See Note 3)	Exscientia U.S. GAAP Adjustments	Note	Exscientia (U.S. GAAP)	Transaction Accounting Adjustments	Note	Pro Forma Combined
Revenue								
Operating revenue	\$ 43,876	\$ 24,978	\$ —		\$ 24,978	\$ 2,951	6K	\$ 71,805
Grant revenue	699	—	—		—	—		699
Total revenue	44,575	24,978	—		24,978	2,951		72,504
Operating costs and expenses								
Cost of revenue	42,587	34,089	—		34,089	19,917	6D	96,593
Research and development	241,226	159,784	(5,899)	4D	153,885	14,338	6D, 6F	409,449
General and administrative	110,822	56,392	(3,335)	4D	53,057	36,159	6A, 6B, 6F, 6G	200,038
Total operating costs and expenses	394,635	250,265	(9,234)		241,031	70,414		706,080
Loss from operations	(350,060)	(225,287)	9,234		(216,053)	(67,463)		(633,576)
Other income, net	17,932	25,567	1,279	4A	26,846	—		44,778
Foreign exchange (losses)/gains	—	(1,917)	—		(1,917)	—		(1,917)
Loss before income tax benefit	(332,128)	(201,637)	10,513		(191,124)	(67,463)		(590,715)
Income tax benefit	4,062	20,059	—	4E	20,059	(1,848)	6H	22,273
Net loss	(328,066)	(181,578)	10,513		(171,065)	(69,311)		(568,442)
Foreign currency (loss)/gain on translation of foreign operations	—	(1,657)	—		(1,657)	—		(1,657)
Comprehensive loss	\$ (328,066)	\$ (183,235)	\$ 10,513		\$ (172,722)	\$ (69,311)		\$ (570,099)
Per share data								
Net loss per share, basic and diluted	\$ (1.58)	\$ (1.46)	—		\$ —	—		\$ (1.83)
Weighted-average shares outstanding, basic and diluted	207,853,702	124,197,000	—		—	98,171,988	6L	309,780,804

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(in thousands of USD except per share amounts)

Historical

	Recursion (U.S. GAAP)	Exscientia (IFRS) (See Note 3)	Exscientia U.S. GAAP Adjustments	Note	Exscientia (U.S. GAAP)	Transaction Accounting Adjustments	Note	Pro Forma Combined
Revenue								
Operating revenue	\$ 27,895	\$ 12,282	\$ —		\$ 12,282	\$ 3,102	6K	\$ 43,279
Grant revenue	316	—	—		—	—		316
Total revenue	28,211	12,282	—		12,282	3,102		43,595
Operating costs and expenses								
Cost of revenue	20,365	19,185	—		19,185	9,958	6D	49,508
Research and development	141,488	61,570	1,774	4D	63,344	8,358	6D, 6F	213,190
General and administrative	63,241	25,593	956	4D	26,549	675	6F	90,465
Total operating costs and expenses	225,094	106,348	2,730		109,078	18,991		353,163
Loss from operations	(196,883)	(94,066)	(2,730)		(96,796)	(15,889)		(309,568)
Other income, net	6,668	16,994	688	4A	17,682	—		24,350
Foreign exchange (losses)/gains	—	1,173	—		1,173	—		1,173
Loss before income tax benefit	(190,215)	(75,899)	(2,042)		(77,941)	(15,889)		(284,045)
Income tax benefit	1,302	3,484	—	4E	3,484	(1,265)	6H	3,521
Net loss	\$ (188,913)	\$ (72,415)	(2,042)		\$ (74,457)	(17,154)		\$ (280,524)
Foreign currency (loss)/gain on translation of foreign operations	—	(1,472)	—		(1,472)	—		(1,472)
Comprehensive loss	\$ (188,913)	\$ (73,887)	(2,042)		\$ (75,929)	(17,154)		\$ (281,996)
Per share data								
Net loss per share, basic and diluted	\$ (0.79)	\$ (0.57)	\$ —		\$ —	\$ —		\$ (0.82)
Weighted-average shares outstanding, basic and diluted	239,107,879	126,285,033	—		—	98,171,988	6L	342,088,314

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

1. Description of Transaction

On August 8, 2024, Recursion and Exscientia entered into the Transaction Agreement. At the time at which the Scheme of Arrangement becomes effective (the "Effective Time"), each share of Exscientia issued and outstanding immediately prior to the Effective Time will automatically be exchanged for 0.7729 fully paid and non-assessable Recursion Shares, and cash in lieu of fractional shares. The Transaction Agreement also provides that Recursion will replace all Exscientia equity awards which are outstanding on the date of the consummation of the proposed Transaction with Recursion equity awards or Recursion Shares, as applicable, based on the Exchange Ratio. Immediately following the Effective Time, Recursion stockholders will own approximately 74% of the combined company, and Exscientia shareholders will own approximately 26% of the combined company, in each case on a fully diluted basis, based on the number of Exscientia Shares and Recursion Shares outstanding as of August 7, 2024.

The proposed Transaction is expected to be accounted for as an acquisition of a business pursuant to Accounting Standards Codification Topic 805 — Business Combinations ("ASC 805"). Recursion is the accounting acquirer and will record assets acquired and liabilities assumed from Exscientia primarily at their respective fair values at the date of completion of the proposed Transaction. To the extent the fair value of the consideration transferred exceeds the fair value of the assets acquired and liabilities assumed, the excess will be recorded as goodwill. Recursion is considered to be the accounting acquirer at closing based on an evaluation of the following facts and circumstances:

- Recursion Shares are issued to effect the acquisition and will remain outstanding.
- The parent company of the combined group will retain the Recursion name.
- The Recursion executive team will continue to serve in their roles subsequent to the proposed Transaction.
- The Recursion Board of Directors will comprise of ten members with the addition of two members from the current Exscientia Board of Directors to the eight members of the Recursion Board of Directors.
- The Recursion stockholders immediately preceding the Effective Time will own approximately 74% of the combined company after the closing of the proposed Transaction based on the number of Exscientia Shares and Recursion Shares outstanding as of August 7, 2024, calculated on a fully diluted basis.

2. Basis of presentation

The unaudited pro forma condensed combined financial statements and related notes are prepared in accordance with Article 11 of Regulation S-X and present the historical financial information of Recursion and Exscientia and present the pro forma effects of the proposed Transaction and certain transaction accounting adjustments described herein. The historical financial information of Recursion has been prepared in accordance with U.S. GAAP and presented in thousands of USD. Exscientia's historical financial information has been prepared in accordance with IFRS, as issued by the IASB, presented in thousands of GBP and translated to thousands of USD for condensed combined pro forma financial information purposes. As such, certain IFRS to U.S. GAAP adjustments are included in the unaudited pro forma condensed combined financial information as discussed in Note 4 below.

The proposed business combination of Exscientia will be accounted for using the acquisition method of accounting as per the provisions of ASC 805, using the fair value concepts defined in ASC Topic 820 – Fair Value Measurement ("ASC 820"), and based on the historical consolidated financial statements of Recursion and the historical consolidated financial statements of Exscientia. Under ASC 805, all assets acquired, and liabilities assumed in a business combination are generally recognized and measured at their assumed acquisition date fair value, while transaction costs and restructuring costs associated with the business combination are expensed as incurred. The excess of preliminary purchase price over the fair value of assets acquired and liabilities assumed, if any, will be recorded in goodwill or a potential bargain purchase gain if the fair value of assets acquired and liabilities assumed are greater than the preliminary purchase price.

The pro forma adjustments represent management's best estimates and are based upon available information as of August 27, 2024 and certain assumptions that the management of Recursion believes are reasonable under the circumstances.

The unaudited condensed combined pro forma financial statements are not necessarily indicative of what the combined company's financial position or results of operations would have been had the proposed Transaction been completed on the dates indicated. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the combined company.

There were no material transactions between Recursion and Exscientia during the periods presented in the unaudited pro forma condensed combined financial statements.

For purposes of preparing the unaudited pro forma condensed combined financial information, the historical financial information of Exscientia and related pro forma adjustments were translated from GBP to USD using the following historical exchange rates as posted by the Federal Reserve:

	£ / \$
Balance sheet and related adjustments as of June 30, 2024: period end exchange rate as of June 30, 2024	1.264
Statement of operations and related adjustments for the year ended December 31, 2023: average exchange rate for that period	1.244
Statement of operations and related adjustments for the six months ended June 30, 2024: average exchange rate for that period	1.265

3. Reclassifications

Certain reclassifications were made to align Exscientia's financial statement presentation with that of Recursion's based on interim unaudited condensed consolidated financial information available June 30, 2024, including the impact of currency conversion.

Exscientia Financial Statement Line	Exscientia Historical (GBP)	Exscientia Historical (USD)	Reclassifications (USD)	Exscientia Historical Reclassified (USD)	Recursion Financial Statement Line
Balance sheet as of June 30, 2024					
Current assets					
Cash and cash equivalents	139,327 \$	176,109 \$	— \$	176,109	Cash and cash equivalents
Short term bank deposits	153,457	193,970	—	193,970	Short term bank deposits
Trade receivables	234	296	—	296	Trade receivables
Other receivables	14,667	18,539	—	18,539	Other receivables
Current tax assets	32,507	41,089	—	41,089	Current tax assets
Total current assets	340,192	430,003 \$	—	430,003	
Non-current assets					
Property, plant, and equipment, net	44,078	55,715	—	55,715	Property and equipment, net
Right-of-use assets, net	17,736	22,418	—	22,418	Financing lease right-of-use assets
Other intangible assets, net	25,736	32,530	—	32,530	Intangible assets, net
Goodwill	6,048	7,645	—	7,645	Goodwill
Other receivables	657	830	—	830	Other receivables
Deferred tax asset, net	749	947	—	947	Deferred tax asset, net
Investment in joint venture	436	551	—	551	Other assets, non-current
Investments in equity instruments	2,145	2,711	—	2,711	Other assets, non-current
Total assets	437,777 \$	553,350 \$	— \$	553,350	
Current liabilities					
Trade payables	7,750 \$	9,796 \$	— \$	9,796	Accounts payable
Contract liabilities and other advances	21,986	27,790	(2,238)	25,552	Unearned revenue
	—	—	2,238	2,238	Accrued expenses and other liabilities
Lease liabilities	4,060	5,132	—	5,132	Notes payable and financing lease liabilities
Other payables	23,581	29,806	—	29,806	Accrued expenses and other liabilities
Non-current liabilities					
Contract liabilities and other advances	60,578	76,571	—	76,571	Unearned revenue, non-current
Loans	299	378	—	378	Notes payable and financing lease liabilities, non-current
Lease liabilities	17,027	21,522	—	21,522	Notes payable and financing lease liabilities, non-current
Deferred tax liability, net	5,097	6,443	—	6,443	Deferred tax liabilities
Provisions	1,364	1,724	—	1,724	Other liabilities, non-current
Total liabilities	141,742	179,162	—	179,162	
Stockholders' equity					
Share capital	64	81	—	81	Common stock
Share premium	364,658	460,928	—	460,928	Additional paid-in-capital
Capital redemption reserve	3	4	—	4	Additional paid-in-capital
Foreign exchange reserve	(672)	(849)	—	(849)	Accumulated other comprehensive income (loss)
Share-based payment reserve	35,975	45,472	—	45,472	Additional paid-in-capital
Fair value reserve	(199)	(252)	—	(252)	Accumulated other comprehensive income (loss)
Merger Reserve	54,213	68,525	—	68,525	Additional paid-in-capital
Accumulated losses	(158,007)	(199,721)	—	(199,721)	Accumulated deficit
Total equity attributable to owners of the parent	296,035	374,188	—	374,188	
Total liabilities and stockholders' equity	437,777 \$	553,350 \$	— \$	553,350	

Exscientia Financial Statement Line	Exscientia Historical (GBP)	Exscientia Historical (USD)	Reclassifications (USD)	Exscientia Historical Reclassified (USD)	Recursion Financial Statement Line
Income statement for the six months ended June 30, 2024					
Revenue	9,709	12,282	—	12,282	Operating revenue
Cost of sales	15,166	19,185	—	19,185	Cost of revenue
Research and development expenses	48,672	61,570	—	61,570	Research and development
General and administrative expenses	20,232	25,593	—	25,593	General and administrative
Foreign exchange gains	(927)	(1,173)	—	(1,173)	Foreign exchange gains
Finance income	(7,704)	(9,746)	—	(9,746)	Other income, net
Finance expense	562	711	—	711	Other income, net
Other income	(7,216)	(9,128)	—	(9,128)	Other income, net
Share of loss of joint venture	924	1,169	—	1,169	Other income, net
Income tax benefit	(2,754)	(3,484)	—	(3,484)	Income tax benefit
Loss for the period	(57,246)	(72,415)	—	(72,415)	
Foreign currency (loss)/gain on translation of foreign operations	(1,164)	(1,472)	—	(1,472)	Foreign currency (loss)/gain on translation of foreign operations

Exscientia Financial Statement Line	Exscientia Historical (GBP)	Exscientia Historical (USD)	Reclassifications (USD)	Exscientia Historical Reclassified (USD)	Recursion Financial Statement Line
Income statement for the year ended December 31, 2023					
Revenue	20,079	24,978	—	24,978	Operating revenue
Cost of sales	27,403	34,089	—	34,089	Cost of revenue
Research and development expenses	128,444	159,784	—	159,784	Research and development
General and administrative expenses	45,331	56,392	—	56,392	General and administrative
Foreign exchange losses	1,541	1,917	—	1,917	Foreign exchange losses
Finance income	(16,628)	(20,685)	—	(20,685)	Other income, net
Finance expense	1,067	1,327	—	1,327	Other income, net
Other income	(6,636)	(8,255)	—	(8,255)	Other income, net
Share of loss of joint venture	1,645	2,046	—	2,046	Other income, net
Income tax benefit	(16,125)	(20,059)	—	(20,059)	Income tax benefit
Loss for the year	(145,963)	(181,578)	—	(181,578)	
Foreign currency (loss)/gain on translation of foreign operations	(1,332)	(1,657)	—	(1,657)	Foreign currency (loss)/gain on translation of foreign operations

4. IFRS to U.S. GAAP adjustments

Exscientia's historical consolidated statement of financial position as of June 30, 2024, and statements of operations for the year ended December 31, 2023, and the six months ended June 30, 2024, have been prepared in conformity with IFRS, as issued by the IASB, which differs in certain material respects from U.S. GAAP. Adjustments were made to Exscientia's financial statements to convert them from IFRS to U.S. GAAP after evaluating potential areas of differences. Adjustments are initially calculated in GBP and translated to USD based on the exchange rates detailed in Note 2. Any differences between adjustments impacting the unaudited pro forma condensed combined balance sheet and the unaudited pro forma condensed combined statements of operations are due to foreign exchange rates.

- A. Represents reductions of \$22.4 million, \$5.1 million, and \$21.5 million to financing lease right of use assets, notes payable and financing lease liabilities, and notes payable and financing lease liabilities, non-current, respectively, to reclassify Exscientia's lease balances from finance lease classification to operating lease classification. Under IFRS, lessees account for all leases as finance leases. Under U.S. GAAP Exscientia's

leases would be classified as operating leases with lease expense recognized on a straight-line basis as part of research and development expense or general and administrative expense.

Exscientia's legacy interest expense for lease liabilities classified as finance expense was removed in amounts totaling \$1.3 million and \$0.7 million for the year ended December 31, 2023 and the six months ended June 30, 2024, respectively. There was not a material difference between the research and development and general and administrative expense already recognized and the amount to be recognized under U.S. GAAP.

In addition, Exscientia has two leases that are adjusted periodically based on the market rate and, under IFRS, led to a remeasurement of the related operating lease liabilities and operating lease assets. U.S. GAAP, however, does not require the remeasurement of lease liability for changes in market rate adjustments. This resulted in a decrease to the operating lease right-of-use asset, operating lease liabilities, and operating lease liabilities, non-current of \$4.2 million, \$1.6 million and \$3.2 million, respectively, as of June 30, 2024.

- B. Represents a reduction of \$3.2 million to Exscientia's intangible asset balance to remove in process research and development capitalized in an asset acquisition. Under U.S. GAAP, in process research and development is not capitalized unless it has an alternative future use in an asset acquisition. Therefore, it has been expensed.
- C. Represents an adjustment to Exscientia's investment in equity securities which is measured at fair value through other comprehensive income; however, under U.S. GAAP, the investment would be measured at its cost less impairment in accordance with ASC 321. The aggregate impact of changes in fair value was reversed with a corresponding adjustment to accumulated other comprehensive income amounting to \$0.1 million as of June 30, 2024.
- D. Represents an adjustment to Exscientia's share based compensation expense of \$9.2 million and \$2.7 million for the year ended December 31, 2023 and the six months ended June 30, 2024, respectively. Under U.S. GAAP, Recursion has elected to recognize expense on a straight line basis over the last vesting tranche for share based awards with only service conditions and to account for forfeitures as they occur rather than apply graded vesting and include estimates of forfeitures. This resulted in adjustments of \$5.9 million and \$3.3 million to research and development expense and general and administrative expense, respectively, for the year ended December 31, 2023 and \$1.8 million and \$0.9 million to research and development expense and general and administrative expense, respectively, for the six months ended June 30, 2024.
- E. There was no material income tax benefit as a result of IFRS to U.S. GAAP adjustments for either period due to a full valuation allowance position in the United Kingdom.

5. Preliminary purchase price and allocation

Preliminary purchase price

Recursion expects that Exscientia shareholders will be entitled to receive approximately 98.2 million Recursion Shares upon consummation of the proposed Transaction. This assumes that no equity awards will vest or be exercised (as relevant) prior to the consummation of the proposed Transaction. In addition, pursuant to the terms of the Transaction Agreement, Recursion will replace all Exscientia equity awards which are outstanding on the date of the consummation of the proposed Transaction with Recursion equity awards or Recursion Shares, as applicable, based on the Exchange Ratio. This includes Exscientia's share options and unvested restricted stock awards (including performance-based options, and performance-based awards). Each equity award vesting schedule and other applicable terms will be carried over except for (i) the exercise price of share options which will be adjusted in connection with the Exchange Ratio and (ii) any applicable performance conditions, which will be assessed on or around the date of consummation of the proposed Transaction.

The accompanying unaudited pro forma condensed combined financial statements reflect a preliminary purchase price of approximately \$775.4 million, determined as of August 27, 2024, which consists of the following (in thousands, except exchange ratio and share price):

Preliminary purchase price	
Exscientia Shares issued and outstanding as of August 27, 2024	127,018
Fixed Exchange Ratio	0.7729
Number of Recursion Shares issued	98,172
Recursion Share price at August 27, 2024	\$ 7.61
Preliminary purchase price paid for Exscientia Shares ⁽¹⁾	\$ 747,089
Fair value of replacement Recursion Share Options attributable to the purchase price ⁽²⁾	\$ 24,471
Fair value of replacement Recursion RSUs attributable to the purchase price ⁽³⁾	\$ 1,314
Fair value of replacement Recursion Performance Share Options attributable to purchase price ⁽⁴⁾	\$ 1,292
Fair value of replacement Recursion PSUs attributable to the purchase price ⁽⁵⁾	\$ 1,276
Total Preliminary Purchase Price	\$ 775,442
Fair value of net assets acquired	746,445
Preliminary Goodwill	\$ 28,997

(1) Recursion expects that Exscientia shareholders will be entitled to receive approximately 98.2 million Recursion Shares upon consummation of the proposed Transaction. This assumes that no equity awards will vest or be exercised (as relevant) prior to the consummation of the proposed Transaction. The aggregate fair value of those shares has been estimated using \$7.61 per share, which was the last reported sale price of Recursion Shares on The Nasdaq Global Select Market on August 27, 2024. The value of the purchase price will change based on fluctuations in the price of Recursion Shares and the number of Exscientia Shares outstanding at the Effective Time.

(2) Recursion expects that it will issue approximately 6.8 million options for Recursion Shares as replacement awards to holders of outstanding and unexercised options for Exscientia Shares. The aggregate fair value of those replacement awards of \$51.6 million has been estimated using the Black Scholes option pricing model. Of that amount, \$24.5 million was allocated to purchase consideration, based on the portion of the replacement awards' fair value attributable to pre-combination employee services, and \$27.1 million was allocated to future employee services and will be expensed as stock-based compensation on a straight-line basis over the remaining service periods of those awards.

(3) Recursion expects that it will issue approximately 0.9 million Recursion RSUs as replacement awards to holders of outstanding and unexercised Exscientia RSUs. The aggregate fair value of those replacement awards of \$6.7 million has been estimated using the total replacement units and the acquisition date Recursion share price of \$7.61. Of that amount, \$1.3 million was allocated to purchase consideration, based on the portion of the replacement awards' fair value attributable to pre-combination employee services, and \$5.4 million was allocated to future employee services and will be expensed as stock-based compensation on a straight-line basis over the remaining service periods of those awards.

(4) Recursion expects that it will issue approximately 0.6 million Recursion Shares with an aggregate fair value of \$4.5 million in settlement of the Exscientia performance based stock options. Of that amount, \$1.3 million was allocated to purchase consideration, based on the portion of the replacement awards' fair value attributable to pre-combination employee services, and \$3.2 million was attributable to Recursion compensation expense.

(5) Recursion expects that it will issue approximately 0.5 million Recursion Shares with an aggregate fair value of \$3.6 million in settlement of the Exscientia performance based RSUs. Of that amount, \$1.3 million was allocated to purchase consideration, based on the portion of the replacement awards' fair value attributable to pre-combination employee services, and \$2.3 million was attributable to Recursion compensation expense.

The preliminary purchase price does not purport to represent the actual value of the total consideration that will be received by Exscientia's shareholders when the proposed business combination is completed. In accordance with U.S. GAAP, the fair value of the shares of Recursion issued as part of the consideration will be measured on the closing date at the closing price and the fair value of the replacement Recursion stock options will be estimated using a Black-Scholes model on the closing date (i.e., the grant date). These requirements will likely result in a difference in the purchase price and that difference may be material. A sensitivity analysis related to the fluctuation in the Recursion Share price was performed to assess the impact a hypothetical change of 15% on the closing price of Recursion Shares as of August 27, 2024 would have on the preliminary purchase price and the preliminary pro forma goodwill or bargain purchase gain. The following table shows the change in stock price, preliminary

estimated purchase price and the pro forma goodwill or bargain purchase gain (amounts in thousands, except exchange ratio and share price):

	+15%	-15%
Potential volatility in the price of Recursion Shares	\$ 8.75	\$ 6.47
Fixed Exchange Ratio	0.7729	0.7729
Exscientia's Shares issued and outstanding as of August 27, 2024	127,018	127,018
Number of Recursion Shares issued	98,172	98,172
Preliminary purchase price paid for Exscientia Shares	\$ 859,152	\$ 635,026
Fair value of replacement Recursion equity awards attributable to the purchase price	28,353	28,353
Total preliminary purchase price	\$ 887,505	\$ 663,379
Fair value of net assets acquired	746,445	746,445
Goodwill / (Bargain purchase gain)	\$ 141,060	\$ (83,066)

Preliminary purchase price allocation

Recursion's purchase price allocation for the proposed Transaction is preliminary and subject to revision once the proposed Transaction is complete and as additional information about the fair value of the assets to be acquired and liabilities to be assumed becomes available. In general, due to the nature of certain assets acquired and liabilities assumed, Recursion has determined that the carrying value of these assets and liabilities as of June 30, 2024 approximate their fair value. Recursion has engaged a third-party valuation company to assist it in completing the valuation of certain other assets to be acquired and liabilities to be assumed. However, Recursion has not completed a full, detailed valuation analysis. The preliminary valuation performed is limited to intangible assets i.e., developed technology and in-process research & development. The valuation is based on available financial statement information as of June 30, 2024, consideration of similar transactions, and currently available but limited forecasted financial information. Accordingly, the unaudited pro forma condensed combined financial information includes a preliminary allocation of the purchase price based on assumptions and estimates that, while considered reasonable under the circumstances, are subject to changes, which may be material. Recursion will continue to refine its identification and valuation of assets to be acquired and liabilities to be assumed as further information becomes available.

The final determination of the purchase price allocation will be completed as soon as practicable but not one year beyond the date of the closing date of the proposed Transaction and will be based on the fair values of the assets acquired and liabilities assumed as of the closing date. The final amounts allocated to assets acquired and liabilities assumed could differ significantly from the amounts presented in the unaudited pro forma condensed combined financial information.

The following table sets forth a preliminary allocation of the estimated purchase price to the identifiable tangible and intangible assets acquired and liabilities assumed of Exscientia based on Exscientia's unaudited interim consolidated balance sheet as of June 30, 2024, with the excess recorded as goodwill (in thousands):

Cash and cash equivalents	\$	176,109
Short term bank deposits		193,970
Other current assets		41,089
		18,835
Property and equipment		55,715
Other assets, non-current		6,435
Operating lease right-of-use assets		23,697
Intangible assets		396,000
Total assets acquired	\$	911,850
Accounts payable		9,796
Accrued expenses and other liabilities		32,044
Unearned revenue		17,429
Operating lease liabilities		3,856
Unearned revenue, non-current		76,571
Operating lease liabilities, non-current		19,840
Other liabilities, non-current		5,869
Total liabilities assumed		165,405
Net Assets Acquired	\$	746,445
Total preliminary estimated purchase price		775,442
Preliminary Goodwill	\$	28,997

6. Transaction accounting adjustments

The adjustments included in the unaudited preliminary pro forma condensed combined financial statements are as follows:

- A. Represents an adjustment to general and administrative expense to reflect \$2.8 million in compensation owed to Exscientia employees based on change in control provisions in pre-existing employment agreements. This resulted in a decrease in cash and cash equivalents of \$0.7 million for amounts paid at close and increase to accrued expenses and other liabilities of \$2.1 million for amounts paid over an 18-month period with a corresponding adjustment of \$2.8 million to accumulated deficit.
- B. Represents an adjustment to general and administrative expense to reflect the payment of \$1.6 million in cash bonuses and \$1.1 million in share based awards expected to be paid by Recursion as retention awards to certain key Exscientia personnel upon closing of the proposed Transaction with corresponding adjustments of \$2.7 million to accumulated deficit and \$1.1 million to additional paid in capital.
- C. Represents an adjustment to the right-of-use assets and lease liabilities for leases acquired as part of the proposed Transaction. Recursion calculated the lease liability based on the remaining lease payments and Recursion's discount rate as of June 30, 2024. This resulted in an increase to the current lease liability of \$0.4 million, presented in Operating lease liabilities, current, and an increase to the noncurrent lease liability of \$1.6 million, presented in Operating lease liabilities, non-current with a corresponding increase to the Operating lease right-of-use asset of \$5.5 million.
- D. Represents an adjustment to eliminate Exscientia's historical intangible assets of \$29.3 million. This adjustment also establishes the fair values of the acquired identifiable intangible assets at a total estimated fair value of \$396.0 million, consisting of a developed technology platform asset with a fair value of \$239.0 million and IPR&D assets at a fair value of \$157.0 million. As noted above, these fair value estimates are preliminary and subject to change once the proposed Transaction is completed.

The fair value of the intangible assets has been estimated based on third-party preliminary studies utilizing currently available but limited financial forecasts and publicly available information from comparable transactions.

The developed technology platform asset has a preliminary estimated useful life of six years. Pro forma amortization expense for the six months ended June 30, 2024 is \$9.9 million in research and development expense and \$9.9 million in cost of revenue based on the nature of the activities of the platform. Similarly, pro forma amortization expense for the year ended December 31, 2023 is \$19.9 million for research and development and \$19.9 million for cost of revenue. The adjustment for amortization expense recorded in research and development is \$14.2 million, net of \$5.7 million of historical amortization expense, and \$7.1 million, net of \$2.8 million of historical amortization expense, for the year ended December 31, 2023, and the six months ended June 30, 2024, respectively. IPR&D assets have an indefinite life until completion or abandonment of the underlying research projects.

An increase or decrease of 10% in the fair value of the intangible assets acquired would increase or decrease the fair value by \$39.6 million with a decrease or increase to goodwill, respectively. With other assumptions held constant, a 10% increase or decrease in the fair value of the intangible assets would increase or decrease the estimated amortization expense by \$2.0 million for the six months ended June 30, 2024 and \$4.0 million for the year ended December 31, 2023.

- E. Represents the adjustment to goodwill, which is calculated as the difference between the fair value of the consideration paid and the estimated fair value of the identifiable tangible and intangible assets acquired and liabilities assumed. The pro forma adjustment to goodwill is calculated as follows:

Estimated goodwill related to this transaction	\$	28,997
Elimination of Exscientia historic goodwill		(7,645)
Pro forma adjustment	\$	21,352

- F. Represents the adjustment to eliminate Exscientia's historical share-based compensation expense and record the incremental share-based compensation expense related to the post-combination expense for the replacement Recursion equity awards, including the acceleration of certain awards related to dual trigger provisions that resulted in approximately \$18.5 million of expense to be recorded. The total pro forma share-based compensation expense includes the share-based compensation expense from new share options, RSUs, performance share options, and PSUs which will be issued upon the close of the proposed Transaction. The incremental expense is allocated to each financial statement line item as follows (in thousands):

Year Ended December 31, 2023

	Removal of historical Exscientia expense	Post-combination share options expense	Post-combination RSU expense	Post-combination performance share options expense	Post-combination PSU expense	Total Adjustment
Research and development	\$ (13,453)	\$ 11,472	\$ 2,124	\$ —	\$ —	143
General and administrative	(7,605)	6,486	1,201	3,220	2,318	5,620
Total share-based compensation expense	\$ (21,058)	\$ 17,958	\$ 3,325	\$ 3,220	\$ 2,318	\$ 5,763

Six Months Ended June 30, 2024

	Removal of historical Exscientia expense	Post-combination share options expense	Post-combination RSU expense	Post-combination performance share options expense	Post-combination PSU expense	Total Adjustment
Research and development	\$ (887)	\$ 1,763	\$ 376	\$ —	\$ —	1,252
General and administrative	(478)	950	203	—	—	675
Total share-based compensation expense	\$ (1,365)	\$ 2,713	\$ 579	\$ —	\$ —	\$ 1,927

With other assumptions held constant, an increase or decrease of 15% in the Recursion Share price would increase or decrease the post-close compensation expense by \$8.2 million. The total increase or decrease to the expense recognized during the year ended December 31, 2023 and the six months ended June 30, 2024 would be \$7.5 million and \$0.7 million, respectively.

- G. Represents an adjustment to reflect an accrual of additional \$25.0 million in transaction costs expected to be incurred by Recursion between July 1, 2024 and the close of the proposed Transaction that are not reflected in the historical financial statements. An immaterial amount of transaction costs has been incurred as of June 30, 2024 and are included in the historical balance sheets and statements of operations of Recursion and Exscientia for the six months ended June 30, 2024.
- H. Represents an adjustment to deferred tax assets and deferred tax liabilities for the tax effects of recognizing the preliminary purchase price allocation reflected herein. This resulted in an increase to deferred tax assets of \$1.3 million and decrease to deferred tax liabilities of \$2.7 million as of June 30, 2024. Further changes from transaction accounting adjustments to loss before income taxes during the year ended December 31, 2023 and the six months ended June 30, 2024 resulted in decreases to the income tax benefit of \$1.8 million and \$1.3 million, respectively. There was no material income tax benefit as a result of transaction accounting adjustments for either period due to a full valuation allowance position in the United Kingdom.

These adjustments are based on estimates of the fair value of Exscientia's assets to be acquired, liabilities to be assumed, and the related purchase price allocations. These estimates are subject to further review by Recursion's and Exscientia's respective managements, which may result in material adjustments to deferred taxes with an offsetting adjustment to goodwill.

The effective tax rate of the combined company could be significantly different than what is presented in these unaudited pro forma financial statements depending on post-business combination activities, including legal entity restructuring, repatriation decisions, and the geographical mix of taxable income.

- I. Represents an adjustment to eliminate Exscientia's historical equity.
- J. Represents the portion of the preliminary purchase price related to the issuance of approximately \$98.2 million Recursion Shares to Exscientia shareholders (assuming that no equity awards will vest or be exercised (as relevant) and the fair value of replacement equity awards attributable to the purchase price prior to the consummation of the proposed Transaction), worth approximately \$775.4 million. The fair value of a Recursion Share was based on a closing price on August 27, 2024 of \$7.61 per share.
- K. Represents an adjustment to decrease deferred revenue by \$8.1 million related to reflect the application of the Recursion revenue recognition policy that impacted the allocation of transaction price and timing of revenue recognition for certain customer contracts. This resulted in increases to operating revenue of \$3.0 million and \$3.1 million for the year ended December 31, 2023, and the six months ended June 30, 2024, respectively.
- L. Represents an adjustment to the weighted average shares outstanding due to the increase of the number of Recursion Shares outstanding in relation to the proposed Transaction. The detail of the adjustment to the weighted average shares outstanding is as follows (amounts as stated):

	Six Months ended June 30, 2024	Year ended December 31, 2023
Number of Recursion Shares issued as preliminary purchase price	98,171,988	98,171,988
Number of Recursion Shares issued for Equity Awards at close and vested throughout the period	4,808,447	3,755,114
Number of Recursion Shares outstanding	239,107,879	207,853,702
Total proforma adjustment to shares used in computing net loss per share, basic and diluted	342,088,314	309,780,804

7. Pro Forma Earnings (Loss) Per Share

The pro forma combined basic and diluted earnings per share have been adjusted to reflect the pro forma net loss for the year ended December 31, 2023 and the six months ended June 30, 2024. In addition, the number of shares used in calculating the pro forma combined basic and diluted net loss per share has been adjusted to reflect the estimated total number of shares of common stock of the combined company that would be outstanding as of the closing date (see Note 6). For the year ended December 31, 2023 and the six months ended June 30, 2024, the pro forma weighted average shares outstanding and proforma net income per share has been calculated as follows:

(in thousands, except per share data)	Six Months ended June 30, 2024	Year ended December 31, 2023
Pro forma net loss	\$ (280,524)	\$ (568,442)
Total weighted average common shares outstanding	342,088,314	309,780,804
Pro forma basic net loss per share - basic and diluted***	\$ (0.82)	\$ (1.83)

*** The following potentially dilutive common shares were excluded from the computations of diluted net loss per share for the periods presented because including them would have been anti-dilutive:

	Six Months ended June 30, 2024	Year ended December 31, 2023
Recursion stock based compensation	9,230,517	9,848,141
Tempus agreement	6,694,934	1,073,834
Share options	3,356,961	5,839,290
RSUs	528,865	435,152
Total anti-dilutive shares	19,811,277	17,196,417