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

FORM 10-Q

(Mark One)
x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2021

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File Number: 001-40323

Recursion Pharmaceuticals, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**46-4099738**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No ☐

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

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

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

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

As of July 31, 2021, there were 159,015,551 and 9,467,883 of the registrant's Class A and B common stock, par value $0.00001 per share, outstanding, respectively.

TABLE OF CONTENTS

SUMMARY RISK FACTORS

Our business is subject to numerous risks and uncertainties that you should consider before investing in our company. These risks are described more fully in the section titled “Risk Factors” in this Quarterly Report on Form 10-Q. These risks include, but are not limited to, the following:

- We are a clinical-stage biotechnology company with a limited operating history.
- We have incurred significant operating losses since our inception and anticipate that we will incur continued losses for the foreseeable future.
- Our mission is broad and expensive to achieve and we will need to raise substantial additional funding.
- We have no products approved for commercial sale and have not generated any revenue from product sales.
- We or our current and future collaborators may never successfully develop and commercialize drug products, which would negatively affect our financial results and our ability to continue our business operations.
- Our quarterly and annual operating results may fluctuate significantly in the future due to a variety of factors, many of which are outside of our control and may be difficult to predict.
- Our approach to drug discovery is unique and may not lead to successful drug products, for reasons including but not limited to potential challenges identifying mechanisms of action for our candidates.
- Our drug candidates are in preclinical or clinical development, which are lengthy and expensive processes with uncertain outcomes and the potential for substantial delays.
- Although we intend to explore other therapeutic opportunities in addition to the drug candidates that we are currently developing, we may fail to identify viable new candidates for clinical development, which could materially harm our business.
- Our business and operations would suffer in the event of computer system failures, cyber-attacks, or deficiencies in our cybersecurity or the cybersecurity of third parties such as collaborators, suppliers, or service providers.
- If we are not able to develop new solutions and enhancements to our platform that keep pace with technological developments, our business and results of operations would be harmed.
- Defects or disruptions in our platform could diminish our value and prospects.
- Force majeure events such as an infectious disease outbreak could materially and adversely affect our business and our financial results and disrupt the development of our drug candidates.
- If we fail to sufficiently manage and improve our technical hardware infrastructure we may experience errors, delays and other performance problems.
- We are subject to regulatory and operational risks associated with the physical and digital infrastructure at both our internal facilities and those of our external collaborators, service providers and suppliers.
- We may seek to establish additional collaborations for clinical development or commercialization of our drug candidates, and, if we are not able to establish them on commercially reasonable terms, or at all, we may have to alter our business plans.
- If we are unable to adequately protect and enforce our intellectual property rights, including obtaining and maintaining patent protection for our key technology and products, or if the scope of the patent protection obtained is not sufficiently broad, our competitors could develop and commercialize technology and products similar or identical to ours, and our ability to successfully commercialize our technology and products may be impaired.
- If we are unable to protect the confidentiality of our trade secrets and know-how, our business and competitive position may be harmed.
- If we fail to comply with our obligations in the agreements under which we collaborate with and/or license intellectual property rights from third parties, or otherwise experience disruptions to our business relationships with our partners, we could lose rights that are important to our business.

Special Note Regarding Forward-Looking Information

This report contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts contained in this Quarterly Report, including statements regarding our future results of operations and financial position, plans and objectives of management for future operations, business strategy, development plans, planned preclinical studies, and clinical trials, future results of clinical trials, expected research and development costs, regulatory strategy, timing, and likelihood of success are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “would,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplate,” “believe,” “estimate,” “predict,” “potential,” or

“continue” or the negative of these terms or other similar expressions. Forward-looking statements contained in this report include, but are not limited to, statements about:

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

- *the potential impact of a pandemic, epidemic, or outbreak of an infectious disease, such as COVID-19, or natural disaster, and the effect of such outbreak or natural disaster on our business and financial results;*
- *our ability to maintain our technical operations infrastructure to avoid errors, delays, or cybersecurity breaches;*
- *our continued reliance on third parties to conduct additional clinical trials of our drug candidates, and for the manufacture of our drug candidates for preclinical studies and clinical trials;*
- *our ability to obtain, and negotiate favorable terms of, any collaboration, licensing or other arrangements that may be necessary or desirable to research, develop, manufacture, or commercialize our platform and drug candidates;*
- *the pricing and reimbursement of our current drug candidates and other drug candidates we may develop, if approved;*
- *our estimates regarding expenses, future revenue, capital requirements, and needs for additional financing*
- *our financial performance;*
- *the period over which we estimate our existing cash and cash equivalents will be sufficient to fund our future operating expenses and capital expenditure requirements;*
- *our ability to raise substantial additional funding;*
- *the impact of current and future laws and regulations, and our ability to comply with all regulations that we are, or may become, subject to;*
- *the need to hire additional personnel and our ability to attract and retain such personnel;*
- *the impact of any current or future litigation, which may arise during the ordinary course of business and be costly to defend;*
- *our expectations regarding the period during which we will qualify as an emerging growth company under the JOBS Act;*
- *our anticipated use of our existing resources and the net proceeds from our Initial Public Offering in April 2021; and*
- *other risks and uncertainties, including those listed under the caption "Risk Factors."*

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

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

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	June 30, 2021	December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	$ 632,738	$ 262,126
Restricted cash	10,232	5,041
Accounts receivable	49	156
Other current assets	4,616	2,155
Total current assets	647,635	269,478
Property and equipment, net	48,549	25,967
Intangible assets, net	2,338	2,490
Other non-current assets	68	650
Total assets	$ 698,590	$ 298,585
Liabilities, convertible preferred stock and stockholders' equity (deficit)		
Current liabilities		
Accounts payable	$ 3,196	$ 1,074
Accrued expenses and other liabilities	12,710	10,485
Current portion of unearned revenue	10,000	10,000
Current portion of notes payable	3,135	1,073
Current portion of lease incentive obligation	499	467
Total current liabilities	29,540	23,099
Deferred rent	2,819	2,674
Unearned revenue, net of current portion	11,667	16,667
Notes payable, net of current portion	9,423	11,414
Lease incentive obligation, net of current portion	2,427	2,708
Total liabilities	55,876	56,562
Commitments and contingencies (Note 6)		
Convertible preferred stock (series A, A-1, B, C, and D), $0.00001 par value; 200,000,000 and 121,434,713 shares authorized as of June 30, 2021 and December 31, 2020, respectively; 0 and 112,088,065 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively; Liquidation preference of $0 and $450,850 as of June 30, 2021 and December 31, 2020, respectively	—	448,312
Stockholders' equity (deficit)		
Common stock (Class A and B), $0.00001 par value; 2,000,000,000 (Class A 1,989,032,117, Class B 10,967,883) and 188,400,000 shares authorized as of June 30, 2021 and December 31, 2020, respectively; 168,425,907 (Class A 158,958,024, Class B 9,467,883) and 22,314,685 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	2	—
Additional paid-in capital	930,431	7,312
Accumulated deficit	(287,719)	(213,601)
Total stockholders' equity (deficit)	642,714	(206,289)
Total liabilities, convertible preferred stock and stockholders' equity (deficit)	$ 698,590	$ 298,585

See the accompanying notes to these condensed consolidated financial statements.

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

	Three months ended June 30,		Six months ended June 30,	
	2021	**2020**	**2021**	**2020**
Revenue				
Grant revenue	$ 49	$ 186	$ 111	$ 246
Operating revenue	2,500	—	5,000	—
Total revenue	2,549	186	5,111	246
Operating expenses				
Research and development	29,624	13,244	53,733	26,086
General and administrative	13,854	5,159	22,791	10,720
Total operating expenses	43,478	18,403	76,524	36,806
Loss from operations	(40,929)	(18,217)	(71,413)	(36,560)
Other loss, net	(2,472)	(726)	(2,705)	(807)
Net loss and comprehensive loss	$ (43,401)	$ (18,943)	$ (74,118)	$ (37,367)
Per share data				
Net loss per share of Class A and B common stock, basic and diluted	$ (0.31)	$ (0.88)	$ (0.91)	$ (1.73)
Weighted-average shares (Class A and B) outstanding, basic and diluted	138,360,646	21,652,277	81,022,240	21,646,118

See the accompanying notes to these condensed consolidated financial statements.

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

	Convertible Preferred Stock		Common Stock (Class A and B)		Additional Paid-in-Capital	Accumulated Deficit	Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount			
Balance as of March 31, 2021	112,088,065	$ 448,312	24,036,725	$ —	$ 11,287	$ (244,318)	$ (233,031)
Net loss	—	—	—	—	—	(43,401)	(43,401)
Common stock issuance for initial public offering, net of issuance costs	—	—	27,878,787	1	462,353	—	462,354
Conversion of preferred stock to common stock	(112,088,065)	(448,312)	115,598,018	1	448,311	—	448,312
Stock warrant exercises	—	—	129,963	—	2,340	—	2,340
Stock option exercises and other	—	—	782,414	—	823	—	823
Stock-based compensation	—	—	—	—	5,317	—	5,317
Balance as of June 30, 2021	—	$ —	168,425,907	$ 2	$ 930,431	$ (287,719)	$ 642,714

	Convertible Preferred Stock		Common Stock (Class A and B)		Additional Paid-in-Capital	Accumulated Deficit	Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount			
Balance as of December 31, 2020	112,088,065	$ 448,312	22,314,685	$ —	$ 7,312	$ (213,601)	$ (206,289)
Net loss	—	—	—	—	—	(74,118)	(74,118)
Common stock issuance for initial public offering, net of issuance costs	—	—	27,878,787	1	462,353	—	462,354
Conversion of preferred stock to common stock	(112,088,065)	(448,312)	115,598,018	1	448,311	—	448,312
Stock warrant exercises	—	—	129,963	—	2,340	—	2,340
Stock option exercises and other	—	—	2,504,454	—	2,977	—	2,977
Stock-based compensation	—	—	—	—	7,138	—	7,138
Balance as of June 30, 2021	—	$ —	168,425,907	$ 2	$ 930,431	$ (287,719)	$ 642,714

See the accompanying notes to these condensed consolidated financial statements.

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

	Convertible Preferred Stock		Common Stock		Additional Paid-in-Capital	Accumulated Deficit	Stockholders' Deficit
	Shares	Amount	Shares	Amount			
Balance as of March 31, 2020	75,189,517	$ 201,109	21,652,277	$ —	$ 3,632	$ (145,019)	$ (141,387)
Net loss	—	—	—	—	—	(18,943)	(18,943)
Stock-based compensation	—	—	—	—	892	—	892
Balance as of June 30, 2020	75,189,517	$ 201,109	21,652,277	$ —	$ 4,524	$ (163,962)	$ (159,438)

	Convertible Preferred Stock		Common Stock		Additional Paid-in-Capital	Accumulated Deficit	Stockholders' Deficit
	Shares	Amount	Shares	Amount			
Balance as of December 31, 2019	75,189,517	$ 201,109	21,637,609	$ —	$ 2,330	$ (126,595)	$ (124,265)
Net loss	—	—	—	—	—	(37,367)	(37,367)
Stock option exercises	—	—	14,668	—	16	—	16
Stock-based compensation	—	—	—	—	2,178	—	2,178
Balance as of June 30, 2020	75,189,517	$ 201,109	21,652,277	$ —	$ 4,524	$ (163,962)	$ (159,438)

See the accompanying notes to these condensed consolidated financial statements.

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

	Six months ended June 30,	
	2021	**2020**
Cash flows from operating activities		
Net loss	$ (74,118)	$ (37,367)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	3,733	1,961
Stock-based compensation	7,138	2,034
Other, net	2,476	(144)
Changes in operating assets and liabilities:		
Accounts receivable	98	142
Other assets	(2,460)	(850)
Unearned revenue	(5,000)	—
Accounts payable	2,122	92
Accrued development expense	606	(574)
Accrued expenses, deferred rent and other current liabilities	997	190
Net cash used in operating activities	(64,408)	(34,516)
Cash flows from investing activities		
Purchases of property and equipment	(25,628)	(1,318)
Proceeds from note receivable	—	595
Net cash used in investing activities	(25,628)	(723)
Cash flows from financing activities		
Proceeds from initial public offering of common stock, net of issuance costs	462,901	—
Proceeds from exercise of stock options	2,978	16
Repayment of long-term debt	(40)	(37)
Proceeds from convertible notes	—	6,400
Net cash provided by financing activities	465,839	6,379
Net change in cash, cash equivalents and restricted cash	375,803	(28,860)
Cash, cash equivalents and restricted cash, beginning of period	267,167	75,171
Cash, cash equivalents and restricted cash, end of period	$ 642,970	$ 46,311
Supplemental disclosure of non—cash investing and financing information		
Conversion of preferred stock to common stock	$ 448,312	$ —
Deferred issuance costs recorded in equity	547	—
Accrued property and equipment	763	11
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 540	$ 722

See the accompanying notes to these condensed consolidated financial statements.

Note 1. Description of the Business

Recursion Pharmaceuticals, Inc. (Recursion, the Company, we or us) was originally formed as a limited liability company on November 4, 2013 under the name Recursion Pharmaceuticals, LLC. In September 2016, we converted to a Delaware corporation and changed our name to Recursion Pharmaceuticals, Inc.

Recursion is a biotechnology company that combines automation, artificial intelligence, machine learning, in vivo validation capabilities and a highly cross-functional team to discover novel medicines that expand our collective understanding of biology. Recursion's rich, relatable database of biological images generated in-house on the Company's robotics platform enables advanced machine learning approaches to reveal drug candidates, mechanisms of action, novel chemistry and potential toxicity, with the eventual goal of decoding biology and advancing new therapeutics that radically improve people's lives.

As of June 30, 2021, the Company had an accumulated deficit of $287.7 million. The Company expects to incur substantial operating losses in future periods and will require additional capital to advance its drug candidates. The Company does not expect to generate significant revenue until the Company successfully completes significant drug development milestones with its subsidiaries or in collaboration with third parties, which the Company expects will take a number of years. In order to commercialize its drug candidates, the Company or its partners need to complete clinical development and comply with comprehensive regulatory requirements. The Company is subject to a number of risks and uncertainties similar to those of other companies of the same size within the biotechnology industry, such as the uncertainty of clinical trial outcomes, uncertainty of additional funding and a history of operating losses.

The Company has funded its operations to date through the issuance of convertible preferred stock (see Note 7, "Convertible Preferred Stock" for additional information) and the issuance of Class A common stock in an Initial Public Offering (IPO), which was completed in April 2021 (see Note 8, "Common Stock" for additional details). Recursion will likely be required to raise additional capital. As of June 30, 2021, the Company did not have any unconditional outstanding commitments for additional funding. If the Company is unable to access additional funds when needed, it may not be able to continue the development of its products or the Company could be required to delay, scale back or abandon some or all of its development programs and other operations. The Company's ability to access capital when needed is not assured and, if not achieved on a timely basis, could materially harm its business, financial condition and results of operations.

The Company believes that the net proceeds from the IPO, together with the Company's existing cash and cash equivalents and borrowings available to it, will be sufficient to fund the Company's operating expenses and capital expenditures for at least the next 12 months.

Note 2. Basis of Presentation

Basis of Presentation

The unaudited interim condensed consolidated financial statements of Recursion have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (SEC). Accordingly, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP) have been condensed or omitted. These unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes for the year ended December 31, 2020 included in the Company's final prospectus dated as of April 15, 2021 and filed with the SEC pursuant to Rule 424(b)(4) on April 16, 2021.

In April 2021, the Company completed a 1.5-for-1 forward stock split of common and convertible preferred stock. All shares presented within these condensed consolidated financial statements were adjusted to reflect the forward stock split for all periods presented. See Note 8, "Common Stock" for additional details.

In April 2021, the Company's Board of Directors authorized two classes of common stock, Class A and Class B. Certain shares of Class A were exchanged for Class B on a one for one basis. The creation and issuance of the

Class B common stock did not affect the loss per share for the Class A or Class B shares for any period. The Company presented the 2021 net loss per share amounts as if the authorization and exchange occurred as of the start of the 2021 reporting period. See Note 8, “Common Stock” for additional details.

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

Emerging Growth Company

The Company is an emerging growth company (EGC), as defined by the Jumpstart Our Business Startups Act of 2012 (the JOBS Act). The JOBS Act exempts EGCs from being required to comply with new or revised financial accounting standards until private companies are required to comply. Recursion has elected to use the extended transition period for new or revised financial accounting standards. However, the Company may adopt certain new or revised accounting standards early. This may make comparisons of the Company’s financial statements with other public companies difficult because of the potential differences in accounting standards used.

Recursion may remain an EGC until December 31, 2026, although if we: (1) become a “large accelerated filer;” (2) have annual gross revenues of $1.07 billion or more in any fiscal year; or (3) issue more than $1.0 billion of non-convertible debt over a three-year period, the Company would cease to be an EGC as of December 31 of the applicable year.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases - Topic 842 (ASU 2016-02). Under ASC 842, the Company will be required to recognize a lease liability and a right-of-use asset for all leases (with the exception of short-term leases) on its balance sheet at the commencement date of each lease. ASU 842 is effective for annual and interim periods beginning on or after December 15, 2021 and early adoption is permitted. The Company must adopt the standard using the modified retrospective approach either: (1) as of the earliest period presented and through the comparative periods in the entity’s financial statements or (2) as of the effective date of ASC 842, with a cumulative-effect adjustment to equity. The Company expects the adoption to materially increase assets and liabilities on the Condensed Consolidated Balance Sheets related to those leases classified as operating and not recognized on the Balance Sheets under current GAAP. The Company is continuing to evaluate the effect that ASU 842 will have on its consolidated financial statements and related disclosures. The Company will adopt the new standard on January 1, 2022.

Note 3. Supplemental Financial Information

Property and Equipment

(in thousands)	June 30, 2021	December 31, 2020
Lab equipment	$ 25,562	$ 19,701
Leasehold improvements	13,312	13,792
Office equipment	20,005	1,075
Construction in progress	3,427	1,361
Property and equipment, gross	62,306	35,929
Less: Accumulated depreciation	(13,757)	(9,962)
Property and equipment, net	$ 48,549	$ 25,967

Depreciation expense on property and equipment was $2.4 million and $3.8 million during the three and six months ended June 30, 2021, respectively, and $1.0 million and $2.0 million during the three and six months ended June 30, 2020, respectively.

For the six months ended June 30, 2021, the Company purchased a Dell EMC supercomputer for $17.9 million. The purchase was classified as office equipment in the above table.

Accrued Expenses and Other Liabilities

(in thousands)	June 30, 2021	December 31, 2020
Accrued compensation	$ 4,396	$ 3,085
Accrued development expenses	2,895	2,289
Accrued early discovery expenses	1,113	338
Accrued other expenses	4,306	4,773
Accrued expense and other liabilities	$ 12,710	$ 10,485

Interest Expense, net

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	2021	2020	2021	2020
Interest expense	$ 2,501	$ 426	$ 2,750	$ 727
Interest income	(29)	(24)	(45)	(244)
Interest expense, net	$ 2,472	$ 402	$ 2,705	$ 483

For the three and six months ended June 30, 2021, interest expense primarily related to changes in fair value of the Series A and B warrants (see Note 10, “Stock-based Compensation” for additional details on the warrants). The Company also had expenses for the Midcap loan and tenant improvement allowance notes (see Note 5, “Notes Payable” for additional details.) Interest expense was included in “Other loss, net” on the Condensed Consolidated Statements of Operations and Comprehensive Loss.

Note 4. Goodwill and Intangible Assets

Goodwill

The carrying amount of goodwill was $801 thousand as of June 30, 2021. There were no changes to the carrying amount of goodwill during the three and six months ended June 30, 2021. There was no goodwill balance outstanding during the three and six months ended June 30, 2020. As of June 30, 2021, there were no reductions in goodwill relating to impairment losses.

Intangible Assets, Net

The following table summarizes intangible assets:

	June 30, 2021			December 31, 2020		
(in thousands)	Gross carrying amount	Accumulated Amortization	Net carrying amount	Gross carrying amount	Accumulated Amortization	Net carrying amount
Definite-lived intangible asset	$ 911	$ (278)	$ 633	$ 911	$ (127)	$ 784
Indefinite-lived intangible asset	904	—	904	904	—	904
Intangible assets, net	$ 1,815	$ (278)	$ 1,537	$ 1,815	$ (127)	$ 1,688

Amortization expense was $76 thousand and $152 thousand during the three and six months ended June 30, 2021, respectively. There was no amortization expense during the three and six months ended June 30, 2020. Amortization expense was included in research and development in the Condensed Consolidated Statements of Operations and Comprehensive Loss. No definite-lived intangible asset impairment charges were recorded during

the three and six months ended June 30, 2021. There were no intangible asset balances outstanding during the three and six months ended June 30, 2020.

The indefinite-lived intangible asset represents the Recursion domain name that the Company purchased. No indefinite-lived intangible asset impairment charges were recorded during the three and six months ended June 30, 2021.

Note 5. Notes Payable

Midcap Financial

In September 2019, the Company entered into a new Credit and Security Agreement with Midcap Financial Trust (Midcap) and the other lenders party thereto (the Midcap Loan Agreement). The Midcap Loan Agreement provides for a term loan facility that includes: i) an initial tranche of $11.9 million; and ii) a second tranche of up to $15.0 million, which if drawn would result in a maximum outstanding amount of $26.9 million. The Company used $11.2 million of the proceeds from the initial tranche to fully repay a previously outstanding term loan with Pacific Western Bank (Pacific). Proceeds from the term loans may be used for general corporate purposes. As of June 30, 2021 and December 31, 2020, the outstanding principal balance under the Midcap loan agreement was $11.9 million.

Interest on the Midcap loan accrues on the principal amount outstanding at a floating per annum rate equal to the LIBOR rate (floor of 2.00%) plus 5.75% and is payable monthly in arrears. The Company is required to make interest-only payments from September 2019 to September 2021 and thereafter, 36 monthly principal payments of $330 thousand plus interest. The interest-only period will be extended an additional 12 months under certain conditions.

The Company may voluntarily prepay the Midcap loan, subject to certain minimum repayment requirements and prepayment fees. The Midcap loan is subject to a mandatory prepayment under certain conditions.

The debt is secured against substantially all of the Company's assets. The Midcap Loan Agreement includes standard affirmative and restrictive covenants, including covenants limiting the ability of the Company and its subsidiaries to, among other things, dispose of assets, grant certain licenses, make investments, consummate mergers or acquisitions, incur debt, grant liens and make dividends or distributions, in each case subject to certain exceptions. The loan agreement also includes standard events of default, including, subject to grace periods in certain instances, payment defaults; breaches of covenants; breaches of representations and warranties; cross-defaults with certain other indebtedness; insolvency and bankruptcy defaults; a change of control of the Company or any subsidiary; or a material adverse change in the business, operations or conditions of the Company. Upon the occurrence of an event of default, Midcap may declare all outstanding obligations immediately due and payable, increase the applicable interest rate by 2% and take such other actions as set forth in the Midcap Loan Agreement. As of June 30, 2021 and 2020, the Company was in compliance with all debt covenants.

In 2019, the Company paid fees of approximately $298 thousand in connection with the origination of the Midcap Loan Agreement. These fees were deferred and recorded as a direct deduction from the carrying value of the loan payable and are being amortized to interest expense over the remaining term of the agreement.

Pacific Western

In May 2018, Pacific issued a standby letter of credit of $3.8 million for the benefit of the Company's landlord, securing certain Company obligations relating to tenant improvements. This letter of credit was transferred to J.P. Morgan during the three and six months ended June 30, 2021. See Note 14, "Fair Value Measurements" for additional details. As of December 31, 2020, the outstanding letter of credit was $3.8 million, for which the Company held $4.0 million of restricted cash as collateral.

Convertible Notes

For the six months ended June 30, 2020, the Company issued convertible promissory notes for an aggregate principal amount of $6.4 million. Under certain conditions, the principal was convertible into an amount of equity with a fair value that exceeded the amount of the notes' principal on the conversion date. This feature of the notes was accounted for separately at fair value as a derivative liability. Changes in the fair value of the derivative were

recorded in “Other loss, net” in the Condensed Consolidated Statements of Operations and Comprehensive Loss and were $323 thousand during the three and six months ended June 30, 2020.

In September 2020, these notes converted to 1,203,231 shares of Series D Preferred Stock. Upon conversion of the notes, the Company recorded the $1.6 million fair value of the derivative liability as equity on the Condensed Consolidated Balance Sheet.

Notes Payable for Tenant Improvement Allowance

In 2018, the Company borrowed $992 thousand, which was available as part of the Station 41 lease, from its landlord for use on tenant improvements (see Note 6, “Commitments and Contingencies” for additional details). Under the terms of the lease, the note will be repaid over a 10-year period at an 8% interest rate.
Notes payable under the Midcap loan agreement and for tenant improvement allowances, including accrued interest, consisted of the following:

(in thousands)	June 30, 2021	December 31, 2020
Current portion of notes payable	$ 3,135	$ 1,073
Long-term portion of notes payable	9,595	11,615
Less: unamortized issuance costs	(172)	(201)
Notes payable, net	$ 12,558	$ 12,487

The following table presents information regarding the Company’s debt principal repayment obligations as of June 30, 2021:

(in thousands)	Amount
2021	$ 1,033
2022	4,052
2023	4,059
2024	3,059
2025	112
Thereafter	346
Total debt principal payments	$ 12,661

Note 6. Commitments and Contingencies

Lease Obligations

The Company has entered into various long-term real estate leases primarily related to office, research and development (R&D) and operating activities. For the three and six months ended June 30, 2021, total rent expense was $1.4 million and $2.7 million, respectively. For the three and six months ended June 30, 2020, total rent expense was $1.1 million and $2.1 million, respectively. The Komas, Station 41 and Milpitas leases described below are classified as operating leases.

Komas Lease
In August 2016, the Company entered into a new facilities lease, with the right of use and payments beginning in January 2017. The term of the lease is 7 years. This lease includes provisions for escalating rent payments. Rent expense is recognized on a straight-line basis over the term of the lease. This lease included an allowance for tenant improvements. Tenant improvements were recorded as property and equipment and are being depreciated over the term of the lease. In conjunction with the allowance for tenant improvements, the Company recorded a lease incentive obligation of $847 thousand which is being amortized over the term of the lease as a reduction to rent expense. As of June 30, 2021, the related unamortized lease incentive obligation was $313 thousand.

Station 41 Lease

In August 2017, the Company entered into a new facilities lease, with the right of use beginning in December 2017 and payments beginning in June 2018. The term of the lease is 10 years, with one five-year renewal option exercisable by the Company. This lease includes provisions for escalating rent payments. Rent expense is recognized straight-line over the term of the lease. This lease included an allowance for tenant improvements of $4.0 million, the full amount of which was drawn in 2017. Tenant improvements were recorded as property and equipment and are being depreciated over the remaining term of the lease. In conjunction with the allowance for tenant improvements, the Company recorded a leasehold obligation, which is being amortized over the term of the lease as a reduction to rent expense. As of June 30, 2021, the related unamortized lease incentive obligation was $2.6 million.

In 2018, the Company elected to draw an additional tenant improvement loan of $992 thousand available under the Station 41 lease. This loan is incorporated into and acts to increase the base rent over the remaining life of the lease. The increase in rent includes a charge for interest, which accrues on the principal amount outstanding at a rate equal to 8%. The Company accounts for this additional tenant improvement loan as a note payable on the Condensed Consolidated Balance Sheets with the current portion included in the Current Portion of Notes Payable.

In 2019, the Company amended the Station 41 Lease to include additional space in the conjoining unit with the right to use the new space beginning in June 2020 for an additional 7 years. This amendment for the extra space includes provisions for escalating rent payments. Rent expense is recognized straight-line over the term of the lease.

In January 2021, the Company again amended the Station 41 Lease, increasing the leased square footage by 91,478 square feet. This amendment includes provisions for escalating rent, has a 10 year term and additional total minimum payments of $32.4 million. This lease included a tenant improvement allowance of up to approximately $10.1 million.

Milpitas Lease

In August 2019, the Company entered into a new facilities lease, with the right of use and payments beginning in August 2019. The term of the lease is 9 years. This lease includes provisions for escalating rent payments. Rent expense is recognized on a straight-line basis over the term of the lease.

Future Minimum Lease Payments

Future minimum commitments as of June 30, 2021 under the Company's lease agreements are as follows:

(in thousands)		Amount
2021	$	1,952
2022		4,963
2023		7,344
2024		7,371
2025		7,560
Thereafter		33,214
Total Minimum Payments	$	62,404

Contract Obligations

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

Indemnification

The Company has agreed to indemnify its officers and directors for certain events or occurrences, while the officer or director is or was serving at the Company's request in such capacity. The Company purchases directors and officers liability insurance coverage that provides for reimbursement to the Company for covered obligations and this is intended to limit the Company's exposure and enable it to recover a portion of any amounts it pays under its indemnification obligations. The Company had no liabilities recorded for these agreements as of June 30, 2021 and December 31, 2020, as no amounts in excess of insurance coverage are probable or estimable.

Employee Agreements

The Company has signed employment agreements with certain key employees pursuant to which, if their employment is terminated following a change of control of the Company, the employees are entitled to receive certain benefits, including accelerated vesting of equity incentives.

Legal Matters

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

Note 7. Convertible Preferred Stock

The Company has issued preferred stock as part of various financing events. In April 2021, all outstanding shares of convertible preferred stock converted into 115,598,018 shares of Class A common stock as part of the IPO (see Note 8, "Common Stock" for additional details on the IPO). There was no convertible preferred stock outstanding as of June 30, 2021.

No new convertible preferred stock was issued during the three and six months ended June 30, 2021 and 2020. As of June 30, 2020, there were no cumulative dividends owed or in arrears on the preferred stock.

Convertible Preferred Stock consisted of the following as of December 31, 2020:

(in thousands except share data)	Preferred Shares Authorized	Preferred Shares Issued and Outstanding	Carrying Value	Liquidation Preferences	Shares of Common Stock Issuable Upon Conversion
Series A	30,078,402	29,965,754	$ 21,281	$ 21,281	29,965,754
Series A-1	4,975,521	4,975,520	—	—	4,975,520
Series B	21,497,667	21,471,898	59,913	60,000	21,471,898
Series C	18,956,354	18,776,345	119,915	122,058	22,286,298
Series D	45,926,769	36,898,548	247,203	247,511	36,898,548
Total convertible preferred stock	121,434,713	112,088,065	$ 448,312	$ 450,850	115,598,018

Balance Sheet Classification

The Company's convertible preferred stock was classified outside of stockholders' equity (deficit) on the Condensed Consolidated Balance Sheets because the holders of such shares have liquidation rights in the event of a deemed liquidation that, in certain situations, are not solely within the control of the Company and would require the redemption of the then-outstanding convertible preferred stock. The convertible preferred stock was not redeemable, except in the event of a deemed liquidation event.

Note 8. Common Stock

Each share of Class A common stock entitles the holder to one vote per share and each share of Class B common stock entitles the holder to 10 votes per share on all matters submitted to a vote of the Company's stockholders.

Common stockholders are entitled to receive dividends, as may be declared by the Company's board of directors. As of June 30, 2021 and December 31, 2020, no dividends had been declared.

Initial Public Offering

On April 20, 2021, the Company closed its IPO and issued 27,878,787 shares of its common stock at a price of $18.00 per share for net proceeds of $462.4 million, after deducting underwriting discounts and commissions of $35.1 million and other offering costs of $4.3 million. In connection with the IPO, all shares of Series A, A-1, B, C and D convertible preferred stock converted into 115,598,018 shares of Class A common stock.

Stock Split

In April 2021, the Board of Directors approved a 1.5-for-1 forward stock split of the Company's common and convertible preferred stock. Each shareholder of record on April 9, 2021 received 1.5 shares for each then-held share. The split proportionally increased the authorized shares and did not change the par values of the Company's stock. The split affected all stockholders uniformly and did not affect any stockholder's ownership percentage of the Company's shares of common stock. All shares and per share amounts presented within these Condensed Consolidated Financial Statements were adjusted to reflect the forward stock split for all periods presented.

Class A and B Common Shares Authorization

In April 2021, the Company's Board of Directors authorized two classes of common stock, Class A and Class B. The rights of the holders of Class A and B common stock are identical, except with respect to voting and conversion. Each share of Class A common stock is entitled to one vote per share. Each share of Class B common stock is entitled to 10 votes per share and is convertible at any time into one share of Class A common stock.

All Class B common stock is held by Christopher Gibson, Ph.D., our Chief Executive Officer (CEO), or his affiliate. As of June 30, 2021, Dr. Gibson and his affiliate held outstanding shares of Class B common stock representing approximately 38% of the voting power of the Company's outstanding shares. This voting power may increase over time as Dr. Gibson vests in and exercises equity awards outstanding. If all the equity awards held by Dr. Gibson had been fully vested and exercised and exchanged for shares of Class B common stock as of June 30, 2021, Dr. Gibson and his affiliate would hold approximately 41% of the voting power of the Company's outstanding shares. As a result, Dr. Gibson will be able to significantly influence any action requiring the approval of Recursion stockholders, including the election of the board of directors; the adoption of amendments to the Company's certificate of incorporation and bylaws; and the approval of any merger, consolidation, sale of all or substantially all of the Company's assets, or other major corporate transaction.

Note 9. Collaborative and Other Research and Development Contracts

Bayer AG

In August 2020, the Company entered into a Research Collaboration and Option Agreement (the Bayer Agreement) with Bayer AG (Bayer) for a five-year term pursuant to which the Company and Bayer may initiate approximately 10 research projects related to fibrosis across multiple organ systems, including the lung, liver and heart. Under the agreement, the Company contributed compounds from our proprietary library and Bayer contributed compounds from its proprietary library and will contribute scientific expertise throughout the collaboration.

Under the terms of the agreement, the Company received a non-refundable upfront payment of $30.0 million, which was recorded as unearned revenue on the Condensed Consolidated Balance Sheet. The Company determined that it has one performance obligation under the agreement, which is to perform research and development services for Bayer. Recursion determined the transaction price to be the $30.0 million upfront payment received and allocated the amount to the single performance obligation. The Company is recognizing the revenue over time using a cost-based input method, based on labor costs incurred to perform the research and development services. This method of recognizing revenue requires the Company to make estimates of the total costs to provide the services required under the performance obligation. A significant change in these estimates could have a material effect on the timing and amount of revenue recognized in future periods.

For the three and six months ended June 30, 2021, the Company recognized $2.5 million and $5.0 million, respectively, of revenue resulting from the collaboration. There was $10.0 million and $11.7 million of current and

non-current unearned revenue, respectively, remaining as of June 30, 2021. The allocation of unearned revenue between current and non-current is based on Recursion's estimates of when the Company expects to incur the related costs.

Under each research project, the Company will work with Bayer to identify potential candidates for development. Under the agreement, Bayer has the first option for licenses to potential candidates. Each such license could potentially result in option exercise fees and development and commercial milestone payments payable to the Company, with an aggregate value of up to approximately $100.0 million (for an option on a lead series) or up to approximately $120.0 million (for an option on a development candidate), as well as tiered royalties for each such license, ranging from low- to mid-single digit percentages of sales, depending on commercial success.

The National Institute of Health

During the year ended December 31, 2018, the Company was awarded a grant by the National Institute of Health, which included potential funding of $1.4 million. Revenue recognized related to this grant during the three and six months ended June 30, 2021 was $49 thousand and $111 thousand, respectively. Revenue recognized during the three and six months ended June 30, 2020 was $186 thousand and $246 thousand, respectively. As of June 30, 2021, $346 thousand of the potential funding remained available.

As of June 30, 2021 and December 31, 2020, the Company had $49 thousand and $140 thousand of outstanding receivables, respectively with the National Institute of Health, which was deemed to be collectible.

Note 10. Stock-Based Compensation

The following table presents the classification of stock-based compensation expense for stock options and restricted stock units (RSUs) for employees and non-employees within the Condensed Consolidated Statements of Operations and Comprehensive Loss:

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	**2021**	**2020**	**2021**	**2020**
Research and development	$ 1,067	$ 288	$ 1,696	$ 976
General and administrative	3,910	481	4,980	1,058
Total	$ 4,977	$ 769	$ 6,676	$ 2,034

Key Personnel Incentive Plan
In November 2013, the Company adopted the Key Personnel Incentive Plan (the KPI Plan). The KPI Plan provides for the grant of restricted units and non-statutory option awards to employees, non-employee directors and consultants of the Company. As of June 30, 2021, there were no shares of common stock available for grant under the KPI Plan.

2016 Equity Incentive Plan
In August 2016, the Board of Directors and the stockholders of the Company adopted the 2016 Equity Incentive Plan. Under the 2016 Plan, 25,686,958 shares of common stock were reserved. As of June 30, 2021 there were no shares of common stock available for grant under the 2016 Equity Incentive Plan.

2021 Equity Incentive Plan
In April 2021, the Board of Directors and the stockholders of the Company adopted the 2021 Equity Incentive Plan (the 2021 Plan). Under the 2021 Plan, 16,186,000 shares of Class A common stock were reserved. Additionally, shares were reserved for all outstanding awards under the 2016 Plan. The Company may grant stock options, RSUs, stock appreciation rights, restricted stock awards and other forms of stock-based compensation.

As of June 30, 2021, 15,507,871 shares of Class A common stock were available for grant.

Stock Options

Stock options generally vest over four years and expire no later than 10 years from the date of grant. Stock option activity during the six months ended June 30, 2021 was as follows:

(in thousands except share data)	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (In Years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2020	20,937,443	$ 1.85	8.5	$ 12,956
Granted	2,722,835	10.02		
Cancelled	(680,666)	2.28		
Exercised	(2,504,497)	1.18		9,629
Outstanding as of June 30, 2021	20,475,115	$ 2.84	8.6	$ 647,397
Exercisable as of June 30, 2021	7,146,350	$ 1.79	7.6	$ 213,533

The fair value of options granted to employees is calculated on the grant date using the Black-Scholes option valuation model. The weighted-average grant-date fair values of stock options granted during the six months ended June 30, 2021 and 2020 were $5.96 and $1.49, respectively.

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

	Six months ended June 30,	
	2021	2020
Expected term (in years)	6.2	6.2
Expected volatility	66 %	65 %
Expected dividend yield	—	—
Risk-free interest rate	0.97 %	1.00 %

In February 2021, the Company granted 150,000 shares of stock options with a performance and service condition that had a fair value of $358 thousand. The grant was fully expensed during the three months ended June 30, 2021 as the performance and service conditions were met.

In March 2020, the Company granted 1,500,000 shares of stock options with performance, market and service conditions. At grant date, the Company estimated that the fair value of the options was approximately $2.0 million. For the three and six months ended June 30, 2021, $1.6 million of expense was recorded as several of the conditions were met. For the three and six months ended June 30, 2020, no expense was recorded as the performance conditions were not considered probable.

During the years ended December 31, 2020 and 2017, the Company granted options to purchase 120,000 and 330,000 shares, respectively, of common stock to non-employee consultants. These options were granted in exchange for consulting services and vest over a period that approximates the term of the services to be provided by the Company. The fair value of the options granted prior to 2020 were remeasured in each period until they were fully vested. Following the adoption of ASU 2018-07 on January 1, 2020, the fair value of options granted to non-employees were no longer remeasured subsequent to the grant date. The fair value of each option on the date of grant was calculated using the Black-Scholes option model. There were no grants to non-employee consultants during the three and six months ended June 30, 2021 and 2020.

As of June 30, 2021, $28.6 million of unrecognized compensation cost related to stock options is expected to be recognized as expense over approximately the next 3 years.

RSUs

In April 2021, Recursion redesigned certain aspects of its long-term incentive program. As a result, equity awards granted to employees since the redesign generally consist of a combination of stock options and RSUs. RSUs awarded to employees pursuant to the 2021 Plan generally vest over four years. The weighted-average grant-date fair value of RSUs generally is determined based on the number of units granted and the quoted price of Recursion's common stock on the date of grant.

The following table summarizes Recursion's RSU activity during the six months ended June 30, 2021:

	Stock units	Weighted-average grant date fair value
Outstanding as of December 31, 2020	—	$ —
Granted	76,762	30.42
Vested	—	—
Forfeited	—	—
Outstanding as of June 30, 2021	76,762	$ 30.42

As of June 30, 2021, $2.1 million of unrecognized compensation cost related to RSUs is expected to be recognized as expense over approximately the next 2.75 years.

Employee share purchase plan (ESPP)

In April 2021, the Board of Directors and stockholders of the Company adopted the 2021 Employee Stock Purchase Plan (the 2021 ESPP). Under the 2021 ESPP, 3,238,000 shares of Class A common stock were reserved. The 2021 ESPP has consecutive six month offering periods. The offering periods will be scheduled to start on the first trading day on or after May 20 and November 20 of each year, except the first offering period, which commenced on the Plan Effectiveness Date and will end on the last trading day on or after November 20, 2021. The second offering period will commence on the first trading day on or after November 20, 2021. The per share purchase price will be 85% of the lower of the fair market value on 1) the first trading day of the offering period or 2) the exercise date.

Fair value of the ESPP grants are measured at grant date. The fair value is determined considering the purchase discount and the fair value of the look-back feature. Black-Scholes pricing models are used to calculate the fair value of the look-back feature. The weighted-average assumptions used in the Black-Scholes models were as follows:

	Three months ended June 30, 2021	Six months ended
Expected term (in years)	0.6	0.6
Expected volatility	69 %	69 %
Expected dividend yield	—	—
Risk-free interest rate	0.04 %	0.04 %

As of June 30, 2021, no shares have been issued under the 2021 ESPP. For the three and six months ended June 30, 2021, Recursion recognized expense of $216 thousand for the 2021 ESPP. As of June 30, 2021, $407 thousand of unrecognized compensation cost related to the 2021 ESPP is expected to be recognized as expense over approximately the next 5 months.

Warrants

In connection with the execution of the Pacific loan agreement (see Note 5, “Notes Payable” for additional details), the Company issued to Pacific fully vested warrants to purchase 84,486 Series A Preferred Stock (Series A warrants) at a purchase price of $0.71 per share. In May 2017, the Company drew on additional borrowing capacity under the Pacific loan agreement, which required the Company to issue additional fully vested warrants for 28,161 Series A Preferred Stock at a purchase price of $0.71 per share. These Series A warrants were exercised in April 2021. As of December 31, 2020, their fair value was $77 thousand.

In July 2018, the Company drew on additional borrowing capacity under an amended agreement. This required the Company to issue fully vested warrants to purchase 25,762 Series B Preferred Stock (Series B warrants) at a purchase price of $2.79 per share. These Series B warrants were exercised in April 2021. As of December 31, 2020, their fair value was $48 thousand.

In January 2020, the Company issued warrants to purchase 180,000 shares of Series C Preferred Stock (Series C warrants) at a purchase price of $6.51 per share as part of a services agreement. The warrants vest ratably over 18

months. The Series C warrants remained outstanding and 170,000 were vested and exercisable as of June 30, 2021. The grant date fair value was $4.10 per share. As of June 30, 2021, $35 thousand of unrecognized compensation cost related to the unvested warrants is expected to be recognized over 1 month.

The FASB has issued accounting guidance on the classification of freestanding warrants and other similar instruments on shares that are redeemable (either puttable or mandatorily redeemable). The guidance requires liability classification for certain warrants that are exercisable into convertible preferred stock. The initial fair values of Series A and B warrants were recorded as debt issuance costs, which resulted in a reduction in the carrying value of the debt and subsequent accretion. The Company remeasured the Series A and B warrants on each Condensed Consolidated Balance Sheet date. The change in valuation was recorded in the Condensed Consolidated Statements of Operations and Comprehensive Loss in “Other loss, net.” The liability was recorded to equity upon the exercise of the Series A and B warrants.

The Series C warrants’ compensation expense is being recorded in general and administrative expense ratably over the requisite service period based on the award’s fair value at the date of grant. These warrants were classified as equity as they were issued to non-employees for services and the convertible preferred stock was not redeemable, except in the event of a deemed liquidation event, which was not considered probable.

The following is a summary of the changes in the Company’s Series A and B warrant liability balance during the six months ended June 30, 2021 and 2020:

(in thousands)		
Balance as of December 31, 2019	$	128
Net increase in fair value of warrants		5
Balance as of June 30, 2020	$	133

Balance as of December 31, 2020	$	125
Increase in fair value of warrants		2,215
Recorded in equity upon exercise		(2,340)
Balance as of June 30, 2021	$	—

Note 11. Employee Benefit Plans

The Company has an employee benefit plan under Section 401(k) of the Internal Revenue Code. The plan allows employees to make contributions up to a specified percentage of their compensation. The Company is currently contributing up to 4% of employee base salary, by matching 100% of the first 4% of annual base salary contributed by each employee. Employer expenses were $372 thousand and $653 thousand during the three and six months ended June 30, 2021, respectively. For the three and six months ended June 30, 2020, employer expenses were $201 thousand and $400 thousand, respectively.

Note 12. Income Taxes

The Company did not record any income tax expense during the three and six months ended June 30, 2021 and 2020. The Company has historically incurred operating losses and maintains a full valuation allowance against its net deferred tax assets. Valuation allowances are recorded when the expected realization of the deferred tax assets does not meet a “more likely than not” criterion. Realization of the Company’s deferred tax assets are dependent upon the generation of future taxable income, the amount and timing of which are uncertain.

Net operating loss carryforwards (NOLs) and tax credit carry-forwards are subject to review by the Internal Revenue Service (IRS) and may become subject to annual limitations due to ownership changes that have occurred previously or that could occur in the future under Section 382 of the Internal Revenue Code. The Company has not conducted a study to assess whether a change of control has occurred or whether there have been multiple changes of control since inception due to the significant complexity and cost associated with such a study. Any limitation may result in expiration of a portion of the NOLs or research and development tax credit carryforwards before utilization. Further, until a study is completed and any limitation is known, no amounts are being presented as an uncertain tax position.

The Company files income tax returns in the United States, Utah and California. The Company is not currently under examination in any of these jurisdictions. The Company is subject to income tax examinations on all federal returns since the 2018 tax return.

Note 13. Net Loss Per Share

For the three and six months ended June 30, 2021, Recursion calculated net loss per share of Class A and Class B common stock using the two-class method. Basic net loss per share is computed using the weighted-average number of shares outstanding during the period. Diluted net loss per share is computed using the weighted-average number of shares and the effect of potentially dilutive securities outstanding during the period. Potentially dilutive securities consist of stock options and other contingently issuable shares. For periods presented in which the Company reports a net loss, all potentially dilutive shares are anti-dilutive and as such are excluded from the calculation. For the three and six months ended June 30, 2021, the Company reported a net loss and therefore basic and diluted loss per share are the same.

The rights, including the liquidation and dividend rights, of the holders of the Company's Class A and Class B common stock are identical, except with respect to voting. As a result, the undistributed earnings for each period are allocated based on the contractual participation rights of the Class A and Class B common shares as if the earnings for the period had been distributed. As the liquidation and dividend rights are identical, the undistributed earnings are allocated on a proportionate basis and the resulting amount per share for Class A and Class B common stock was the same for three and six months ended June 30, 2021.

Recursion issued certain convertible preferred stock that were outstanding until April 2021 and was concluded to be participating securities. For the three and six months ended June 30, 2020, there was only one class of common stock outstanding. Due to the presence of participating securities, Recursion calculated net loss per share for the three and six months ended June 30, 2020 using the more dilutive of the treasury stock or the two-class method. For periods presented in which the Company reports a net loss, the losses are not allocated to the participating securities. As the Company reported a net loss during the three and six months ended June 30, 2020, diluted net loss per share was the same as basic net loss per share, since dilutive common shares are not assumed to have been issued if their effect is anti-dilutive. The preferred stock converted to common stock in April 2021 as part of the Company's IPO. See Note 8, "Common stock" for additional details.

The following tables set forth the computation of basic and diluted net loss per share of Class A and Class B common stock during 2021:

	Three months ended June 30, 2021		Six months ended June 30, 2021	
(in thousands, except share amount)	**Class A**	**Class B**	**Class A**	**Class B**
Numerator:				
Allocation of undistributed earnings	$ (40,432)	$ (2,970)	$ (65,457)	$ (8,661)
Denominator:				
Weighted average common shares outstanding	128,892,763	9,467,883	71,554,357	9,467,883
Net loss per share, basic and diluted	$ (0.31)	$ (0.31)	$ (0.91)	$ (0.91)

The Company excluded the following potential common shares from the computation of diluted net loss per share for the periods indicated because including them would have had an anti-dilutive effect:

	Three months ended June 30, 2021		Six months ended June 30, 2021	
	Class A	Class B	Class A	Class B
Convertible preferred stock	25,406,158	—	70,001,023	—
Stock options and RSUs	17,115,903	—	15,445,067	—
Warrants	178,208	—	193,773	—
ESPP	13,334	—	—	—
Total	42,713,603	—	85,639,863	—

The following table sets forth the computation of basic and diluted net loss per share during 2020:

(in thousands, except share amounts)		Three months ended June 30, 2020	Six months ended June 30, 2020
Numerator:			
Net loss	$	(18,943)	$ (37,367)
Denominator:			
Weighted average common shares outstanding		21,652,277	21,646,118
Net loss per share, basic and diluted	$	(0.88)	$ (1.73)

The Company excluded the following potential common shares from the computation of diluted net loss per share for the periods indicated because including them would have had an anti-dilutive effect:

	Three months ended June 30, 2020	Six months ended June 30, 2020
Convertible preferred stock	78,699,470	78,699,470
Stock options	4,557,396	4,087,585
Warrants	194,037	183,807
Total	83,450,903	82,970,862

Potential shares related to the convertible note outstanding as of June 30, 2020 were not included in the above table as the necessary conditions for conversion had not been satisfied as of the end of the reporting period assuming the end of the reporting period was the end of the contingency period.

Note 14. Fair Value Measurements

The fair value hierarchy consists of the following three levels:

- Level 1 — Valuations based on unadjusted quoted prices in active markets for identical assets that the company has the ability to access;
- Level 2 — Valuations based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuations in which all significant inputs are observable in the market; and
- Level 3 — Valuations using significant inputs that are unobservable in the market and include the use of judgment by the company's management about the assumptions market participants would use in pricing the asset or liability.

As of June 30, 2021 and December 31, 2020, cash and cash equivalents (including restricted cash) included bank deposits held in checking and savings accounts. The Company is required to maintain a balance in a collateralized account to secure the Company's credit cards. Additionally, the Company holds restricted cash related to an outstanding letter of credit issued by J.P. Morgan, which was obtained to secure certain Company obligations relating to tenant improvements.

The Company measured the Series A and B preferred stock warrant liabilities at fair value using a Black-Scholes option-pricing model. See Note 10, “Stock-based Compensation” for details on the valuation of the warrant liabilities and a reconciliation of the balance.

The following tables summarize the Company’s assets and liabilities that are measured at fair value on a recurring basis:

		Basis of fair value measurement		
(in thousands)	June 30, 2021	Level 1	Level 2	Level 3
Assets				
Cash and equivalents	$ 632,738	$ 632,738	$ —	$ —
Restricted cash	10,232	10,232	—	—
Total assets	$ 642,970	$ 642,970	$ —	$ —

		Basis of fair value measurement		
(in thousands)	December 31, 2020	Level 1	Level 2	Level 3
Assets				
Cash and equivalents	$ 262,126	$ 262,126	$ —	$ —
Restricted cash	5,041	5,041	—	—
Total assets	$ 267,167	$ 267,167	$ —	$ —
Liabilities				
Warrant liability	$ 125	$ —	$ —	$ 125
Total liabilities	$ 125	$ —	$ —	$ 125

In addition to the financial instruments that are recognized at fair value on the Condensed Consolidated Balance Sheets, the Company has certain financial instruments that are recognized at amortized cost or some basis other than fair value. The carrying amount of these instruments are considered to be representative of their approximate fair values.

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

	Book values		Fair values	
(in thousands)	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Liabilities				
Current portion of notes payable	$ 3,135	$ 1,073	$ 3,135	$ 1,073
Notes payable, net of current portion	9,423	11,414	9,423	11,414
Total liabilities	$ 12,558	$ 12,487	$ 12,558	$ 12,487

Note 15. Related Party Transactions

On December 5, 2017, the Company entered into a loan agreement with its CEO to provide a loan of $595 thousand. The loan had a seven-year term. As of June 30, 2021 and 2020, no amount remained outstanding on the loan as the balance was fully paid during the six months ended June 30, 2020.

Note 16. Subsequent Events

Midcap Financial debt extinguishment

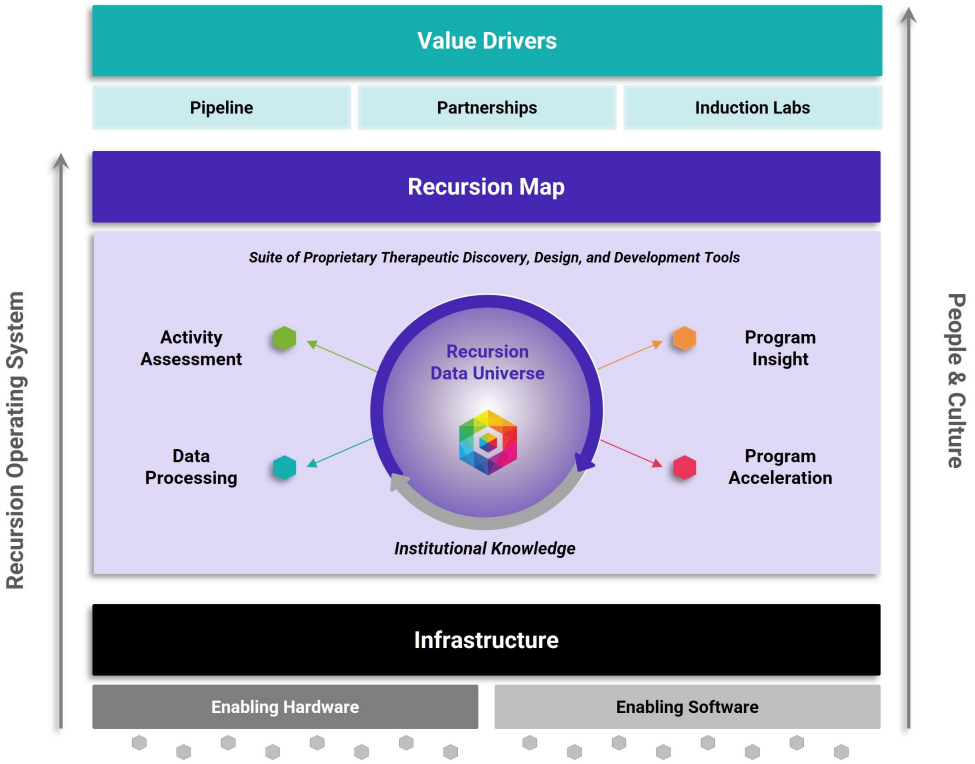
In July 2021, the Company paid the balance due on the loan outstanding with Midcap. The total amount paid was $12.7 million. See Note 5, “Notes Payable” for additional details on the Midcap loan.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

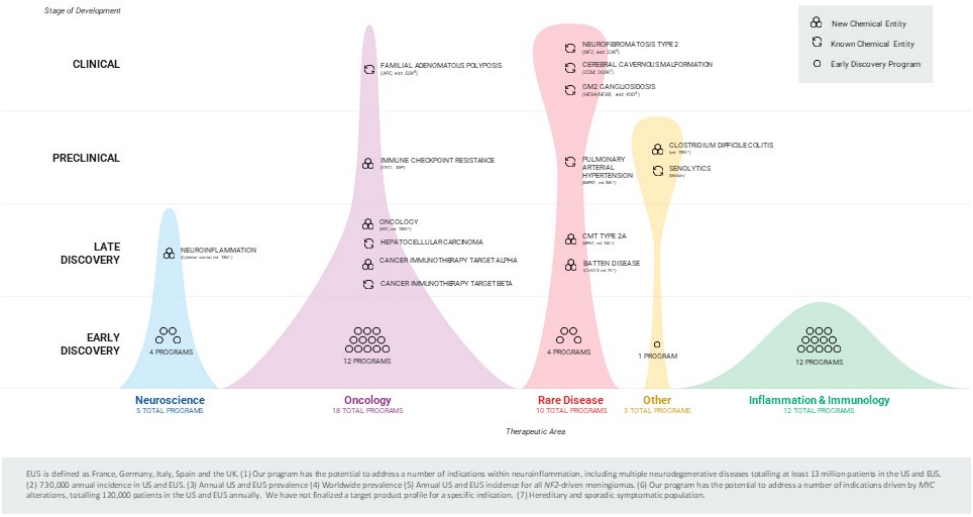
The following is a discussion and analysis of the financial condition of Recursion Pharmaceuticals, Inc. (Recursion, the Company, we, us or our) as of June 30, 2021 and December 31, 2020 and the results of operations during the three and six months ended June 30, 2021 and 2020. This commentary should be read in conjunction with the unaudited Condensed Consolidated Financial Statements and accompanying notes appearing in Item 1, "Financial Statements" and the Company's audited consolidated financial statements and accompanying notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the final prospectus for our initial public offering (IPO), which was filed with the Securities and Exchange Commission (SEC), pursuant to Rule 424(b)(4) on April 16, 2021 (the Final Prospectus). This discussion, particularly information with respect to our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, includes forward-looking statements that involve risks and uncertainties as described under the heading "Special Note About Forward-Looking Statements" in this Quarterly Report on Form 10-Q. You should review the disclosure under the heading "Risk Factors" in this Quarterly Report on Form 10-Q for a discussion of important factors that could cause our actual results to differ materially from those anticipated in these forward-looking statements.

Overview

We are a clinical-stage biotechnology company decoding biology by integrating technological innovations across biology, chemistry, automation, data science, and engineering, with the goal of radically improving the lives of patients and industrializing drug discovery. Central to our mission is the Recursion Operating System, or the Recursion OS, that combines an advanced infrastructure layer to generate what we believe is one of the world's largest and fastest-growing proprietary biological and chemical datasets, and the Recursion Map, a suite of custom software, algorithms, and machine learning tools that we use to explore foundational biology unconstrained by human bias and navigate to new biological insights which may accelerate our programs. We believe that the combination of wet-lab biology and *in silico* tools in our closed-loop system differentiates us from others within the industry. Similarly, our balanced team of life scientists and computational and technical experts creates an environment where empirical data, statistical rigor, and creative thinking are brought to bear on our decisions. To date, we have leveraged our Recursion OS, which is depicted below, to create three value drivers: i) advancement of 48 internally-developed programs, including four clinical-stage assets, focused on areas of significant unmet need, several of which have market opportunities in excess of $1.0 billion in annual sales, ii) strategic partnerships with leading biopharmaceutical companies, and iii) Induction Labs, a growth engine created to explore new extensions of the Recursion OS both within and beyond therapeutics. The number of programs we are advancing in research and development has more than doubled since 2019. Although we cannot provide any guarantee that we will achieve similar timelines with future product candidates, we believe we will be able to continue accelerating the pace of program additions in the future. As such, we are a biotechnology company scaling more like a technology company.



Recursion finished the second quarter of 2021 with a portfolio of 4 clinical stage programs, 4 preclinical programs, 7 late discovery programs, and 33 early discovery programs, for a total of 48 research and development programs. Additionally, Recursion continued scaling the total number of executed phenomic experiments to over 82 million, the size of its proprietary data universe to approximately 9 petabytes, and the number of biological inferences to over 179 billion. Data have been generated across 37 human cell types, an in-house chemical library of over 706 thousand compounds, an in silico library of over 12 billion small molecules, and a growing team of more than 270 Recursionauts that is balanced between life scientists and computational and technical experts. The power of the Recursion OS is exemplified by the breadth of active research and development programs.



EU5 is defined as France, Germany, Italy, Spain and the UK. (1) Our program has the potential to address a number of indications within neuroinflammation, including multiple neurodegenerative diseases totalling at least 13 million patients in the US and EU5. (2) 730,000 annual incidence in US and EU5. (3) Annual US and EU5 prevalence (4) Worldwide prevalence (5) Annual US and EU5 incidence for all *NF2*-driven meningiomas. (6) Our program has the potential to address a number of indications driven by MYC alterations, totalling 120,000 patients in the US and EU5 annually. We have not finalized a target product profile for a specific indication. (7) Hereditary and sporadic symptomatic population.

Business Highlights

Clinical Programs

- **Familial adenomatous polyposis (FAP) (REC-4881):** We plan to initiate a Phase 2, randomized, double-blind, placebo-controlled study to evaluate safety, pharmacokinetics, and efficacy of REC-4881 in classical FAP patients within the next 3 to 4 quarters.
- **Cerebral cavernous malformation (REC-994):** We plan to initiate a Phase 2, double-blind, placebo-controlled safety, tolerability and exploratory efficacy study of REC-994 in the next 3 to 4 quarters.
- **Neurofibromatosis type 2 (REC-2282):** We plan to initiate a parallel group, two stage, Phase 2/3, randomized, multicenter study within the next 3 to 4 quarters.
- **GM2 gangliosidosis (REC-3599):** We plan to initiate a Phase 2 trial in the next 3 to 4 quarters.

Notable Preclinical Programs

- **Clostridium difficile colitis (REC-3964):** REC-3964 is an orally active, gut biased, small molecule *C. difficile* toxin B inhibitor, selected as Recursion's first internally-developed new chemical entity (NCE) to advance to investigational new drug (IND)-enabling studies.
- **Immune checkpoint resistance in *STK11*-mutant non-small cell lung cancer (NSCLC):** The lead molecule has completed dose optimization studies and has advanced into pharmacodynamic studies in rodent NSCLC models of *STK11*-mediated checkpoint resistance.

Notable Late Discovery Programs

- **Cancer immunotherapy, target 'alpha':** Undisclosed target 'alpha' was selected based on an inferential assessment of the strength of its relationship to known genes impacting immunotherapy response. A small molecule inhibitor of target alpha demonstrated robust single agent and combination activity with anti-PD1 in a CT26 model of immune checkpoint resistance, achieving 40% complete response in the combination arm.
- **Neuroinflammation:** Multiple molecules from the lead chemical series demonstrated attenuated anti-inflammatory cytokine responses in a mouse pharmacodynamic model of neuroinflammation.

- **Oncology - small molecule MYC Inhibitors:** Digital chemistry tools expanded multiple hit series with evidence of structure activity relationship. Multiple series are prioritized and undergoing optimization.
- **Batten disease:** Multiple small molecule candidates are being evaluated in rodent pharmacodynamic models of Batten disease.
- **Charcot-Marie-Tooth type 2A (CMT2A):** Multiple small molecule mechanistic classes will be assessed in a rodent model of CMT2A.

Bayer AG Partnership

We continue to make progress in our collaboration with Bayer to discover small molecule drug candidates with the potential to treat fibrotic diseases. In the collaboration's first year we have developed novel disease models and successfully leveraged the Recursion Operating System, or Recursion OS, to identify numerous active molecules and promising chemical families.

Platform

- **PhenoMap Extensions:** We began generating arrayed whole genome knockout and compound library PhenoMaps in two additional cell types. Additionally, we have made substantial progress in onboarding astrocytes as our first neuronal cell type.
- **Chemical Technology:** Over the past quarter, we have incorporated additional virtual chemical library search methods into our digital chemistry tools and have begun reading out positive results from our first large-scale expansion searches for our NCE programs.
- **Orthogonomics:** We have more than doubled the total number of genes and proteins measured in transcriptomic and proteomic experiments during the past quarter, leveraging these studies across multiple programs to discover new in vitro disease biomarkers that we may use to assess the efficacy of compounds.

Facilities and Manufacturing

We have two construction projects in progress to expand our current headquarters and create a chemistry, manufacturing and controls (CMC) site in Salt Lake City. The expansion will allow us to improve our current platform by increasing capacity and automation, growing our compound and biobank libraries, further scaling proteomics and transcriptomics capabilities, and beginning the buildout of automated chemical compound microsynthesis. The CMC site will bolster our capabilities in analytical and formulation chemistry as well as small molecule manufacturing for early clinical trials for a subset of our key programs.

Expanding Operations to Canada

We announced our intention to launch our first major expansion beyond our Salt Lake City headquarters, with Toronto to serve as a multidisciplinary hub across data science, machine learning, engineering and computational biology. Additionally, we announced a multi-year collaboration with Mila, the Quebec Artificial Intelligence Institute, to accelerate Recursion's machine learning capabilities.

Financing and Operations

We were incorporated in November 2013. On April 20, 2021, we closed our IPO and issued 27,878,787 shares of Class A common stock at a price of $18.00 per share, raising gross and net proceeds of $501.8 million and $462.4 million, respectively. Prior to our IPO, we had raised approximately $448.9 million in equity financing from investors in addition to $30.0 million in an upfront payment from our strategic partnership with Bayer AG (Bayer).

We use the capital we have raised to fund operations and investing activities across platform research operations, drug discovery, clinical development, digital and other infrastructure, creation of our portfolio of intellectual property, and administrative support. We do not have any products approved for commercial sale and have not generated any revenues from product sales. We had cash and cash equivalents of $632.7 million as of June 30, 2021. Based on our current operating plan, we believe that our existing cash and cash equivalents will be sufficient to meet our working capital and capital expenditure needs at least into 2023.

Since inception, we have incurred significant operating losses. Our net losses were $43.4 million and $74.1 million during the three and six months ended June 30, 2021, respectively. Our net losses were $18.9 million and $37.4

million during the three and six months ended June 30, 2020, respectively. As of June 30, 2021, our accumulated deficit was $287.7 million. We anticipate that our expenses and operating losses will increase substantially over the foreseeable future. The expected increase in expenses will be driven in large part by our ongoing activities, if and as we: continue to advance our platform; continue preclinical development of our current and future product candidates and initiate additional preclinical studies; commence clinical studies of our current and future product candidates; establish our manufacturing capability, including developing our contract development and manufacturing relationships, and building our internal manufacturing facilities; acquire and license technologies aligned with our platform; seek regulatory approval of our current and future product candidates; expand our operational, financial, and management systems and increase personnel, including personnel to support our preclinical and clinical development, manufacturing, and commercialization efforts; continue to develop, grow, perfect, and defend our intellectual property portfolio; and incur additional legal, accounting, or other expenses in operating our business, including the additional costs associated with operating as a public company.

We invest in new technologies to expand our platform and plan to build world class capabilities in key areas of manufacturing sciences and operations, including small molecule production, novel chemical entity development, product characterization, and process analytics. Our investments may also include scaled research solutions, scaled infrastructure, as well as novel technologies to improve efficiency, characterization, and scalability of manufacturing.

We anticipate that we will need to raise additional financing in the future to fund our operations, including the commercialization of any approved product candidates. Until such time, if ever, as we can generate significant product revenue, we expect to finance our operations with our existing cash and cash equivalents, any future equity or debt financings, and upfront, milestone, and royalty payments, if any, received under current or future license or collaboration agreements. We may not be able to raise additional capital on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, results of operations, and financial condition may be adversely affected.

Components of Operating Results

Revenues

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

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

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

Research and Development

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

- costs to develop and operate our platform;
- costs of discovery efforts which may lead to development candidates, including research materials and external research;
- costs for clinical development of our investigational products;
- costs for materials and supplies associated with the manufacture of active pharmaceutical ingredients investigational products for preclinical testing and clinical trials;

- personnel-related expenses, including salaries, benefits, bonuses and stock-based compensation for employees engaged in research and development functions;
- costs associated with operating our digital infrastructure; and
- other direct and allocated expenses incurred as a result of research and development activities, including those for facilities, depreciation, amortization and insurance.

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

We recognize expenses associated with third-party contracted services based on the completion of activities as specified in the applicable contracts. Upon termination of contracts with third parties, our financial obligations are generally limited to costs incurred or committed to date. Any advance payments for goods or services to be used or rendered in future research and product development activities pursuant to a contractual arrangement are classified as prepaid expenses until such goods or services are rendered.

General and Administrative

The Company expenses general and administrative costs as incurred. General and administrative expenses consist primarily of salaries, employee benefits, stock-based compensation and outsourced labor for personnel in executive, finance, human resources, legal and other corporate administrative functions. General and administrative expenses also include legal fees for corporate and patent matters, professional fees for accounting, auditing, tax and administrative consulting services, insurance costs, facilities and depreciation expenses.

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

Other Loss, net

Other loss, net primarily consists of interest earned on our cash and cash equivalents, interest expense incurred under our loan agreements and changes in the fair value of warrant liabilities.

Results of Operations

The following table summarizes the Company's results of operations:

(in thousands, except percentages)	Three months ended June 30, 2021	2020	Change $	%	Six months ended June 30, 2021	2020	Change $	%
Revenue								
Grant revenue	$ 49	$ 186	$ (137)	(73.4)%	$ 111	$ 246	$ (134)	(54.7)%
Operating revenue	2,500	—	2,500	n/m	5,000	—	5,000	n/m
Total revenue	2,549	186	2,363	>100%	5,111	246	4,866	>100%
Operating expenses								
Research and development	29,624	13,244	16,380	>100%	53,733	26,086	27,648	>100%
General and administrative	13,854	5,159	8,695	>100%	22,791	10,720	12,071	>100%
Total operating expenses	43,478	18,403	25,075	>100%	76,524	36,806	39,719	>100%
Loss from operations	(40,929)	(18,217)	(22,712)	>100%	(71,413)	(36,560)	(34,853)	95.3 %
Other loss, net	(2,472)	(726)	(1,747)	>100%	(2,705)	(807)	(1,898)	>100%
Net loss and comprehensive loss	$ (43,401)	$ (18,943)	$ (24,459)	>100%	$ (74,118)	$ (37,367)	$ (36,751)	98.4 %

n/m = Not meaningful

Revenue

The following table summarizes Recursion's components of revenue:

(in thousands, except percentages)	Three months ended June 30, 2021	2020	Change $	%	Six months ended June 30, 2021	2020	Change $	%
Revenue								
Grant revenue	$ 49	$ 186	$ (137)	(73.4)%	$ 111	$ 246	$ (134)	(54.7)%
Operating revenue	2,500	—	2,500	n/m	5,000	—	5,000	n/m
Total revenue	$ 2,549	$ 186	$ 2,363	>100%	$ 5,111	$ 246	$ 4,866	>100%

Revenue increased by $2.4 million and $4.9 million during the three and six months ended June 30, 2021, respectively, compared to the prior year. The increase in revenue was due to revenue recognized from our strategic partnership with Bayer entered into in August 2020.

Research and Development

The following table summarizes Recursion's components of research and development expense:

(in thousands, except percentages)	Three months ended June 30, 2021	2020	Change $	%	Six months ended June 30, 2021	2020	Change $	%
Research and development expenses								
Platform	$ 11,338	$ 5,718	$ 5,620	98.3 %	$ 21,870	$ 12,037	$ 9,832	81.7 %
Discovery	8,847	3,385	5,462	>100%	16,586	7,432	9,154	>100%
Clinical	5,581	3,208	2,373	74.0 %	8,536	4,532	4,004	88.3 %
Stock based compensation	1,143	318	825	>100%	1,771	1,006	765	76.0 %
Other	2,715	615	2,100	>100%	4,970	1,079	3,891	>100%
Total research and development expenses	$ 29,624	$ 13,244	$ 16,380	>100%	$ 53,733	$ 26,086	$ 27,646	>100%

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

Research and development expenses increased by $16.4 million and $27.6 million during the three and six months ended June 30, 2021, respectively, compared to the prior year. The increase in research and development expenses was due to an increased number of experiments screened on our platform, an increased number of pre-clinical assets being validated and increased clinical costs as studies progressed.

General and Administrative Expenses

The following table summarizes Recursion's components of general and administrative expense:

(in thousands, except percentages)	Three months ended June 30, 2021	2020	Change $	%	Six months ended June 30, 2021	2020	Change $	%
Total general and administrative expenses	$ 13,854	$ 5,159	$ 8,695	>100%	$ 22,791	$ 10,720	$ 12,071	>100%

General and administrative expenses increased by $8.7 million and $12.1 million during the three and six months ended June 30, 2021, respectively, compared to the prior year. The increase in general and administrative expenses was due to the growth in size of the Company's operations including an increase in salaries and wages of $5.7 million and $6.9 million during the three and six months ended June 30, 2021, respectively, equipment costs, human resources costs, facilities costs and other administrative costs associated with operating a growth-stage company.

Other loss, net

The following table summarizes Recursion's components of other loss, net:

(in thousands, except percentages)	Three months ended June 30, 2021	2020	Change $	%	Six months ended June 30, 2021	2020	Change $	%
Interest expense	$ 2,501	$ 426	$ 2,075	>100%	$ 2,750	$ 727	$ 2,022	>100%
Interest income	(29)	(24)	(5)	21.4 %	(45)	(244)	199	(81.5)%
Derivative fair value adjustment	—	324	(324)	(100.0)%	—	324	(324)	(100.0)%
Other loss, net	$ 2,472	$ 726	$ 1,746	>100%	$ 2,705	$ 807	$ 1,897	>100%

Other loss, net increased by $1.7 million and $1.9 million during the three and six months ended June 30, 2021, respectively, compared to the prior year. The increase in Other loss, net was primarily due to an increase in the fair value of the Series A and B warrants. See Note 10, “Stock-Based Compensation” to the Condensed Consolidated Financial Statements for additional details on the warrants. This increase was partially offset by the fair value adjustment on the derivative liability for the convertible notes. See Note 5, “Notes Payable” to the Condensed Consolidated Financial Statements for additional details on the derivative.

Liquidity and Capital Resources

Sources of Liquidity

The Company has not yet commercialized any products and does not expect to generate revenue from the sales of any product candidates for at least several years. Cash and cash equivalents totaled $632.7 million as of June 30, 2021 and $262.1 million as of December 31, 2020.

The Company has incurred operating losses and experienced negative operating cash flows and we anticipate that it will continue to incur losses for at least the foreseeable future. Our net loss was $43.4 million and $74.1 million during the three and six months ended June 30, 2021, respectively. The Company’s net loss was $18.9 million and $37.4 million during the three and six months ended June 30, 2020, respectively. As of June 30, 2021 and December 31, 2020, Recursion had an accumulated deficit of $287.7 million and $213.6 million, respectively.

Recursion has financed its operations through private placements of preferred stock and an IPO. As of June 30, 2021, the Company had received proceeds of $448.9 million from the sale of its preferred stock. The Company received net proceeds of $462.4 million from the IPO. See Note 8, “Common Stock” to the Condensed Consolidated Financial Statements for additional details on the IPO.

In October 2020, the Company received a $30.0 million upfront payment from the Company’s strategic partnership with Bayer.

Midcap Credit and Security Agreement

In September 2019, the Company entered into a Credit and Security Agreement with Midcap Financial Trust (Midcap) and the other lenders party thereto (the Midcap Loan Agreement). The Mipcap Loan Agreement includes: i) an initial term loan in an aggregate principal amount of $11.9 million; and ii) a second tranche term loan, which, if drawn, would result in an aggregate outstanding maximum principal amount of $26.9 million. The second tranche will become available to be drawn on upon the achievement of certain drug development milestones. We are required to make interest-only payments from September 2019 to September 2021 and thereafter, 36 monthly principal payments of $330 thousand plus interest commencing in October 2021 and continuing until the maturity date in September 2024. The interest-only period will be extended an additional 12 months upon achievement of certain fundraising related milestones. Interest accrues on the principal amount outstanding at a floating per annum rate equal to the LIBOR (floor of 2.00%) rate plus 5.75%.

The debt is secured against all of the Company’s assets. The Midcap Loan Agreement includes standard affirmative and restrictive covenants and standard events of default, including payment defaults; breaches of covenants following any applicable cure period; a material impairment in the perfection or priority of Midcap’s security interest or in the value of the collateral; or a material adverse change in our business, operations, or conditions. Upon the occurrence of an event of default and following any applicable cure periods, Midcap may declare all outstanding obligations immediately due and payable and take such other actions as set forth in the Midcap Loan Agreement. As of June 30, 2021, the Company was in compliance with all debt covenants under the agreement. In 2019, we paid fees of approximately $298 thousand in connection with the origination of the Midcap Loan Agreement. These fees were deferred and recorded as a direct deduction from the carrying value of the loan payable and are amortized to interest expense over the remaining term of the Midcap Loan Agreement. In July 2021, this loan was repaid in full. See Note 16, “Subsequent Events” to the Condensed Consolidated Financial Statements for additional details.

Cash Flows

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

	Six months ended June 30, 2021	
(in thousands)	**2021**	**2020**
Cash used in operating activities	$ (64,408)	$ (34,516)
Cash used in investing activities	(25,628)	(723)
Cash provided by financing activities	465,839	6,379
Net increase (decrease) in cash and cash equivalents	$ 375,803	$ (28,860)

Operating Activities

Net cash used in operating activities was $64.4 million during the six months ended June 30, 2021. Net cash used in operating activities increased from the six months ended June 30, 2020 as a result of higher costs incurred for research and development and general and administrative due to the Company's growth, as well as the timing of working capital cash flows for the six months ended June 30, 2021.

Net cash used in operating activities was $34.5 million during the six months ended June 30, 2020. Cash used in operating activities increased from the six months ended June 30, 2019 due to higher costs incurred for research and development and general and administrative due to the Company's growth which was partially offset by the timing of working capital cash flows for the six months ended June 30, 2020.

Investing Activities

Net cash used in investing activities was $25.6 million during the six months ended June 30, 2021. Cash used in investing activities primarily consisted of $17.9 million for the purchase of a Dell EMC supercomputer. Investing cash flows also included capital expenditures for property and equipment.

Net cash used in investing activities was $723 thousand during the six months ended June 30, 2020. Cash used in investing activities was primarily for the purchase of lab equipment and leasehold improvements, which was partially offset by the proceeds from the note receivable.

Financing Activities

Net cash provided by financing activities was $465.8 million during the six months ended June 30, 2021. Cash provided by financing activities primarily included $462.4 million of net proceeds from the IPO. Financing cash flows also included $3.0 million of proceeds from the exercise of stock options.

Net cash provided by financing activities was $6.4 million during the six months ended June 30, 2020, which consisted primarily of $6.4 million of proceeds from the issuance of convertible notes. See Note 5, "Notes Payable" to the Condensed Consolidated Financial Statements for additional detail on the convertible notes.

Critical Accounting Estimates and Policies

A summary of the Company's significant accounting estimates and policies is included in Note 2, "Summary of Significant Accounting Policies" in our Final Prospectus filed with the SEC on April 16, 2021 in connection with our IPO. There were no significant changes in the Company's application of its critical accounting policies during the six months ended June 30, 2021.

Recently Issued and Adopted Accounting Pronouncements

Refer to Note 2 in Item 1 of this Quarterly Report on Form 10-Q for information regarding recently issued and adopted accounting pronouncements.

Emerging Growth Company

The Company is an emerging growth company (EGC), as defined by the Jumpstart Our Business Startups Act of 2012 (the JOBS Act). The JOBS Act, amount other things, exempts EGCs from being required to comply with new or revised financial accounting standards until private companies are required to comply. Recursion as elected to use the extended transition period for new or revised financial accounting standards during the period in which we remain an EGC. However, the Company may adopt certain new or revised accounting standards early. This may make comparisons of the Company's financial statements with other public companies difficult because of the potential differences in accounting standards used.

Recursion may remain an EGC until December 31, 2026 although if we: (1) become a "large accelerated filer;" (2) have annual gross revenues of $1.07 billion or more in any fiscal year; or (3) issue more than $1.0 billion of non-convertible debt over a three-year period, the Company would cease to be an EGC as of December 31 of the applicable year.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The Company is subject to market risk associated with changing interest rates on our variable rate note issued under the Midcap Loan Agreement; as the interest accrues on the principal amount outstanding at a floating per annum rate equal to the LIBOR rate plus 5.75%, with a LIBOR floor of 2.00%. The interest rates applicable to our variable rate note may rise and increase the amount of interest expense. We do not purchase or hold any derivative instruments to protect against the effects of changes in interest rates. As of June 30, 2021 and December 31, 2020, the outstanding principal on the debt issued under the Midcap Loan Agreement was $11.9 million.

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

Item 4. Controls and Procedures.

The Company has established disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act) designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to management, including the principal executive officer (our Chief Executive Officer) and principal financial officer (our Chief Financial Officer), to allow timely decisions regarding required disclosure. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management has evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives as management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our disclosure controls and procedures have been designed to provide reasonable assurance of achieving their objectives. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2021, our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended June 30, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

As a result of the COVID-19 pandemic, many of the Company's employees are working remotely. We have not identified any material changes in our internal control over financial reporting as a result of these changes to the working environment, in part because our internal control over financial reporting was designed to operate in a remote working environment. The Company is continually monitoring and assessing the COVID-19 situation to determine any potential impacts on the design and operating effectiveness of our internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors.

RISK FACTORS

You should carefully consider the risks and uncertainties described below together with all of the other information contained in this Quarterly Report on Form 10-Q and our other public filings with the SEC. The risks described below are not the only risks facing our company. The occurrence of any of the following risks, or of additional risks and uncertainties not presently known to us or that we currently believe to be immaterial, could cause our business, prospects, operating results, and financial condition to suffer materially.

Risks Related to Our Financial Position and Need for Additional Capital

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

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

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

We have incurred net losses in each year since our inception. Our net losses were $43.4 million and $74.1 million for the three and six months ended June 30, 2021 and 2020, respectively. We had an accumulated deficit of $287.7 million as of June 30, 2021. Substantially all of our operating losses have resulted from costs incurred in connection with research and development efforts, including clinical studies, and from general and administrative costs associated with our operations. We expect our operating expenses to significantly increase as we continue to invest in research and development efforts and the commencement and continuation of clinical trials of our existing and future drug candidates. We also continue to incur additional costs associated with operating as a public company. As a result, we expect to continue to incur significant and increasing operating losses for the foreseeable future. Our prior losses, combined with expected future losses, have had and will continue to have an adverse effect on our stockholders' deficit and working capital. Because of the numerous risks and uncertainties associated with developing pharmaceutical products and new technologies, we are unable to predict the extent of any future losses or when we will become profitable, if at all. Even if we do become profitable, we may not be able to sustain or increase our profitability on a quarterly or annual basis.

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

We have ambitious plans to decode biology and deliver new drugs to the patients who need them. Our mission is broad, expensive to achieve and will require additional capital in the future. We have a substantial pipeline of both clinical and preclinical programs and expect our expenses to increase in connection with our ongoing activities, particularly as we continue the research and development of, initiate clinical trials of, and potentially seek marketing

approval for, our drug candidates, and as we add to our pipeline what we believe will be an accelerating number of additional programs. In addition, depending on the status of potential regulatory approval, or if we obtain marketing approval for any current or future drug candidates, we may incur significant expenses related to product sales, marketing, manufacturing, and distribution.

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

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

We expect that the net proceeds from our initial public offering completed on April 20, 2021, together with our existing cash and cash equivalents, borrowings available to us, and short-term investments as of the date of this Quarterly Report on Form 10-Q, will be sufficient to fund our operating expenses and capital expenditures for at least the next 12 months. However, identifying potential drug candidates and conducting preclinical development testing and clinical trials is a time-consuming and uncertain process that takes years to complete, and we may never generate the necessary data or results required to obtain marketing approval and achieve product sales. In addition, our drug candidates, even if approved, may not achieve commercial success. We anticipate that our commercial revenues, if any, will be derived from sales of products that we do not expect to be commercially available for many years. Accordingly, we will need to continue to rely on additional financing to achieve our business objectives. We may need to raise substantial additional funds sooner than expected, particularly if we choose to pursue additional indications and/or geographies for our drug candidates or otherwise expand more rapidly than we presently anticipate. If we are unable to raise capital when needed or on attractive terms, we would be forced to delay, reduce, or eliminate certain of our research and development programs or potential future commercialization efforts, and our business, and results of operations could be materially and adversely affected.

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

Until such time, if ever, as we can generate substantial revenues, we expect to finance our cash needs through a combination of private and public equity offerings, debt financings, strategic collaborations, strategic alliances, and licensing arrangements. We do not have any committed external source of funds. Disruptions in the financial markets in general, and more recently due to the COVID-19 pandemic, may make equity and debt financing more difficult to obtain and may have a material adverse effect on our ability to meet our fundraising needs. We cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable to us, if at all. Moreover, fundraising efforts may divert our management's attention from our core business or create competing priorities. In addition, the terms of any financing may adversely affect the holdings or rights of our stockholders, and the issuance of additional securities, whether equity or debt, by us, or the possibility of such issuance, may cause the market price of our shares to decline. To the extent that we raise additional capital through the sale of Class A common stock or securities convertible or exchangeable into Class A common stock, our stockholders' ownership interest will be diluted, and the terms of those securities may include liquidation or other preferences that materially and adversely affect our stockholders' rights as a common stockholder. The incurrence of indebtedness would

result in increased fixed payment obligations, and we may be required to agree to certain restrictive covenants — such as limitations on our ability to incur additional debt, limitations on our ability to acquire, sell, or license intellectual property rights, and other operating restrictions — that could adversely impact our ability to make capital expenditures, declare dividends, or otherwise conduct our business. We could also be required to seek funds through arrangements with collaborators or others at an earlier stage than would be desirable; relinquish rights to some of our technologies or drug candidates, future revenue streams, or research programs; or otherwise agree to terms unfavorable to us. If we are unable to obtain funding on a timely basis and satisfactory terms, we may be required to significantly curtail, delay, or discontinue one or more of our research or development programs or the commercialization of any drug candidate — or we may be unable to expand our operations or otherwise capitalize on our business opportunities, as desired — which could materially and adversely affect our business and results of operations.

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

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

- successfully complete preclinical studies;
- obtain approval of Investigational New Drug (IND) applications by the U.S. Food and Drug Administration (FDA), and similar regulatory approvals outside the U.S., allowing us to commence clinical trials;
- successfully enroll subjects in, and complete, clinical trials;
- receive regulatory approvals from applicable regulatory authorities;
- initiate and successfully complete all safety and other studies required to obtain U.S. and foreign marketing approval for our drug candidates;
- establish commercial manufacturing capabilities or make arrangements with third-party manufacturers for clinical supply and commercial manufacturing;
- obtain and maintain patent and trade secret protection or regulatory exclusivity for our drug candidates;
- launch commercial sales of our drug candidates, if and when approved, whether alone or in collaboration with other parties;
- obtain and maintain acceptance of the drug candidates, if and when approved, by patients, the medical community, and third-party payors;
- effectively compete with other therapies;
- obtain and maintain coverage of and adequate reimbursement for our drug products, if and when approved, by medical insurance providers;
- protect and enforce our intellectual property rights and defend against intellectual property claims of third parties;
- take temporary precautionary measures to help minimize the impact of the COVID-19 pandemic or a force majeure event on our business; and
- Demonstrate a continued acceptable safety profile of the drug candidates following marketing approval.

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

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

We may not succeed in producing drug candidates that can be commercialized. To achieve success with our drug candidates, we or our current or future collaborators must develop, and eventually commercialize, a drug product or products that generate significant revenue. We currently generate revenues primarily from

our collaboration relationships and expect to continue to derive most of our revenue from these relationships until such time as our or our collaborators' drug development and commercialization efforts are successful, if ever.

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

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

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

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

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

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

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

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

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

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

Risks Related to the Discovery and Development of Drug Candidates

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

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

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

Our current drug candidates are in preclinical or clinical development, which are lengthy and expensive processes with uncertain outcomes and the potential for substantial delays. It is impossible to predict when or if any of our drug candidates will prove effective and safe in humans, will be manufacturable or will receive regulatory approval. To obtain marketing approval from regulatory authorities for the sale of any drug candidate, we must complete preclinical studies, have the candidate manufactured to appropriate specifications and then conduct extensive clinical trials to demonstrate safety and efficacy in humans. We may accelerate development from cell models in our drug discovery platform directly to patients without validating results through animal studies, or validate results in animal studies at the same time as we conduct Phase 1 clinical trials. This approach could pose additional risks to our success if the effect of certain of our drug candidates on diseases has not been tested in animals prior to testing in humans.

Clinical testing is expensive, difficult to design and implement, can take many years to complete, and is uncertain as to outcome. A failure of one or more clinical trials can occur at any stage of testing. The outcome of preclinical

development testing and early clinical trials may not be predictive of the success of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. We have not yet demonstrated our ability to complete clinical development, obtain regulatory approvals, manufacture a commercial-scale product or arrange for a third party to do so, and conduct sales and marketing activities necessary for successful commercialization.

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

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

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

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

Our product development costs will increase if we experience delays in testing or regulatory approvals. We do not know whether any of our future clinical trials will begin as planned, or whether any of our current or future clinical trials will need to be restructured or will be completed on schedule, if at all. Significant preclinical study or clinical

trial delays, including those caused by the COVID-19 pandemic, also could shorten any periods during which we may have the exclusive right to commercialize our drug candidates or could allow our competitors to bring products to market before we do and impair our ability to successfully commercialize our drug candidates. Any delays in our preclinical or future clinical development programs may harm our business, financial condition, and prospects significantly.

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

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

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

Clinical trial enrollment may be affected by other factors, including:

- the severity of the disease under investigation;
- the eligibility criteria for the clinical trial in question;
- the availability of an appropriate genomic screening test;
- the perceived risks and benefits of the drug candidate under study;
- the efforts to facilitate timely enrollment in clinical trials;
- the referral practices of physicians;
- the ability to monitor participants adequately during and after the trial;
- the proximity and availability of clinical trial sites for prospective participants;
- factors we may not be able to control, such as current or potential pandemics, such as the COVID-19 pandemic, that may limit the availability of participants, principal investigators, study staff, or clinical sites;
- referral practices of physicians;
- our ability to monitor participants adequately during and after the trial;
- our ability to recruit clinical trial investigators with the appropriate competencies and experience;
- our ability to maintain participant informed consent and privacy; and
- the risk that enrolled participants will not complete a clinical trial.

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

Before obtaining regulatory approvals for the commercial sale of any products, we must demonstrate through lengthy, complex, and expensive preclinical studies and clinical trials that our drug candidates are both safe and effective for use in each target indication. Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. The results of preclinical studies and early clinical trials of our drug candidates may not be predictive of the results of later-stage clinical trials, and initial success in clinical trials may not be indicative of results obtained when such trials are completed. There is typically an extremely high rate of attrition from the failure of drug candidates proceeding through clinical trials. Drug candidates in later stages of clinical trials also may fail to show the desired safety and efficacy profile despite having progressed through nonclinical studies and initial clinical trials. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to lack of efficacy or unacceptable safety issues, notwithstanding promising results in earlier trials. Most drug

candidates that commence clinical trials are never approved as products, and there can be no assurance that any of our current or future clinical trials will ultimately be successful or support further clinical development of any of our drug candidates.

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

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

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

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

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

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

Even if approved for commercial sale, the total addressable market for our drug candidates will ultimately depend upon, among other things, the diagnosis criteria included in the final label and whether our drug candidates are approved for these indications; acceptance by the medical community; and patient access, product pricing, and

reimbursement by third-party payors. The number of patients targeted by our drug candidates may turn out to be lower than expected, patients may not be amenable to treatment with our products, or new patients may become increasingly difficult to identify or gain access to, all of which would adversely affect our results of operations and our business. Due to our limited resources and access to capital, we must prioritize development of certain drug candidates, which may prove to be the wrong choice and may adversely affect our business.

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

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

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

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

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

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

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

those of third-party contract manufacturers. We may also face greater than expected difficulty in manufacturing our drug candidates.

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

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

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

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

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

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

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

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

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

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

The development and commercialization of new products in the biopharmaceutical and related industries is highly competitive. There are other companies focusing on technology-enabled drug discovery to identify and develop new chemical entities that have not previously been investigated in clinical trials (NCEs) and known chemical entities that have been previously investigated (KCEs). Some of these competitive companies are employing scientific approaches that are the same as or similar to our approach, and others are using entirely different approaches. These companies include divisions of large pharmaceutical companies and biotechnology companies of various sizes. We face competition with respect to our current drug candidates, and will face competition with respect to drug candidates that we may seek to develop or commercialize in the future, from major pharmaceutical companies, specialty pharmaceutical companies, and biotechnology companies worldwide. Potential competitors also include academic institutions, government agencies, and other public and private research organizations that conduct research, seek patent protection, and establish collaborative arrangements for research, development, manufacturing, and commercialization.

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

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

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

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

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

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

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

Risks Related to our Platform and Data

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

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

Given our limited operating history, we are still in the process of implementing our internal security and business continuity measures and developing our information technology infrastructure. Our internal computer systems, and those of current and future third parties on which we rely, may fail and are vulnerable to damage from computer viruses and unauthorized access.

Our information technology and other internal infrastructure systems — including corporate firewalls, servers, data center facilities in which we co-locate, lab equipment, leased lines, and connection to the Internet — face the risk of breakdown or other damage or interruption from various causes or sources, each of which could compromise our system infrastructure or lead to the loss, destruction, alteration, disclosure, or dissemination of, or damage or unauthorized access to, our data or data that is processed or maintained on our behalf, or other assets. These causes or sources include, without limitation:

- service interruptions;
- system malfunctions;
- natural disasters;
- acts of terrorism or war;
- telecommunication and electrical failures;
- security breaches from inadvertent or intentional actions by our employees, contractors, consultants, business partners, and/or other third parties; and
- cyber-attacks by malicious third parties, including the deployment of harmful malware, ransomware, denial-of-service attacks, social engineering and other means to affect service reliability and threaten the confidentiality, integrity and availability of information.

If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our development programs and our business operations, and cause financial, legal, business, and reputational harm to us. For example, one of our primary differentiators is our proprietary technical information and biological and chemical data. The loss, corruption, unavailability of, or damage to our data would interfere with and undermine the insights we draw from our platform, which could result in the waste of resources on insights based on flawed premises or other adverse consequences. In addition, the loss or corruption of, or other damage to, clinical trial data from completed or future clinical trials could result in delays in our regulatory approval efforts as well as significant costs to recover or reproduce the data.

Likewise, we rely on third parties for the manufacture of our drug candidates and to conduct clinical trials, and similar events relating to their systems and operations could also have a material adverse effect on our business and lead to regulatory agency actions. The risk of a security breach or disruption, particularly through cyber-attacks or cyber intrusion by computer hackers, foreign governments, and cyber terrorists, has generally increased as the number, intensity, and sophistication of attempted attacks and intrusions from around the world have increased. Sophisticated cyber attackers (including foreign adversaries engaged in industrial espionage) are skilled at adapting to existing security technology and developing new methods of gaining access to organizations' sensitive business data, which could result in the loss of proprietary information, including trade secrets. We may not be able to anticipate all types of security threats, and we may not be able to implement preventive measures effective against all such security threats.

The techniques used by cyber criminals change frequently, may not be recognized until launched, and can originate from a wide variety of sources, including outside groups such as external service providers, organized crime affiliates, terrorist organizations, or hostile foreign governments or agencies. In addition, in response to the ongoing

COVID-19 pandemic, the majority of our workforce is currently working remotely. This could increase our cybersecurity risk, create data accessibility concerns, and make us more susceptible to communication disruptions.

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

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

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

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

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

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

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

Our platform depends upon the continuous, effective, and reliable operation of our software, hardware, databases, and related tools and functions, as well as the integrity of our data. Our proprietary software tools, hardware, and data sets are inherently complex and may contain defects or errors. Errors may result from the interface of our proprietary software and hardware tools with our data or third-party systems and data. The risk of errors is particularly significant when new software or hardware is first introduced or when new versions or enhancements of existing software or hardware are implemented. We have from time to time found defects in our software and hardware, and new errors in our existing software and hardware may be detected in the future. Any errors, defects, disruptions, or other performance problems with our software, hardware, or data sets could hurt our ability to gather valuable insights that drive our drug discoveries. Furthermore, our platform may produce an incomplete data set lacking in coverage which could result in a material adverse effect on our ability to discover new drug candidates. Such discovery is dependent on the integrity and completeness of our data. The occurrence of any of these events could diminish the value of our platform and data and have a material adverse effect on our business, operating results and prospects.

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

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

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

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

We use a set of proprietary tools to generate, analyze, and derive novel insights from our data. The unauthorized access to or security breaches of our data—whether as a result of third-party action, employee or contractor error, malfeasance, or otherwise—could result in the loss or corruption of, or other damage to, our information and lead to claims and litigation, indemnity obligations, damage to our reputation, and other liability. Our collaborators and other third parties we work with may also suffer similar security breaches of data that we rely on. Because the techniques used to obtain unauthorized access or sabotage systems change frequently and generally are not identified until they are launched against a target, we and those we collaborate with may be unable to anticipate these techniques or implement adequate preventative measures. In addition, if our employees or contractors fail to adhere to practices we have established to maintain a firewall between our internal drug discovery team and our teams that

work with external individuals, including our collaborators, or if the technical solutions we have adopted to maintain the firewall malfunction, our collaborators may lose confidence in our ability to maintain the confidentiality of their intellectual property, we may have trouble attracting new collaborators, we may be subject to breach of contract claims by our collaborators, and we may suffer reputational and other harm as a result. Any or all of these issues could result in reputational damage or subject us to third-party lawsuits or other action or liability, which could adversely affect our operating results. Our insurance may not be adequate to cover losses associated with such events, and in any case, such insurance may not cover all of the types of costs, expenses, and losses we could incur to respond to and remediate a security breach. For more information see “Risk Factors—Our business and operations would suffer in the event of computer system failures, cyber-attacks or deficiencies in our or third parties’ cyber-security.”

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

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

Use of open source software may entail greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code, including with respect to security vulnerabilities to which open source software may be more susceptible. In addition, certain open source licenses require that source code for software programs that interact with such open source software be made available to the public at no cost and that any modifications or derivative works to such open source software continue to be licensed under the same terms as the open source software license.

Risks Related to Our Operations/Commercialization

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

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

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

Public health crises such as pandemics or similar outbreaks could adversely impact our business. In early 2020, a novel strain of a virus named SARS-CoV-2 (severe acute respiratory syndrome coronavirus 2), or coronavirus, which causes COVID-19, spread to most countries across the world and all 50 states within the U.S., including Utah and specifically Salt Lake City, where our primary office and laboratory space is located. The coronavirus pandemic is evolving, and to date has led to the implementation of various responses, including government-imposed quarantines, travel restrictions, and other public health safety measures. The extent to which the coronavirus impacts our operations or those of our third-party partners, including our preclinical studies or clinical trial operations, will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that will emerge concerning the severity of coronavirus infection, and the actions to contain the coronavirus or treat its impact, among others.

The continued spread of COVID-19 globally, or the evolution of a new variant of COVID-19 that is more contagious, has more severe effects, or is resistant to treatments or vaccinations, could adversely impact our preclinical or clinical trial operations in the U.S., including our ability to recruit and retain trial participants as well as principal investigators and site staff who, as healthcare providers, may have heightened exposure to COVID-19 if an outbreak occurs in their geography. For example, similar to other biopharmaceutical companies, we may experience protocol deviations and delays in initiating preclinical and clinical studies, enrollment or dosing of patients in our clinical trials, and activation of new trial sites. COVID-19 or any variants may also affect employees of third-party CROs located in affected geographies that we rely upon to carry out our clinical trials. In addition, as a result of medical complications associated with the diseases of the patients we seek to enroll and treat in our trials, the patient populations that our lead and other drug candidates target may be particularly susceptible to COVID-19 or any variants, which may make it more difficult for us to identify individuals able to enroll in our current and future clinical trials and may impact the ability of those enrolled to complete any such trials. Any negative impact COVID-19 or any variant has on enrollment or the execution of our drug trials could cause costly delays, which could adversely affect our ability to obtain regulatory approval for and to commercialize our drug candidates, increase our operating expenses, and have a material adverse effect on our financial results.

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

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

We have taken temporary precautionary measures intended to help minimize the risk of the coronavirus to our employees, including temporarily permitting certain employees to work remotely, suspending all non-essential travel worldwide for our employees and discouraging employee attendance at industry events and in-person work-related meetings, which could negatively affect our business. We cannot presently predict the scope and severity of the

planned and potential shutdowns or disruptions of businesses and government agencies, such as the Securities and Exchange Commission (SEC) or FDA.

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

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

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

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

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

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

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

we develop do not achieve an adequate level of acceptance, we may not generate significant product revenue, and we may not become profitable.

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

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

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

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

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

If we are unable to adequately source clinical and commercial supplies and services from third party vendors as our drug development pipeline increases and matures, it may adversely impact our ability to operate.

We currently utilize, and expect to continue to utilize, third parties to, among other things, manufacture raw materials, components, parts, and consumables, and to perform quality testing, including testing of materials for our platform. Particular risks to our platform include reliance on third-party equipment and instrument suppliers and consumable and reagent suppliers. As we increase development of drug products and commence clinical testing

and commercialization, we will require expanded capacity across our supply chain. In addition, we may face heightened competition for necessary materials and services if the field of technology-enabled drug discovery continues to expand.

Our use of service providers and suppliers exposes us to risks, including, but not limited to:

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

The failure of third-party suppliers to fulfill our requirements for materials and services could adversely affect our ability to continue to operate our drug discovery platform and generate new insights that lead to successful drug candidates.

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

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

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

We do not currently have the infrastructure or capability internally to manufacture drug substances or products for preclinical, clinical, or commercial use. If, in the future, we decide to produce drug substances or products for preclinical and clinical use, the costs of developing suitable facilities and infrastructure and implementing appropriate manufacturing processes may be greater than expected. We may also have difficulty implementing the full operational state of the facility, causing delays to preclinical or clinical supply or the need to rely on third-party service providers, resulting in unplanned expenses.

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

Recursion, or the third parties upon whom we depend, may be adversely affected by natural disasters, and our business continuity and disaster recovery plans may not be adequate.

Our current operations are located in Salt Lake City, Utah and Milpitas, California. Any unplanned event, such as flood, fire, explosion, earthquake, extreme weather condition, medical epidemics, including any potential effects from the current global spread of COVID-19, power shortages, telecommunications failure, or other natural or man-

made accidents or incidents that result in us being unable to fully utilize our facilities, or the manufacturing facilities of our third-party contract manufacturers, may have a material and adverse effect on our ability to operate our business and have significant negative consequences on our financial and operating conditions. Loss of access to these facilities may result in increased costs, delays in the development of our drug candidates, and interruption of our business operations. Natural disasters or pandemics, such as the COVID-19 outbreak, could further disrupt our operations and have a material and adverse effect on our business, financial condition, results of operations, and prospects. For example, we have instituted a temporary work from home policy for non-essential office personnel and it is possible that this could have a negative impact on the execution of our business plans and operations, especially because we rely on validating some of the drug discovery biology in our wet lab. Furthermore, our wet lab houses the robots used to produce our dataset that builds the Recursion Data Universe, which is a key means by which we conduct drug candidate discovery. If a natural disaster, power outage, or other event occurred that prevented us from using all or a significant portion of our headquarters or the datacenter where we collocate our graphics processing unit cluster; or damaged critical infrastructure or our robots, such as our research facilities or the manufacturing facilities of our third-party contract manufacturers; or otherwise disrupted operations, it may be difficult or, in certain cases, impossible, for us to continue our business for a substantial period of time. The disaster recovery and business continuity plans we have in place may prove inadequate in the event of a serious disaster or similar event.

Furthermore, we do not have a disaster recovery and business continuity plan for systems related to chemistry. We may incur substantial expenses as a result of the limited nature of our disaster recovery and business continuity plans, which could have a material adverse effect on our business. As part of our risk management policy, we maintain insurance coverage at levels that we believe are appropriate for our business. However, in the event of an accident or incident at these facilities, the amounts of insurance may not be sufficient to satisfy all damages and losses. If our facilities or the manufacturing facilities of our third-party contract manufacturers are unable to operate because of an accident or incident or for any other reason, even for a short period of time, any or all of our research and development programs may be harmed. Any business interruption may have a material and adverse effect on our business, financial condition, results of operations and prospects.

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

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

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

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

We have substantial federal net operating loss (NOL) carryforwards. Under Section 382 of the Internal Revenue Code of 1986, as amended, if a corporation undergoes an "ownership change," its ability to use pre-change NOL carryforwards and certain other pre-change tax attributes (such as research tax credits) to offset its post-change income could be subject to an annual limitation. An "ownership change" is generally defined as a greater than 50%

change by value in the ownership of the corporation's equity over a three-year period. Such annual limitation could result in the expiration of a portion of our NOL carryforwards before utilization. If not utilized, the carryforwards will begin to expire in 2036. We may have experienced some ownership changes in the past and we may experience some ownership changes in the future as a result of subsequent shifts in our stock ownership; however, to date we have not determined whether an ownership change for the purposes of Section 382 of the Internal Revenue Code has occurred. Future legislative or regulatory changes could also negatively impact our ability to utilize our NOL carryforwards or other tax attributes. Similar provisions of state tax law may also suspend or otherwise limit the ability to use NOLs and accumulated state tax attributes. As a result, we may be unable to use all or a material portion of our NOL carryforwards and other tax attributes for federal and state tax purposes, which could result in increased tax liability and adversely affect our future cash flows.

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

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

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

Risks Related to Our Reliance on Third Parties

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

We currently rely, and expect to continue to rely, on third parties to conduct some aspects of research and preclinical testing and clinical trials. The third parties include clinical research organizations, clinical data management organizations, medical institutions, and principal investigators. Any of these third parties may fail to fulfill their contractual obligations, including by not meeting deadlines for the completion of research, testing, or trials, or we or they may terminate their engagements with us. If any of our relationships with these third parties terminate, we may not be able to enter into arrangements with alternative third parties on commercially reasonable terms, or at all. If we need to enter into alternative arrangements, it could delay product development activities.

Our reliance on third parties for research and development activities reduces our control over these activities, but does not relieve us of our responsibilities. For example, we remain responsible for ensuring that each of our respective clinical trials is conducted in accordance with the general investigational plan and protocols for the trial, as well as applicable legal, regulatory, and scientific standards. We also are required to register ongoing clinical trials and post the results of completed clinical trials on a government-sponsored database within certain timeframes. In addition, the FDA and comparable foreign regulatory authorities require compliance with good clinical practices (GCP) guidelines for conducting, recording, and reporting the results of clinical trials to assure that data and reported results are credible, reproducible, and accurate, and that the rights, integrity, and confidentiality of trial

participants are protected. Regulatory authorities enforce GCP compliance through periodic inspections of trial sponsors, principal investigators, and trial sites. If we or any of the third parties fail to comply with applicable GCP regulations, some or all of the clinical data generated in our clinical trials may be deemed unreliable, and the FDA or comparable foreign regulatory authorities may require us to perform additional nonclinical or clinical trials or to enroll additional patients before approving our marketing applications. In addition, if we or the third parties fail to comply with our stated protocols or applicable laws and regulations during the conduct of clinical trials, we could be subject to warning letters or enforcement actions by the FDA and comparable foreign regulatory authorities, which could result in civil penalties or criminal prosecution, as well as adverse publicity that harms our business.

We also will not be able to obtain, or may be delayed in obtaining, marketing approvals for any drug candidates we may develop if these third parties do not successfully carry out their contractual duties, meet expected deadlines, or conduct clinical trials in accordance with our stated protocols or regulatory requirements. As a result, we may be delayed or unable to successfully commercialize our medicines.

Third parties that manufacture our drug candidates for preclinical development and clinical testing, and that we expect to continue to do so for commercialization, may not provide sufficient quantities of our drug candidates or products at an acceptable cost, which could delay, impair, or prevent our development or commercialization efforts.

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

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

If the FDA or a comparable foreign regulatory authority finds deficiencies with or does not approve these facilities for the manufacture of our drug candidates, or if it finds deficiencies or withdraws any such approval in the future, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain regulatory approval for, or market our drug candidates, if approved. There are a limited number of manufacturers that operate under cGMP regulations and that might be capable of manufacturing for us. Our drug candidates and any products that we may develop may compete with the drug candidates and approved products of other companies for access to manufacturing facilities or capacity, which may further restrict our ability to secure manufacturing sites.

Further, our failure, or the failure of our third-party manufacturers, to comply with applicable regulations could result in sanctions being imposed on us, including clinical holds, fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of drug candidates or products that may be approved, operating restrictions, and criminal prosecutions, any of which could significantly and adversely affect our business and supplies of our drug candidates.

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

- reliance on the third party for regulatory compliance and quality assurance;

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

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

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

Any performance failure on the part of our distributors could delay clinical development or marketing approval of any drug candidates we may develop or commercialization of our medicines, producing additional losses and depriving us of potential product revenue.

Third parties that supply certain equipment and the active pharmaceutical ingredients used in our drug candidates are our only sources of supply, and the loss of any of these suppliers could significantly harm our business.

Certain of our specialized equipment, as well as the API used in our drug candidates, are supplied to us from single-source suppliers. Our ability to successfully develop our drug candidates, and to ultimately supply our commercial products in quantities sufficient to meet the market demand, depends in part on our ability to obtain equipment and the API for these products in accordance with regulatory requirements and in sufficient quantities for clinical testing and commercialization. We do not currently have arrangements in place for a redundant or second-source supply of any such equipment or ingredients in the event any of our current suppliers fails or is unable to meet our requirements for any reason.

We are not certain, however, that our single-source suppliers will be able to meet our demand for their products, either because of the nature of our agreements with those suppliers, our limited experience with those suppliers or our relative importance as a customer to those suppliers. It may be difficult for us to assess their ability to timely meet our demand in the future based on past performance. While our suppliers have generally met our demand for their products on a timely basis in the past, they may subordinate our needs in the future to their other customers.

For all of our drug candidates, we intend to identify and qualify additional vendors and manufacturers to provide equipment or API prior to our submission of an NDA to the FDA and/or an MAA to the EMA. Establishing additional or replacement suppliers for certain equipment and the API used in our drug candidates, if required, may not be accomplished quickly. If we are able to find a replacement supplier, such replacement supplier would need to be qualified and may require additional regulatory inspection or approval, which could result in further delay.

While we seek to maintain adequate inventory of the API used in our drug candidates, any interruption or delay in the supply of components or materials, or our inability to obtain such API from alternate sources at acceptable prices in a timely manner could impede, delay, limit or prevent our development efforts, which could harm our business, results of operations, financial condition and prospects. For all of our drug candidates, we intend to identify and qualify additional vendors and manufacturers to provide such equipment or API prior to submission of an NDA to the FDA and/or an MAA to the EMA.

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

Our product development programs and the potential commercialization of our drug candidates will require substantial additional cash to fund expenses. For some of our drug candidates, we may decide to collaborate with additional pharmaceutical and biotechnology companies for the development and potential commercialization of

those drug candidates. In the near term, the value of our company will depend in part on the number and quality of the collaborations that we create.

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

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

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

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

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

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

operations, damage our reputation and impact our ability to enter into future collaboration agreements and may result in substantial payments from us to our collaborators to settle any disputes.

Risks Related to Our Intellectual Property

Our success significantly depends on our ability to obtain patents of adequate scope covering our proprietary technology and products.
We currently directly hold various issued patents and patent applications, or have exclusive license or option rights to issued patents and patent applications, in each case in the U.S. as well as other countries that protect our products, product candidates, and platform technologies. We anticipate filing additional patent applications both in the U.S. and elsewhere. Our commercial success will depend in significant part on our ability to obtain, maintain, protect, and enforce our patents and other intellectual property rights in the U.S. and other countries for our drug candidates and our core technologies important to the development and implementation of our business, including our phenomics platform, preclinical and clinical assets, and related know-how. The patent process is expensive, time consuming, and complex, and we may not be able to obtain patents on certain aspects of our technology and products in a timely fashion, at a reasonable cost, in all jurisdictions, or at all, and any potential patent coverage we obtain may not be sufficient to prevent substantial competition. Moreover, in some circumstances with respect to technology that we license from third parties, we do not have the right to control the preparation, filing, and prosecution of patent applications, or to maintain the patents.

The patent positions of pharmaceutical, biotechnology, and other life sciences companies can be highly uncertain and involve complex legal and factual questions for which important legal principles remain unresolved. No consistent policy regarding the breadth of claims allowed in biotechnology patents has emerged to date in the U.S. and tests used for determining the patentability of patent claims in all technologies are in flux. The pharmaceutical, biotechnology, and other life sciences patent situation outside the U.S. can be even more uncertain.
The U.S. Patent and Trademark Office (USPTO) and patent offices in other jurisdictions have often required that patent applications concerning pharmaceutical and/or biotechnology-related inventions be limited or narrowed substantially to cover only the specific innovations exemplified in the patent application, thereby limiting the scope of protection against competitive challenges. Accordingly, even if we or our licensors are able to obtain patents, the patents might be substantially narrower than anticipated. Patents that may be issued to us may also be subjected to further governmental review that may ultimately result in the reduction of their scope of protection.

Other parties that have developed technologies that are related or competitive to our own may file or receive patents for inventions that overlap or conflict with those claimed in our own patent. Publications of discoveries in scientific literature often lag behind the actual discoveries, and patent applications in the U.S. and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, we cannot know with certainty whether we or our licensors were the first to make the inventions claimed in our owned or licensed patents or pending patent applications, or that we or our licensors were the first to file for patent protection of such inventions. We also may fail to identify patentable aspects of our technology and research and development output in time to obtain patent protection.

In addition, patents have a limited lifespan. In the United States, the natural expiration of a patent is generally 20 years after its first effective, non-provisional filing date. 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 the candidates are commercialized.

We currently do not own or in-license any issued patents with respect to certain of our programs, including our REC-3599 product candidate, our lead molecules for the treatment of C. difficile colitis (REC-163964, REC-164014, and REC-164067), our lead molecules for the treatment of neuroinflammation (REC-648455, REC-648597, and REC-648677), our lead molecules for the treatment of Batten disease (REC-648190, REC-259618, and REC-648647), or the lead molecules for the treatment of CMT2A (REC-64810, REC-648458, REC-1262, and

REC-150357), REC-64151 for the treatment of STK11-mutant immune checkpoint resistance in non-small cell lung cancer and MYC inhibitory molecules for the treatment of solid and hematological malignancies.

The issuance of a patent is not conclusive as to its inventorship, scope, validity, or enforceability, and our owned and licensed patents may be challenged in the patent offices and courts in the United States and abroad. Moreover, even if unchallenged, our owned patent portfolio and any patent portfolio we may license in the future may not provide us with any meaningful protection or prevent competitors from designing around our patent claims to circumvent our owned or licensed patents by developing similar or alternative technologies or products in a non-infringing manner. For example, a third party may develop a competitive product that provides benefits similar to one or more of our drug candidates, but that has a different composition that falls outside the scope of our patent protection.

If we fail to obtain and maintain adequate intellectual property protection covering any technology, invention, or improvement that is important to our business, or if the scope of the patent protection obtained is not sufficiently broad, we may not be able to prevent third parties from launching generic versions of our products, from using our proprietary technologies, or from marketing products that are very similar or identical to ours. This could have a material, adverse effect on our ability to successfully commercialize our technology and products, and on our business and results of operations.

Our pending patent applications and future patent applications may issue with a limited scope, if at all.

We have a number of patent applications covering our drug candidates pending before the USPTO, and prosecution has yet to commence for many of these. Patent prosecution is a lengthy process, during which the scope of the claims initially submitted for examination by the USPTO may be significantly narrowed by the time they issue, if at all. For example, we may be subject to a third-party submission of prior art to the USPTO challenging the priority of an invention claimed within one of our patents, which submissions may also be made prior to a patent's issuance, precluding the granting of any of our pending patent applications. Further, inadvertent or intentional public disclosures of our inventions prior to the filing of a patent application have precluded, and in the future may preclude us from obtaining patent protection in certain jurisdictions. We may become involved in opposition, derivation, reexamination, inter parties review, post-grant review, or interference proceedings challenging our patent rights or the patent rights of others from whom we have obtained licenses to such rights. An adverse determination in any such submission or proceeding may result in loss of exclusivity or freedom to operate or in patent claims being narrowed, invalidated or held unenforceable, in whole or in part, which could limit our ability to stop others from using or commercializing similar or identical technology and products, without payment to us, or could limit the duration of the patent protection covering our technology and drug candidates. Such challenges may also result in our inability to manufacture or commercialize our drug candidates without infringing third-party patent rights. In addition, if the breadth or strength of protection provided by our patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future drug candidates.

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

We cannot provide any assurances that any of our pending patent applications will issue, or that any of our pending patent applications that mature into issued patents will include claims with a scope sufficient to protect our drug candidates from competition.

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

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

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

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

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

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

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

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

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

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

If the owners of patent rights that we license do not properly or successfully obtain, maintain, or enforce the patents underlying such licenses, our competitive position and business prospects may be harmed.

We are a party to license agreements that give us rights to third-party intellectual property that is necessary or useful for our business, and we expect to enter into additional license agreements to third-party intellectual property in the future. For example, we have obtained licenses from third parties to patent rights covering a number of our clinical drug candidates and licenses (implied or explicit) from certain other parties for technology used in our drug discovery efforts. Our success will depend in part on the ability of us or our licensors to obtain, maintain, and enforce patent protection for our licensed products. In some circumstances we do not have the right to control these activities, and we are subject to the risk that our licensors may not successfully prosecute the patent applications we license. Even if patents issue in respect of these patent applications, our licensors may fail to maintain these patents, may determine not to pursue litigation against other companies infringing these patents, or may pursue such litigation less aggressively than we would. Where we have the right to seek patents for our licensed products, we may require the cooperation of our licensors and collaborators to enforce any licensed patent rights, and such cooperation may not be provided. Therefore, these patents and applications may not be prosecuted and enforced in a manner consistent with the best interests of our business. Without protection for the intellectual property we license, other companies might be able to offer substantially identical products for sale, which could adversely affect our competitive business position and harm our business prospects.

Changes to the patent law in the United States and other jurisdictions could diminish the value of patents in general and impact the validity, scope, or enforceability of our patent rights.

Changes in patent laws and regulations, developments in patent case law, and resulting uncertainties may affect our ability to obtain, enforce, and defend our patent rights to protect our technology and products, and increase the associated costs. Recent patent reform legislation in the United States and other countries could increase those impacts, uncertainties, and costs.

For example, the Leahy-Smith America Invents Act (the America Invents Act), signed into law in 2011, made a number of significant changes to U.S. patent law. These included transitioning the United States from a “first to invent” to a “first inventor to file” system. The legislation also created processes, such as inter parties review and other post-grant review processes, that permit third parties to challenge the validity of granted patents in USPTO proceedings, in which there is a lower evidentiary standard to invalidate a patent claim compared to that in the U.S. federal courts. The USPTO continues to issue new regulations and procedures under the America Invents Act and the courts have yet to address many of the substantive provisions. Accordingly, it is not clear what, if any, impact the America Invents Act and its implementation will ultimately have on our ability to obtain patents based on our discoveries and to enforce or defend our issued patents.

In addition, the U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain

situations. Additionally, there have been recent proposals for further changes to the patent laws of the United States and other countries that, if adopted, could impact our ability to obtain patent protection for, and enforce our rights in, our proprietary technology.

Depending on future actions by the U.S. Congress, the U.S. courts, the USPTO, and the relevant law-making bodies in other countries, the laws and regulations governing patents could change in unpredictable ways that could weaken our ability to obtain new patents or to enforce any patents that we currently hold or obtain in the future. If we fail to obtain and maintain adequate intellectual property protection, we may not be able to prevent third parties from using our proprietary technologies or from marketing products that are very similar or identical to ours, which could have a material adverse effect on our business and financial condition.

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

Patent protection must be sought on a country-by-country basis, which is an expensive and time-consuming process with uncertain outcomes. The requirements for patentability may differ in certain countries, particularly in developing countries.

Filing, prosecuting, and defending patents on our drug candidates in all countries throughout the world would be prohibitively expensive. Accordingly, we may choose not to seek, and therefore will not have the benefit of, patent protection in certain countries. Additionally, the patent laws of some foreign countries, including some jurisdictions of significant commercial interest, do not afford intellectual property protection to the same extent as the laws of the United States, particularly with regard to software technologies and methods of treatment involving existing drugs. The legal systems of some countries, particularly developing countries, do not favor the enforcement of patents and other intellectual property rights. This could make it difficult for us to stop the infringement of our patents, if obtained, or the misappropriation of our other intellectual property rights. For example, many foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties and/or which limit the enforceability of patents against third parties, including government agencies or government contractors. Consequently, we and our licensors may have limited remedies in those foreign countries if patents are infringed or if we or our licensors are compelled to grant a license to a third party, which could materially diminish the value of those patents and could limit our potential revenue opportunities. In addition, competitors may use our technologies to develop their own products that compete with ours in jurisdictions where we have not obtained patent protection, or in territories where we have patent protection but our ability to enforce our patents to stop infringing activities is inadequate.

Proceedings to enforce our patent rights in foreign jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and resources from other aspects of our business. Furthermore, while we intend to protect our intellectual property rights in the major markets for our drug candidates, we cannot ensure that we will be able to initiate or maintain similar efforts, or obtain similar patent scope, in all jurisdictions in which we may wish to market our drug candidates. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate to obtain a significant commercial advantage from the intellectual property that we own or license.

Intellectual property rights do not necessarily address all potential threats.

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

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

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

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

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

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

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

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

We take efforts intended to ensure that our employees and consultants do not use the intellectual property, proprietary information, know-how, or trade secrets of others in their work for us, or breach any applicable non-competition or non-solicitation agreement. However, we may in the future be subject to claims that we or these individuals have, inadvertently or otherwise, used or disclosed the alleged trade secrets or other proprietary information of a third party, including a former employer or competitor, or that we caused an employee or contractor to breach the terms of their non-competition or non-solicitation agreement with a third party. In addition, while it is our policy to require our employees and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in obtaining such agreements or an assignment of rights to us.

Litigation may be necessary to defend against or enforce these claims, which may be costly, a distraction to management, and of uncertain outcome. If we are found liable for disclosure or misuse of a third party's proprietary information, or are unable to secure rights to intellectual property developed by an employee or contractor, in addition to requiring us to pay damages, a court could prohibit us from using technologies or features that may be essential to our drug candidates that incorporate or are derived from such proprietary information, in addition to

awarding damages. Moreover, any such litigation could also adversely affect our ability to hire or retain employees or contractors. If we are unable to establish our rights to valuable intellectual property or retain key personnel, it may prevent us from successfully commercializing our drug candidates and have an adverse effect on our business, financial condition, and results of operation.

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

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

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

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

If a patent holder believes our product or drug candidate infringes on its patent, they may sue us even if we have received patent protection for our technology. Moreover, we may face patent infringement claims from non-practicing entities that have no relevant product revenue and against whom our owned or licensed patent portfolio has no deterrent effect. There is a presumption of validity for patents in U.S. federal courts that can only be overcome by clear and convincing evidence, which is a high burden. We may also face claims based on the theft or unauthorized use or disclosure of third-party trade secrets and other confidential business information.

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

Alternatively, we may initiate litigation, or file counterclaims, to protect or enforce our patents and other intellectual property rights if we believe competitors or other third parties have infringed, misappropriated, or otherwise violated our rights. Our ability to enforce our intellectual property rights is subject to litigation risks, including that the opposing party may seek counterclaims against us, as well as uncertainty as to the protection and enforceability of those rights in some countries. If we seek to enforce our intellectual property rights, we may be subject to findings that our patents should be interpreted narrowly and do not cover the technology at issue, or that they are invalid or unenforceable. If we are unable to enforce and protect our intellectual property rights, or if they are circumvented, invalidated, or rendered obsolete by the rapid pace of technological change, it could have an adverse impact on our competitive position, business, and financial

position. Competing products may also be sold in other countries in which our patent coverage might not exist or be as strong.

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

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

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

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

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

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

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

Our intellectual property rights may be subject to a reservation of rights by one or more third parties. For example, certain intellectual property rights that we have licensed, or may in the future license, have been generated through the use of U.S. government funding. As a result, the U.S. government may have certain rights to intellectual property embodied in our current or future processes and related products and services pursuant to the Bayh-Dole

Act of 1980 (the Bayh-Dole Act). These U.S. government rights include a non-exclusive, non-transferable, irrevocable worldwide license to use inventions for any governmental purpose. In addition, the U.S. government has the right, under certain limited circumstances, to require the licensor to grant exclusive, partially exclusive, or non-exclusive licenses to any of these inventions to a third party if it determines that (1) adequate steps have not been taken to commercialize the invention and achieve practical application of the government-funded technology, (2) government action is necessary to meet public health or safety needs, (3) government action is necessary to meet requirements for public use under federal regulations or (4) we fail to meet requirements of federal regulations (also referred to as "march-in rights").

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

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

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

Risks Related to Government Regulation

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

The FDA may not approve any of our drug candidates derived from our platform given our novel approach to drug discovery and may elect to inspect our automated robotics platform used to generate our data. However, if the FDA or a comparable foreign regulatory authority approves any of our drug candidates, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion and recordkeeping for the product will be subject to extensive and ongoing regulatory requirements. These requirements include submissions of safety and other post-marketing information and reports, establishment registration and listing, as well as continued compliance with cGMPs and GCPs for any clinical trials that we conduct post-approval. Any regulatory approvals that we receive for our drug candidates may also be subject to limitations on the approved indicated uses for which the product may be marketed or to the conditions of approval, or contain requirements for potentially costly post-marketing studies, and surveillance to monitor the safety and efficacy of the product. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or

with our third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

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

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

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

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

Similarly, in Europe, the European Commission, upon the recommendation of the EMA's Committee for Orphan Medicinal Products, grants orphan drug designation to promote the development of drugs that are intended for the diagnosis, prevention or treatment of life-threatening or chronically debilitating conditions affecting not more than 5 in 10,000 persons in Europe and for which no satisfactory method of diagnosis, prevention, or treatment has been authorized (or the product would be a significant benefit to those affected). Additionally, designation is granted for drugs intended for the diagnosis, prevention, or treatment of a life-threatening, seriously debilitating or serious and chronic condition and when, without incentives, it is unlikely that sales of the drug in Europe would be sufficient to justify the necessary investment in developing the drug. In Europe, orphan drug designation entitles a party to financial incentives such as reduction of fees or fee waivers. Generally, if a drug with an orphan drug designation subsequently receives the first marketing approval for the indication for which it has such designation, the drug is entitled to a period of marketing exclusivity, which precludes the FDA or the EMA from approving another marketing application for the same drug and indication for that time period, except in limited circumstances. The applicable period is seven years in the United States and ten years in Europe. The European exclusivity period can be reduced to six years if a drug no longer meets the criteria for orphan drug designation or if the drug is sufficiently profitable so that market exclusivity is no longer justified.

Even if we obtain orphan drug exclusivity for a drug, that exclusivity may not effectively protect the drug from competition because different drugs can be approved for the same condition. Even after an orphan drug is approved, the FDA can subsequently approve a different drug for the same condition if the FDA concludes that the later drug is clinically superior in that it is shown to be safer, more effective or makes a major contribution to patient care. In addition, a designated orphan drug may not receive orphan drug exclusivity if it is approved for a use that is broader than the indication for which it received orphan designation. Moreover, orphan drug exclusive marketing rights in the United States may be lost if the FDA later determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantity of the drug to meet the needs of patients with the rare disease or condition or if another drug with the same active part of the molecule is determined to be safer, more effective, or represents a major contribution to patient care. Orphan drug designation neither shortens the development time or regulatory review time of a drug nor gives the drug any advantage in the regulatory review or

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

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

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

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

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

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

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

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

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

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

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

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

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

If the FDA determines that a drug candidate offers a treatment for a serious condition and, if approved, the product would provide a significant improvement in safety or effectiveness, the FDA may designate the drug candidate for priority review. A priority review designation means that the goal for the FDA to review an application is six months, rather than the standard review period of 10 months. We may request priority review for our drug candidates from time to time. The FDA has broad discretion with respect to whether or not to grant priority review status to a drug candidate, so even if we believe a particular drug candidate is eligible for such designation or status, the FDA may decide not to grant it. Moreover, a priority review designation does not necessarily result in an expedited regulatory review or approval process or necessarily confer any advantage with respect to approval compared to conventional FDA procedures. Receiving priority review from the FDA does not guarantee approval within the six-month review cycle or at all.

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

We may seek a breakthrough therapy designation for some of our drug candidates. A breakthrough therapy is defined as a drug that is intended, alone or in combination with one or more other drugs, to treat a serious or life-threatening disease or condition, and preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. For drugs that have been designated as breakthrough therapies, interaction and communication between the FDA and the sponsor of the trial can help to identify the most efficient path for clinical development while minimizing the number of patients placed in ineffective control regimens. Drugs designated as breakthrough therapies by the FDA may also be eligible for priority review and accelerated approval. Designation as a breakthrough therapy is within the discretion of the FDA. Accordingly, even if we believe one of our drug candidates meets the criteria for designation as a breakthrough therapy, the FDA may disagree and instead determine not to make such designation. In any event, the receipt of a breakthrough therapy designation for a drug candidate may not result in a faster development process, review or approval compared to therapies considered for approval under conventional FDA procedures and does not assure ultimate approval by the FDA. In addition, even if one or more of our drug candidates qualify as breakthrough therapies, the FDA may later decide

that such drug candidates no longer meet the conditions for qualification or decide that the time period for FDA review or approval will not be shortened.

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

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

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

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

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

effective as of 2019) point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer's outpatient drugs to be covered under Medicare Part D. Since then, the ACA risk adjustment program payment parameters have been updated annually. Members of the U.S. Congress have expressed intent to pass legislation or adopt executive orders to fundamentally change or repeal parts of the ACA. While Congress has not passed repeal legislation to date, the TCJA, repealed, effective January 1, 2019, the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate."

There has been increasing legislative and enforcement interest in the U.S. with respect to specialty drug pricing practices. Specifically, there have been several recent U.S. Congressional inquiries and proposed federal and state legislation designed to, among other things, bring more transparency to drug pricing, reduce the cost of prescription drugs under Medicare, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drugs

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

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

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

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

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

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

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

Although we do not currently have any products on the market, once we begin commercializing our drug candidates, we will be subject to additional healthcare statutory and regulatory requirements and enforcement by the federal government and the states and foreign governments in which we conduct our business. Healthcare providers, physicians and third-party payors play a primary role in the recommendation and prescription of any drug candidates for which we obtain marketing approval. Our future arrangements with third-party payors and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we market, sell and distribute our drug candidates for which we obtain marketing approval. Restrictions under applicable federal and state healthcare laws and regulations include the following:

- the federal Anti-Kickback Statute prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under federal and state healthcare programs such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;

- the federal civil and criminal false claims and civil monetary penalties laws, including the federal False Claims Act, or FCA, imposes criminal and civil penalties, including through civil whistleblower or qui tam actions, against individuals or entities for knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government. In addition, the government may assert that a claim including items and services resulting from a violation of the federal Anti-Kickback Statute constitutes a false of fraudulent claim for purposes of the False Claims Act;

- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, imposes criminal and civil liability for executing a scheme to defraud any healthcare benefit program, or knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items or services; similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;

- the federal physician payment transparency provisions, sometimes referred to as the “Sunshine Act” under the Affordable Care Act, require manufacturers of drugs, devices, biologics and medical supplies that are reimbursable under Medicare, Medicaid, or the Children’s Health Insurance Program to report to the Department of Health and Human Services information related to transfers of value made to licensed physicians (currently defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals, as well as ownership and investment interests of such physicians and their immediate family members. Effective January 1, 2022, these reporting obligations will extend to include transfers of value made to certain non-physician providers such as physician assistants and nurse practitioners;

- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 and its implementing regulations, imposes obligations on certain covered entity healthcare providers, health plans, and healthcare clearinghouses as well as their business associates that perform certain services involving the use or disclosure of individually identifiable health information, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information; and

- analogous state laws and regulations, such as state anti-kickback and false claims laws may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers. Some state laws require pharmaceutical companies to comply with the pharmaceutical industry’s voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government in addition to requiring drug manufacturers to report information related to payments to physicians and other health care providers or marketing expenditures. Further, many state laws governing the privacy and security of health information in certain circumstances, differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

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

not to be in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs.

Compliance with global privacy and data security requirements could result in additional costs and liabilities to us or inhibit our ability to collect and process data globally, and the failure to comply with such requirements could subject us to significant fines and penalties.

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

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

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

In the United States, a broad variety of laws and regulations relating to privacy and data security may be applicable to our activities. New laws also are being considered at both the state and federal levels, and state legislatures such as California have already passed and enacted privacy legislation. For example, the California Consumer Privacy Act (CCPA), which became effective on January 1, 2020, creates individual privacy rights for California consumers and increases the privacy and security obligations of entities handling certain personal data. The CCPA, among other things, requires covered companies to provide new disclosures to California consumers, and afford such consumers new abilities to opt out of certain sales of personal information, access and require deletion of their personal information, and receive detailed information about how their personal information is used. The

CCPA has been amended on multiple occasions and additional regulations of the California Attorney General came into effect on August 14, 2020. However, aspects of the CCPA and its interpretation remain unclear. The effects of the CCPA are significant and may require us to modify our data processing practices and policies and to incur substantial costs and expenses in an effort to comply. Failure to comply with the CCPA may result in attorney general enforcement action and damage to our reputation. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. Moreover, a ballot initiative from privacy rights advocates intended to augment and expand the CCPA called the California Privacy Rights Act (CPRA), was approved by California voters in the November 2020 election. The CPRA imposes additional obligations relating to consumer data on companies doing business in California beginning January 1, 2022, with implementing regulations expected on or before July 1, 2022, and enforcement beginning July 1, 2023. The CPRA significantly modifies the CCPA, including by expanding consumers' rights with respect to certain sensitive personal information, potentially resulting in further uncertainty and requiring us to incur additional costs and expenses in an effort to comply, as we may need to modify or augment our existing practices. The CPRA also creates a new state agency that will be vested with authority to implement and enforce the CCPA and the CPRA. New legislation proposed or enacted in a number of states impose, or have the potential to impose additional obligations on companies that collect, store, use, retain, disclose, transfer and otherwise process confidential, sensitive and personal information, and will continue to shape the data privacy environment nationally. State laws are changing rapidly and there is discussion in Congress of a new federal data protection and privacy law to which we would become subject if it is enacted. In addition, all 50 states have laws including obligations to provide notification of security breaches of computer databases that contain personal information to affected individuals, state officers and others.

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

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

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

time-consuming and may require significant financial and personnel resources. Therefore, even if we are successful in defending against any such actions or proceedings that may be brought against us, our business may be impaired, and we may suffer reputational and other harm.

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

We are exposed to the risk of fraud or other misconduct by our employees, independent contractors, KOLs, CROs, consultants, and vendors. Misconduct by these parties could include intentional, reckless, and/or negligent conduct that causes us to fail to comply with FDA regulations or similar regulations of comparable foreign regulatory authorities, provide accurate information to the FDA or comparable foreign regulatory authorities, comply with manufacturing standards, comply with federal and state healthcare fraud and abuse laws and regulations and similar laws and regulations established and enforced by comparable foreign regulatory authorities, report financial information or data accurately, or disclose unauthorized activities to us. Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. This could include violations of HIPAA, other U.S. federal and state law, and requirements of non-U.S. jurisdictions, including the European Union Data Protection Directive. We are also exposed to risks in connection with any insider trading violations by employees or others affiliated with us, including inadvertent violations such as a sale of pledged shares by a lender when the pledgor is in possession of material nonpublic information.

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

Risks Relating to Employee Matters and Managing Growth

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

We are highly dependent on the research and development, clinical, and business development expertise of Christopher Gibson, our Chief Executive Officer; Tina Marriott Larson, our Chief Operating Officer and President; Michael Secora, our Chief Financial Officer; Shafique Virani, our Chief Corporate Development Officer; and Ramona Doyle, our Chief Medical Officer; as well as the other principal members of our management, scientific, technological, and clinical teams. Although we have entered into employment agreements with our executive officers, each of them may terminate their employment with us at any time or may not be able to perform the services we need in the future. We do not maintain “key person” insurance for any of our executives or other employees.

Recruiting and retaining qualified scientific, clinical, manufacturing, and sales and marketing personnel will also be critical to our success. For example, we rely on our employees to help operate and repair our robots, and on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our research and development and commercialization strategies.

The loss of the services of our executive officers or other key employees or consultants could impede our ability to successfully implement our business strategy. Furthermore, replacing executive officers and key employees may be difficult and may take an extended period of time because of the limited number of individuals in our industry with

the breadth of skills and experience required to successfully develop, gain regulatory approval of, and commercialize drug products. In addition, our consultants and advisors may have commitments under consulting or advisory contracts with other entities that may limit their availability to us. We may also experience difficulties recruiting scientific and clinical personnel from universities and research institutions. If one or more of our clinical trials are unsuccessful, it may become more challenging to recruit and retain qualified scientific personnel. Given the competition among numerous pharmaceutical and biotechnology companies for similar personnel, we may be unable to hire, train, retain, and motivate key personnel on acceptable terms.

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

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

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

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

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

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

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

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

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

Risks Related to the Securities Markets and Ownership of Our Class A Common Stock

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

Our Class A common stock offered in our initial public offering has one vote per share, and our Class B common stock has 10 votes per share. As of June 30, 2021, there were 158,958,024 shares of our Class A common stock and 9,467,883 shares of our Class B common stock outstanding. As of that date, Dr. Gibson and his affiliate held all of the issued and outstanding shares of our Class B common stock, representing approximately 37.3% of the voting power of our outstanding capital stock, which voting power may increase over time as Dr. Gibson exercises or vests in equity awards outstanding as of June 30, 2021. If all such equity awards held by Dr. Gibson had been exercised or vested and exchanged for shares of Class B common stock as of June 30, 2021, Dr. Gibson and his affiliate would hold 40.8% of the voting power of our outstanding capital stock.

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

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

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

As of June 30, 2021, our executive officers, directors, holders of 5% or more of our capital stock, and their respective affiliates, including Dr. Gibson and his affiliate, beneficially owned shares representing approximately 62.1% of our voting power. These stockholders, acting together, may be able to impact matters requiring stockholder approval, including the elections of directors; amendments of our organizational documents; and approval of any merger, sale of all or substantially all of our assets, or other major corporate transaction. This concentrated control may also have the effect of deterring, delaying, or preventing unsolicited acquisition proposals or offers for our capital stock that other stockholders may feel are in their best interest. The interests of this group of stockholders may not always coincide with each other's interests or the interests of other stockholders, and they

may act in a manner that advances their best interests and not necessarily those of other stockholders, including seeking a premium value for their common stock, and might affect the market price for our common stock.

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

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 (the JOBS Act). We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) in which we have total annual gross revenues of $1.07 billion or more, or (b) following the fifth anniversary of the date of the completion of our initial public offering; (2) the date on which we have issued more than $1 billion in nonconvertible debt during the previous three years; or (3) the date on which we are deemed to be a large accelerated filer under SEC rules, which for Recursion cannot occur until the end of fiscal 2022 at the soonest.

For so long as we remain an emerging growth company, we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies. These exemptions include:

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

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

We currently intend to take advantage of some, but not all, of the reduced regulatory and reporting requirements that will be available to us so long as we qualify as an "emerging growth company." . We have taken advantage of reduced reporting burdens in this Quarterly Report on Form 10-Q. In particular, we have provided only two years of audited financial statements and have not included all of the executive compensation information that would be required if we were not an emerging growth company.

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

If some of our Class A common stockholders find our common stock less attractive because we may rely on these exemptions, there may be a less active trading market for our common stock, and our stock price may be more volatile and may decline.

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

Our stock price is likely to be volatile. The stock market in general, and the market for biotechnology companies in particular, may also experience extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, holders of our Class A common stock may not be able to sell their Class A common stock at or above the price they originally paid for it. The market price for our Class A common stock may be influenced by many factors, including:

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

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

The market price of our Class A common stock could decline at any time as a result of sales of a large number of shares of our Class A common stock in the market or the perception that these sales may occur.

As of 30, 2021, we had 158,852,862 shares of our Class A common stock and 9,467,883 shares of our Class B common stock outstanding. Of these shares, the 27,878,787 shares of Class A common stock were sold in our initial public offering and may be resold in the public market immediately, unless such shares are purchased by our affiliates. The remaining 130,974,075 shares of Class A common stock, or 82.5% of our outstanding shares of Class A common stock, and all shares of our Class B common stock (and any shares of Class A common stock into which they are converted), are currently prohibited or otherwise restricted from being sold in the public market under applicable securities laws, market standoff agreements entered into by our stockholders with us, or lock-up agreements entered into by our stockholders with the underwriters. The lock-up agreements pertaining to our initial public offering are set to expire on October 13, 2021. The representatives of the underwriters in our initial public offering, however, may, in their sole discretion, permit our officers, directors, and other stockholders who are subject to these lock-up agreements to sell shares prior to the expiration of the lock-up agreements. After the lock-up agreements expire, based upon the number of shares of Class A common stock issued and issuable upon exchange of shares of Class B common stock, on an as-converted basis, outstanding as of April 30, 2021, up to an additional 140,441,958 shares of Class A common stock will be eligible for sale in the public market. Of the shares eligible for sale when the lock-up agreements expire, 44.0% are held by directors, executive officers, and other affiliates and will therefore be subject to certain limitations of Rule 144 under the Securities Act of 1933, as amended (the Securities Act). Approximately 926,250 shares of our Class B common stock that are beneficially owned by Christopher Gibson, Ph.D., our Chief Executive Officer and a member of our board of directors, are not subject to a lock-up agreement and have been pledged to secure his obligations under a line of credit with UBS Credit Corp. (UBS). If he defaults on his repayment obligations under the line of credit, UBS or any designee of UBS may exercise its rights to sell shares pledged to cover the amount due thereunder.

As of April 30, 2021 42,531,759 shares of Class A common stock that are either subject to outstanding options and warrants or reserved for future issuance under our equity compensation plans will become eligible for sale in the public market to the extent permitted by the provisions of various vesting schedules, the lock-up agreements, and Rule 144 and Rule 701 under the Securities Act.

As of March 31, 2021, the holders of approximately 135,870,793 shares of our Class A common stock issued and issuable upon conversion of Class B common stock will be entitled to rights with respect to the registration of their shares under the Securities Act, subject to the lock-up agreements described above. Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act, except for shares purchased by affiliates.

The sale of a significant number of shares under any of the above circumstances, or otherwise, in the public market at any time, or the perception that they may be sold, could have a material adverse effect on the market price of our Class A common stock.

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

As a public company, and particularly after we are no longer an "emerging growth company," we will incur significant legal, accounting, and other expenses that we did not incur as a private company. In addition, the Sarbanes-Oxley Act of 2002 and rules subsequently implemented by the SEC and the Nasdaq Stock Market have imposed various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance.

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

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

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

- establish a classified board of directors so that not all members of our board are elected at one time;
- permit only the board of directors to establish the number of directors and fill vacancies on the board;
- authorize the issuance of "blank check" preferred stock that our board could use to implement a stockholder rights plan (also known as a "poison pill");
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- prohibit cumulative voting;
- authorize our board of directors to amend the bylaws;

- establish advance notice requirements for nominations for election to our board or for proposing matters that can be acted upon by stockholders at annual stockholder meetings; and
- require a super-majority vote of stockholders to amend some provisions described above.

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

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

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

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

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

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

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

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

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

Our chief financial officer has only been the chief financial officer of a publicly traded company since our initial public offering and our chief executive officer has only been the chief executive officer of a publicly traded company since our initial public offering. Neither has been involved in the long term operations of a public company. Pursuant to Section 404 of the Sarbanes-Oxley Act, we will be required to furnish a report by our management on our internal control over financial reporting beginning with our second filing of an Annual Report on Form 10-K with the SEC. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. However, our independent

registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting until our first annual report required to be filed with the SEC following the date we are no longer an emerging growth company. At such time as we are required to obtain auditor attestation, if we then have a material weakness, we would receive an adverse opinion regarding our internal control over financial reporting from our independent registered accounting firm.

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

General Risks

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

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

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

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

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

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

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

(a) Sales of Unregistered Securities

Stock Option Exercises
For the six months ended June 30, 2021, we issued 2,379,492 shares of our common stock to our employees, directors, advisors and consultants upon the exercise of stock options under our 2021 Equity Incentive Plan, 2016 Equity Incentive and Key Personnel Incentive Stock Plans for aggregate consideration of approximately $2.76 million. The shares of common stock issued upon the exercise of stock options were issued pursuant to written compensatory plans or arrangements with our employees, directors, advisors, and consultants, in reliance on the exemption provided by Rule 701 promulgated under the Securities Act, or pursuant to Section 4(a)(2) under the Securities Act, relative to transactions by an issuer not involving any public offering, to the extent an exemption from such registration was required. All recipients either received adequate information about our company or had access, through employment or other relationships, to such information.

Stock Option Grants
For the six months ended June 30, 2021, we issued to employees, directors, advisors and consultants, options to purchase an aggregate of 1,849,311 shares of our Class A common stock at a weighted-average exercise price of $4.44 per share in reliance on the exemption provided by Rule 701 promulgated under the Securities Act, or pursuant to Section 4(a)(2) under the Securities Act, relative to transactions by an issuer not involving any public offering, to the extent an exemption from such registration was required.

Warrant Exercises
On April 15, 2021, the Company issued 108,202 shares of our Class A common stock with an exercise price of $0.71 and 21,762 shares of our Class A common stock with an exercise price of $2.79 to an accredited investor pursuant to the cashless exercise of two warrants.

Common Stock Exchange
On April 15, 2021, we exchanged a total of 9,467,833 shares of Class A common stock beneficially owned by our founder, Dr. Christopher Gibson, and his affiliate, for an equivalent number of shares of Class B common stock pursuant to the terms of a certain exchange agreement. No additional consideration was paid in connection with the exchange. We believe the offers, sales, and issuances of the above securities were exempt from registration under the Securities Act pursuant to Section 3(a)(9) of the Securities Act because our securities were exchanged by us with our existing security holders exclusively where no commission or other remuneration was paid or given directly or indirectly for soliciting such exchange.

(b) Use of Proceeds from Public Offering of Class A Common Stock

On April 15, 2021, the Registration Statements on Form S-1 (File No. 333-254576) for the initial public offering of our Class A common stock was declared effective by the SEC. Shares of our Class A common stock began trading on the Nasdaq Global Market on April 16, 2021. The offering closed on April 20, 2021.

The underwriters of our IPO were Goldman Sachs & Co. LLC, J.P. Morgan, BofA Securities, SVB Leerink, Allen & Company LLC and KeyBanc Capital Markets.

We paid the underwriters of our IPO an underwriting discount totaling approximately $35.1 million. In addition, we incurred expenses of approximately $4.3 million which, when added to the underwriting discount, amount to total expenses of approximately $39.5 million. Thus, the net offering proceeds, after deducting underwriting discounts and offering expenses, were approximately $462.4 million. No offering expenses were paid directly or indirectly to any of our directors or officers (or their associates) or persons owning 10.0% or more of any class of our equity securities or to any other affiliates.

We are holding a significant portion of the balance of the net proceeds in bank deposits held in checking accounts. There has been no material change in the planned use of proceeds from our IPO from those that were described in the final prospectus filed pursuant to Rule 424(b) under the Securities Act and other periodic reports previously filed with the SEC.

(c) Issuer Purchases of Equity Securities

None.

Item 6. Exhibits.

Exhibit Index:

		Incorporated by Reference				
Exhibit number	**Description**	**Form**	**File No.**	**Exhibit No.**	**Filing Date**	**Filed / Furnished Herewith**
3.1	Amended and Restated Certificate of Incorporation of Recursion Pharmaceuticals, Inc.	8-K	001-40323	3.1	April 21, 2021	
3.2	Amended and Restated Bylaws of Recursion Pharmaceuticals, Inc.	8-K	001-40323	3.2	April 21, 2021	
4.1	Amended and Restated Investors' Rights Agreement by and among the Registrant and certain of its stockholders, dated September 1, 2020.	S-1/A	333-254576	4.1	April 15, 2021	
4.2	Specimen Class A common stock certificate of the Registrant.	S-1/A	333-254576	4.2	April 15, 2021	
10.1+	Exchange Agreement dated April 20, 2021 among the Registrant, Christopher Gibson, Ph.D., and the Gibson Family Trust.	10-Q	001-40323	10.1	May 12, 2021	
10.2+	Equity Exchange Right Agreement dated April 20, 2021 among the Registrant, Christopher Gibson, Ph.D., and the Gibson Family Trust.	10-Q	001-40323	10.2	May 12, 2021	
10.3	Office Lease by and between Vestar Gateway, LLC and Registrant, dated November 13, 2017, as amended.					X
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1*	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	XBRL Instance Document					X
101.SCH	XBRL Taxonomy Extension Schema Document					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					X

* The certifications furnished in Exhibit 32.1 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Registrant specifically incorporates it by reference.

\+ Indicates a management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized on August 13, 2021.

RECURSION PHARMACEUTICALS, INC.

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

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

OFFICE LEASE

This Office Lease (the "**Lease**"), dated as of the date set forth in Section 1 of the Summary of Basic Lease Information (the "**Summary**"), below, is made by and between VESTAR GATEWAY, LLC, a Delaware limited liability company ("**Landlord**"), and RECURSION PHARMACEUTICALS, INC., a Delaware corporation ("**Tenant**").

SUMMARY OF BASIC LEASE INFORMATION

	TERMS OF LEASE	DESCRIPTION
1.	Date:	November 13, 2017
2.	Premises	
	2.1 Building:	That certain two (2) story office building containing approximately 99,172 rentable square feet of space, commonly known as Station 41 at The Gateway, 41 South Rio Grande, Salt Lake City, Utah, and depicted in **Exhibit A** to this Lease.
	2.2 Premises:	The Premises consists of the entire Building.
3.	Lease Term (Article 2).	
	3.1 Length of Term:	Approximately ten (10) years commencing as of the Lease Commencement Date (as defined below).
	3.2 Delivery Date:	The date that Landlord delivers the Premises to Tenant in the condition required under Section 1.3 below. The Delivery Date is anticipated to occur on December 1, 2017.
	3.3 Lease Commencement Date:	The earlier to occur of the issuance of a final certificate of occupancy for the Premises by the Building Services Department of Salt Lake City Corporation, or June 1, 2018.
	3.4 Lease Expiration Date:	May 31, 2028.
4.	Base Rent (Article 3):	

4.1 Amount Due:

Period	Monthly Installment of Base Rent Based on Partial Premises for First Five Years	Monthly Installment of Base Rent Based on Entire Premises	Approximate Annual Rate Per Square Foot
06/01/18 – 05/31/19	$209,078.38*	$235,533.50	$28.50*
06/01/19 – 05/31/20	$215,350.73*	$242,599.51	$29.36*
06/01/20 – 05/31/21	$221,811.25*	$249,877.49	$30.24*
06/01/21 – 05/31/22	$228,465.59*	$257,373.82	$31.14*
06/01/22 – 05/31/23	$235,319.55*	$265,095.03	$32.08*
06/01/23 – 05/31/24	$273,047.88	$273,047.88	$33.04*
06/01/24 – 05/31/25	$281,239.32	$281,239.32	$34.03
06/01/25 – 05/31/26	$289,676.50	$289,676.50	$35.05
06/01/26 – 05/31/27	$298,366.79	$298,366.79	$36.10
06/01/27 – 05/31/28	$307,317.79	$307,317.79	$37.19

*During the period from June 1, 2018 through May 31, 2023 (the "**Reduced Rent Period**"), Tenant shall only be required to pay Base Rent on 88,033 rentable square feet of the Premises (rather than on the entire 99,172 rentable square feet), as shown in the second column of the rental chart above. The "**Reduced Rent Amount**" refers to the amount of Base Rent that Tenant is not paying for the entire Premises (i.e., the remaining 11,151 rentable square feet) during the Reduced Rent Period. Landlord shall have the right to purchase the Reduced Rent from Tenant pursuant to Section 3.2 below, in which case, from and after the date such payment is received, Base Rent shall be payable by Tenant as shown in the third column of the rental chart above.

If the Lease Commencement Date occurs prior to June 1, 2018, then the parties shall execute an amendment to this Lease to update the rental chart set forth above.

4.2	Rent Payment Address:	If by check and sent via United States Postal Service: Vestar Gateway, LLC Department # 880114 PO Box 29650 Phoenix, Arizona 85038 – 9650 If by check and sent via Federal Express: J.P. Morgan Chase (AZ1 – 2170) Attn: Vestar Gateway, LLC PO Box 29650, Dept. 880114 1820 E. Sky Harbor Circle South Phoenix, Arizona 85034 If by wire: Account Name: Vestar Gateway, LLC Bank: J.P. Morgan Chase Method: ACH Account No. 780182130 ABA/Routing: 122100024 Tax Payer ID # 37-1797456
5.	Base Year (Article 4):	Calendar year 2017.
6.	Permitted Use (Article 5):	As more fully set forth in this Lease, general office and, subject to the terms of Section 5.1 and Article 24 of this Lease, Laboratory Use (as defined below) and all ancillary uses related thereto.
7.	Letter of Credit (Article 21):	$3,800,882.00
8.	Parking Passes (Article 28):	Up to two hundred eighty-eight (288) parking passes for use in the parking garage located below the Building, of which up to twenty-five (25) of such parking passes are reserved parking passes, subject to the terms of Article 28 of this Lease.

9.	Address of Tenant (Section 29.18):	Recursion Pharmaceuticals 630 Komas Drive, Suite 300 Salt Lake City, Utah 84108 Attention: John Pereira (Prior to Lease Commencement Date)
	and	Recursion Pharmaceuticals 41 South Rio Grande Salt Lake City, Utah 84101 Attention: John Pereira (After Lease Commencement Date) With a copy to: Holland & Hart LLP 201 South Main Street, Suite 2200 Salt Lake City, Utah 84101 Attention: Adrienne Bell, Esq.
10.	Address of Landlord (Section 29.18):	Vestar Gateway, LLC c/o Vestar Development Co. 2425 East Camelback Road, Suite 750 Phoenix, Arizona 85016 Attention: President
11.	Broker(s) (Section 29.24):	Cushman & Wakefield (for Landlord)
12.	Tenant Improvement Allowance (Section 2 of **Exhibit B**):	$3,966,880.00 (based on $40.00 per rentable square foot of the Premises).

ARTICLE 1

PREMISES, BUILDING, PROJECT, AND COMMON AREAS

1.1 **Premises, Building, Project and Common Areas**.

1.1.1 **The Premises.** Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the premises set forth in Section 2.2 of the Summary (the "**Premises**"). The parties hereto agree that the lease of the Premises is upon and subject to the terms, covenants and conditions herein set forth, and each party covenants as a material part of the consideration for this Lease to keep and perform each and all of such terms, covenants and conditions by it to be kept and performed and that this Lease is made upon the condition of such performance. The parties hereto hereby acknowledge that the purpose of **Exhibit A** is to show the approximate location of the Premises in the "**Building**," as that term is defined in Section 1.1.2, below, only, and such Exhibit is not meant to constitute an agreement, representation or warranty as to the construction of the Premises, the precise area thereof or the specific location of the "**Common Areas**," as that term is defined in Section 1.1.3, below, or the elements thereof or of the accessways to the Premises or the "**Project**", as that term is defined in Section 1.1.2, below.

1.1.2 **The Building and The Project.** The Premises consists of the entire building commonly known as Station 41 at The Gateway, 41 South Rio Grande, Salt Lake City, Utah (the "**Building**"), together with the loading areas serving the Building which are shown as "exclusive" and depicted on attached **Exhibit A-3** attached hereto. The term "**Project**," as used in this Lease, shall mean (i) the Building, (ii) the real property and improvements now or to be located thereon as more particularly described and depicted on the Site Plan attached as **Exhibit A-1**, located west of 400 West and east of 500 West between 200 South and 50 North, City of Salt Lake, Salt Lake County, Utah (collectively, the "**Other Buildings**"), (iii) the Common Areas, (iv) the land (which is improved with landscaping, parking facilities and other improvements) upon which the Building, the Other Buildings and the Common Areas are located, and (v) at Landlord's discretion, subject to the conditions set forth in Section 1.1.3, below, any additional real property, areas, land, buildings or other improvements added thereto outside of the Project. The Project is part of a mixed use project known as "The Gateway," and is subject to the "Declarations," as that term is defined in Section 29.33 below.

1.1.3 **Common Areas.** Tenant shall have the non-exclusive right to use in common with other tenants in the Project, and subject to the rules and regulations referred to in Article 5 of this Lease and the Declarations, those portions of the Project which are provided, from time to time, for use in common by Landlord, Tenant and any other tenants of the Project, including (i) the areas on the ground floor and all other floors of the Project devoted to non-exclusive uses such as corridors, stairways, loading and unloading areas, walkways, driveways, fire vestibules, elevators and elevator foyers, lobbies, electric and telephone closets, restrooms, mechanical areas, janitorial closets and other similar facilities for the general use of and/or benefit of all tenants and invitees of the Project, (ii) those areas of the Project devoted to central plant facilities, mechanical and service rooms servicing more than one (1) floor or the Project as a whole and which service the Project tenants as a whole, and (iii) Project atriums and plazas, if any, and (iv) those areas of the Project that are reasonably necessary or appropriate for access to, and use of, the Premises as contemplated under the specified in this Lease (such areas, together with such other portions of the Project designated by Landlord, in its reasonable discretion, including certain areas designated for the exclusive use of certain tenants, or to be shared by Landlord and certain tenants, are collectively referred to herein as the "**Common Areas**"). The manner in which the Building, Other Buildings, Project and Common Areas are maintained and operated shall be at the sole discretion of Landlord and the use thereof shall be subject to such rules, regulations and restrictions as Landlord may make from time to time (including, without limitation, any rules regulations or restrictions contained in or promulgated under the Declarations). Landlord reserves the right to close temporarily, make alterations or additions to, or change the location of elements of the Project and the Common Areas; provided that if any such alterations or additions will have a material adverse effect on Tenant's use of or access to the Premises, Landlord shall provide Tenant with at least seven (7) days' prior written notice of the same (except in the event of an emergency, in which case prior written notice is not required, but Landlord shall use commercially reasonable efforts to notify Tenant as promptly as possible under the circumstances).

1.2 **Intentionally Omitted**.

1.3 **Condition of the Premises**. Except as specifically set forth in this Lease and in the Tenant Work Letter attached hereto as **Exhibit B** (the "**Tenant Work Letter**"), Tenant shall accept the Premises and the Building, including the base, shell, and core of (i) the Premises and (ii) the floor of the Building on which the Premises is located (collectively, the "**Base, Shell, and Core**") in their "AS-IS" condition as of the Lease Commencement Date and Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Premises. Tenant also acknowledges that Landlord has made no representation or warranty regarding the condition of the Premises, the Building or the Project or with respect to the suitability of any of the foregoing for the conduct of Tenant's business, except as specifically set forth in this Lease and the Tenant Work Letter. The taking of possession of the Premises by Tenant shall conclusively establish that the Premises and the Building were at such time in good and sanitary order, condition and repair.

1.4 **Outdoor Patio Area**.

1.4.1 Subject to the satisfaction of all applicable provisions of this Lease and the conditions in this Section 1.4, Landlord hereby grants to Tenant, and Tenant hereby accepts from Landlord, a non-exclusive, non-transferable (except as provided herein)license to use certain patio areas (collectively, the "**Patio Area**") located adjacent to the Premises, as shown on the plan attached hereto as **Exhibit A-2**. Tenant's use of the Patio Area is further and expressly subject to Landlord obtaining all necessary approvals and permits from the relevant

governmental authorities for the use of the Patio Area as described herein, which permits and approvals Landlord shall apply for no later than the Lease Commencement Date. The Patio Area shall be used by Tenant in a manner consistent with a first-class office project containing outdoor decks, on the terms and conditions set forth herein. Tenant may install furniture, plants, a movable outdoor gas grill, and other items, within the Patio Area, subject to Landlord's prior consent, which shall not be unreasonably withheld, conditioned, or delayed (however, it shall be reasonable for Landlord to withhold its consent for any such items if, in Landlord's sole but reasonable judgment, such items are not consistent with the quality and character of the outdoor areas of the Project). Tenant shall not make any permanent improvements or alterations to the Patio Area, nor shall Tenant be permitted to install or place on the Patio Area any furniture, fixtures, plants or other items of any kind whatsoever without the consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed (however, it shall be reasonable for Landlord to withhold its consent for any such items if, in Landlord's sole but reasonable judgment, such items are not consistent with the quality and character of the outdoor areas of the Project). Tenant shall not be permitted to display any graphics or insignias or the like on the Patio Area. Landlord shall have the right, in its sole discretion, to make improvements and alterations to the Patio Area so long as such improvements and alterations do not materially adversely affect Tenant's use and enjoyment thereof. Upon providing Tenant with seven (7) days' advance written notice, Landlord shall have the right to temporarily close the Patio Area or limit access thereto from time to time in connection with Patio Area or Building repairs or maintenance and/or for other reasonable purposes (except in the event of an emergency, in which case prior written notice is not required, but Landlord shall use commercially reasonable efforts to notify Tenant as promptly as possible under the circumstances). Tenant's right to use the Patio Area shall be conditioned upon Tenant abiding by all reasonable and non-discriminatory rules and regulations which are prescribed by Landlord in writing from time to time for use of the Building's decks of which Tenant has received prior written notice.

1.4.2 If the Patio Area requires additional cleaning as a result of the use thereof by Tenant or any Tenant Patio Area Users (hereinafter defined), then such additional cleaning shall be performed, at Tenant's expense, by Landlord's cleaning contractor and Tenant shall reimburse Landlord for Landlord's actual, out-of-pocket costs incurred to perform such cleaning within thirty (30) days after receipt of an invoice therefor, together with reasonable documentation of such costs. Except to the extent caused by Landlord's gross negligence or intentional acts, (i) Tenant acknowledges and agrees that Tenant assumes the risk for any loss, claim, damage or liability arising out of the use or misuse of the Patio Area by Tenant's employees, officers, directors, shareholders, agents, representatives, contractors and/or invitees (the **"Tenant Patio Area Users"**), and (ii) Tenant releases and discharges Landlord from and against any such loss, claim, damage or liability. Tenant further agrees to indemnify, defend and hold Landlord and the "Landlord Parties," as that term is defined below, harmless from and against any and all losses and claims relating to or arising out of the use or misuse of the Patio Area by Tenant or Tenant's Patio Area Users except to the extent caused by the negligence or willful misconduct of Landlord, its agents, employees or contractors. Tenant acknowledges and agrees that the other occupants of the Project (together with their respective employees, officers, directors, shareholders, agents, representatives, contractors and/or invitees, collectively **"Other Patio Area Users"**) may or shall have non-exclusive rights of access to the Patio Area and that Landlord shall have no liability or responsibility to monitor the use, or manner of use, by any Other Patio Area Users; provided, however, that in the event the Patio Area is damaged by the Other Patio Area Users, Landlord shall use commercially reasonable efforts to enforce such provisions to cause the Other Patio Area Users to fulfill their obligations under their respective leases.

1.4.3 Without limiting the foregoing, it is understood that the Patio Area is and shall remain a public and common area and is not part of the Premises and the license to use the Patio Area granted herein is not a lease and does not confer any rights with respect to the Patio Area other than as expressly stated in this Section. Except as otherwise provided in this Lease, the term of the license hereby granted to Tenant shall commence on the Lease Commencement Date and unless sooner revoked by Landlord, the term of said license shall terminate upon the expiration or earlier termination of this Lease. Notwithstanding anything in this Lease to the contrary, the license granted hereby may be revoked by Landlord at any time, only for cause (but not otherwise), immediately upon Landlord giving Tenant written notice of such revocation and in any such event, Landlord shall have no liability to Tenant, and Tenant acknowledges and agrees that Tenant shall not be entitled to any diminution or abatement of rent or other compensation for diminution of rental value, nor shall this Lease or any of Tenant's obligations hereunder be affected or reduced, as a result of such revocation by Landlord. For purposes of this Section, the term "for cause" shall mean a governmental or similar requirement preventing Tenant's use of the Patio Area, an emergency, a safety reason, a default by Tenant under this Lease with respect to Tenant's failure to use the Patio Area in accordance with the provisions of this Lease (which default is not cured to Landlord's reasonable satisfaction within ten (10) days after Tenant's receipt of written notice thereof, without reference to any other notice or cure period provided for in this Lease).

ARTICLE 2

LEASE TERM

2.1 **General**. The terms and provisions of this Lease shall be effective as of the date of this Lease except for the provisions of this Lease relating to the payment of Rent. The term of this Lease (the **"Lease Term"**) shall be as determined in accordance with Section 3.1 of the Summary, shall commence on the date determined in accordance with Section 3.3 of the Summary (the **"Lease Commencement Date"**), and shall terminate on the date determined in accordance with Section 3.3 of the Summary (the **"Lease Expiration Date"**) unless this Lease is sooner terminated as hereinafter provided. The **"Delivery Date"** shall be date described in Section 3.2 of the Summary. For purposes of this Lease, the term **"Lease Year"** shall mean each consecutive twelve (12) month period during the Lease Term. This Lease shall not be void, voidable or subject to termination, nor shall Landlord be liable to Tenant for any loss or damage, resulting from Landlord's inability to deliver the Premises to Tenant by any particular date; provided that if Landlord fails to deliver possession of the Premises by January 1, 2018, as such

date may be extended by Force Majeure, as defined below (such date, as so extended, the "**Trigger Date**"), Tenant may, at Tenant's option, (i) terminate this Lease upon providing written notice to Landlord no later than ten (10) days after the Trigger Date, and upon such termination, Landlord shall promptly return all funds previously paid to Landlord by Tenant hereunder and, upon such reimbursement, this Lease shall terminate and neither party shall have further obligation to the other hereunder, or (ii) delay commencement of the Tenant Improvements (as defined below) until Landlord is able to deliver possession of the Premises, in which event the Lease Commencement Date and Lease Expiration Date shall each be extended day-for-day equal to the number days of Landlord's delay in delivering possession. At any time during the Lease Term, Landlord may deliver to Tenant, or Tenant may request from Landlord, a notice in the form as set forth in **Exhibit C**, attached hereto, as a confirmation only of the information set forth therein, which each party shall execute and return to Landlord within five (5) days of receipt thereof.

2.2 **Beneficial Occupancy**. Notwithstanding any provision to the contrary contained in this Lease, Tenant shall have the right to occupy all or any portion of the Premises for the conduct of its business prior to the Lease Commencement Date, provided that (i) Tenant shall give Landlord at least three (3) days' prior written notice of any such occupancy for the conduct of its business, (ii) governmental approval (including permit "sign-offs") permitting the occupancy of the Premises by Tenant shall have been issued by the appropriate governmental authorities for each such portion to be occupied, (iii) Tenant shall have delivered to Landlord satisfactory evidence of the insurance coverage required to be carried by Tenant in accordance with Article 10 below with respect to the applicable portion of the Premises, and (iv) all of the terms and conditions of this Lease shall apply, other than Tenant's obligation to pay Base Rent and Tenant's Share of Building Direct Expenses (as defined below), as though the Lease Commencement Date had occurred (although the Lease Commencement Date shall not actually occur until the occurrence of the same pursuant to the terms of Section 2.1).

2.3 **Renewal Option**.

2.3.1 **Option Right**. Landlord hereby grants to the original Tenant executing this Lease ("**Original Tenant**") and any Non-Transferee Assignee (as defined in Section 14.7 below) one (1) option to extend the Lease Term for a period of five (5) years (the "**Option Term**"), which option shall be exercisable only by written notice delivered by Tenant to Landlord as provided below, provided that the following conditions (the "**Option Conditions**") are satisfied: (i) as of the date of delivery of the Option Exercise Notice, this Lease remains in full force and effect, Tenant is not in Default under this Lease, and Original Tenant (and/or any Permitted Non-Transferee, as defined in Section 14.7 below) occupies the entire Premises; (ii) as of the end of the initial Lease Term, this Lease remains in full force and effect, Tenant is not in Default under this Lease; and (iii) Original Tenant (and/or any Permitted Non-Transferee) occupies the entire Premises at the time the option to extend is exercised and as of the commencement of the Option Term. Landlord may, at Landlord's option, exercised in Landlord's sole and absolute discretion, waive any of the Option Conditions in which case the option, if otherwise properly exercised by Tenant, shall remain in full force and effect. Upon the proper exercise of such option to extend, and provided that Tenant satisfies all of the Option Conditions (except those, if any, which are waived by Landlord), the Lease Term, as it applies to the Premises, shall be extended for a period of five (5) years. The rights contained in this Section 2.3 shall be personal to the Original Tenant and any Non-Transferee Assignee, and may be exercised only by the Original Tenant or any Non-Transferee Assignee (and not by any other assignee, sublessee or other "Transferee," as that term is defined in Section 14.1, below, of Tenant's interest in this Lease), unless otherwise agreed to by Landlord.

2.3.2 **Option Rent**. The annual Rent payable by Tenant during the Option Term (the "**Option Rent**") shall be the "Fair Rental Value," as that term is defined in Section 2.3.3 below, for the Premises for the Option Term.

2.3.3 **Fair Rental Value**. As used in this Lease, "**Fair Rental Value**" shall be equal to the rent (including additional rent and considering any "base year" or "expense stop" applicable thereto) on an annual per rentable square foot basis, including all escalations, at which, as of the commencement of the Option Term, tenants are leasing non-sublease, non-encumbered, non-equity space which is comparable in size, location and quality to, and used for similar uses as, the Premises, for a comparable lease term, in an arm's length transaction consummated during the twelve (12) month period prior to the date on which Landlord delivers the "Option Rent Notice," as that term is defined in Section 2.3.4, below, which comparable space is located in the Project, or if there are not a sufficient number of comparable transactions in the Project, then in comparable first-class institutionally-owned buildings which are comparable to the Building in terms of tenant mix, age (based upon the date of completion of construction or major renovation), quality of construction, level of services and amenities, size and appearance, and are located in Salt Lake City, Utah ("**Comparable Buildings**"), taking into consideration the value of the existing improvements in the subject space, such value to be based upon the age, condition, design, quality of finishes and layout of the improvements and the extent to which the same could be utilized by a general office user (but taking into consideration, as applicable, the fact that the precise tenant improvements existing in the Premises are specifically suitable to Tenant) and the following concessions (collectively, the "**Concessions**"): (a) rental abatement concessions, if any, being granted such tenants in connection with such comparable space; and (b) other reasonable monetary concessions being granted such tenants in connection with such comparable space; provided, however, that in calculating the Fair Rental Value, no consideration shall be given to (i) the fact that Landlord is or is not required to pay a real estate brokerage commission in connection with Tenant's exercise of its right to lease the subject space during the term thereof, or the fact that landlords are or are not paying real estate brokerage commissions in connection with such comparable space, (ii) any period of rental abatement, if any, granted to tenants in comparable transactions in connection with the design, permitting and construction of tenant improvements in such comparable spaces, and (iii) tenant improvements or allowances provided or to be provided for such comparable space. The Fair Rental Value shall additionally include a determination as to whether, and if so to what extent, Tenant must provide Landlord with financial security, such as a letter of credit or guaranty, for

Tenant's Rent obligations during the Option Term. Such Concessions, at Landlord's election, either (A) shall be reflected in the effective rental rate payable by Tenant (which effective rental rate shall take into consideration the total dollar value of such Concessions as amortized on a straight-line basis over the applicable term of the comparable transaction), in which case such Concessions evidenced in the effective rental rate shall not be granted to Tenant, or (B) shall be granted to Tenant in kind.

2.3.4 **Exercise of Option**. The option contained in this Section 2.3 shall be exercised by Tenant, if at all, only in the following manner: (i) Tenant shall deliver written notice (the "**Option Exercise Notice**") to Landlord not more than fifteen (15) months nor less than twelve (12) months prior to the expiration of the initial Lease Term, stating that Tenant is irrevocably exercising its option for the entire Premises then being leased by Tenant; (ii) Landlord, within thirty (30) days after receipt of the Option Exercise Notice, shall deliver notice (the "**Option Rent Notice**") to Tenant setting forth the proposed Option Rent, which Option Rent Notice shall state the basis upon which Landlord calculated the proposed Option Rent; and (iii) Tenant, within ten (10) days after Tenant's receipt of the Option Rent Notice, shall send written notice to Landlord either (A) confirming Tenant's agreement with the proposed Option Rent contained in the Option Rent Notice, or (B) objecting to the Option Rent contained in the Option Rent Notice. If Tenant timely objects to the Option Rent Notice or fails to timely respond to the Option Rent Notice, then the parties shall follow the procedure, and the Option Rent shall be determined, as set forth in Section 2.3.5 below.

2.3.5 **Determination of Option Rent**. In the event Tenant timely and appropriately objects to the Option Rent, Landlord and Tenant shall attempt to agree upon the Option Rent using their best good-faith efforts. If Landlord and Tenant fail to reach agreement within ten (10) business days following Tenant's objection to the Option Rent (the "**Outside Agreement Date**"), then each party shall make a separate determination of the Option Rent within five (5) business days, and such determinations shall be submitted to arbitration in accordance with Sections 2.3.5.1 through 2.3.5.7 below.

2.3.5.1 Landlord and Tenant shall each appoint one arbitrator who shall by profession be a real estate broker licensed in the State of Utah in good standing who shall have been active over the five (5) year period ending on the date of such appointment in the leasing of projects comparable to the Project located within the greater Salt Lake City market. The determination of the arbitrators shall be limited solely to the issue area of whether Landlord's or Tenant's submitted Option Rent is the closest to the actual Option Rent as determined by the arbitrators, taking into account the requirements of Section 2.3.3 of this Lease. Each such arbitrator shall be appointed within fifteen (15) days after the Outside Agreement Date.

2.3.5.2 The two arbitrators so appointed shall within ten (10) days of the date of the appointment of the last appointed arbitrator agree upon and appoint a third arbitrator who shall be qualified under the same criteria set forth hereinabove for qualification of the initial two arbitrators, provided that the third arbitrator shall not be then representing Landlord or Tenant.

2.3.5.3 The three arbitrators shall within thirty (30) days of the appointment of the third arbitrator reach a decision as to whether the parties shall use Landlord's or Tenant's submitted Option Rent and shall notify Landlord and Tenant thereof.

2.3.5.4 The decision of the majority of the three (3) arbitrators shall be binding upon Landlord and Tenant.

2.3.5.5 If either Landlord or Tenant fails to appoint an arbitrator within fifteen (15) days after the Outside Agreement Date, the arbitrator appointed by one of them shall reach a decision, notify Landlord and Tenant thereof, and such arbitrator's decision shall be binding upon Landlord and Tenant.

2.3.5.6 If the two (2) arbitrators fail to agree upon and appoint a third arbitrator, or if both parties fail to appoint an arbitrator, then the appointment of the third arbitrator or any arbitrator shall be dismissed and the matter to be decided shall be forthwith submitted to binding, final, non-appealable arbitration before a JAMS arbitrator mutually agreed upon by Landlord and Tenant. If Landlord and Tenant cannot agree on the arbitrator, the parties will so inform JAMS, who will then be authorized to select a JAMS judge to arbitrate the matter.

2.3.5.7 The cost of arbitration shall be paid by Landlord and Tenant equally.

2.4 **Termination Option**. Provided Tenant fully and completely satisfies each of the conditions set forth in this Section 2.4, the Original Tenant shall have the option ("**Termination Option**") to terminate this Lease effective as of the expiration of the sixtieth (60^{th}) full calendar month of the Lease Term (the "**Termination Date**"). In order to exercise the Termination Option, Tenant must fully and completely satisfy each and every one of the following conditions: (a) Tenant must give Landlord written notice ("**Termination Notice**") of its exercise of the Termination Option, which Termination Notice must be delivered to Landlord at least nine (9) months prior to the Termination Date; (b) at the time of the Termination Notice Tenant shall not be in Default under this Lease after expiration of applicable cure periods; and (c) concurrently with Tenant's delivery of the Termination Notice to Landlord, Tenant shall pay to Landlord a termination fee ("**Termination Fee**") equal to the unamortized balance, as of the Termination Date, of (i) the Tenant Improvement Allowance (and the Additional Allowance, if applicable), and (ii) the brokerage commissions paid by Landlord in connection with this Lease. Amortization pursuant to the foregoing, shall be calculated on a one hundred twenty (120) month amortization schedule commencing as of the Lease Commencement Date based upon equal monthly payments of principal and interest, with interest imputed on the outstanding principal balance at the rate of eight percent (8%) per annum. The rights contained in this Section 2.4 shall be personal to the Original Tenant, and may be exercised only by the Original Tenant (and not by

any assignee, sublessee or other Transferee of Tenant's interest in this Lease). If Tenant exercises Tenant's Termination Option, then, on or before the Termination Date, Tenant shall vacate and surrender the Premises to Landlord in the condition required by this Lease (as if the Termination Date were the original expiration date under the Lease).

ARTICLE 3

BASE RENT

3.1 **General**. Tenant shall pay, without prior notice or demand, to Landlord or Landlord's agent at the address set forth in Section 4.2 of the Summary, or, at Landlord's option, at such other place as Landlord may from time to time designate by delivering written notice to Tenant at Tenant's notice address as set forth herein, by a check or wire transfer for currency which, at the time of payment, is legal tender for private or public debts in the United States of America, base rent (**"Base Rent"**) as set forth in Section 4 of the Summary, payable in equal monthly installments as set forth in Section 4 of the Summary in advance on or before the first day of each and every calendar month during the Lease Term, without any setoff or deduction whatsoever, except as otherwise expressly set forth in this Lease. The Base Rent for the first full month of the Lease Term which occurs after the expiration of any free rent period shall be paid at the time of Tenant's execution of this Lease. If any Rent payment date (including the Lease Commencement Date) falls on a day of the month other than the first day of such month or if any payment of Rent is for a period which is shorter than one month, the Rent for any fractional month shall accrue on a daily basis for the period from the date such payment is due to the end of such calendar month or to the end of the Lease Term at a rate per day which is equal to 1/365 of the applicable annual Rent. All other payments or adjustments required to be made under the terms of this Lease that require proration on a time basis shall be prorated on the same basis.

3.2 **Right to Purchase Reduced Rent Amount**. Notwithstanding anything to the contrary contained in Section 4.2 of the Summary, Landlord reserves the right, in its sole and absolute discretion, to elect to pay Tenant the entire Reduced Rent Amount or any such remaining Reduced Rent Amount, as applicable, in cash prior to the scheduled application of the same. If Landlord elects to pay Tenant the Reduced Rent Amount, or any portion thereof, then with respect to those portions of the Reduced Rent Amount that Landlord has so paid, from and after the date thereof, Tenant shall pay Base Rent pursuant the third column in the rental chart set forth in Section 4.1 of the Summary.

ARTICLE 4

ADDITIONAL RENT

4.1 **General Terms.** In addition to paying the Base Rent specified in Article 3 of this Lease, Tenant shall pay **"Tenant's Share"** of the annual **"Direct Expenses,"** as those terms are defined in Sections 4.2.6 and 4.2.2 of this Lease, respectively, allocated to the tenants of the Building pursuant to Section 4.3.1 below, which are in excess of the amount of Direct Expenses applicable to the "Base Year," as that term is defined in Section 4.2.1, below, allocated to the tenants of the Building pursuant to Section 4.3.1 below; provided, however, that in no event shall any decrease in Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 below for any Expense Year below Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 below for the Base Year entitle Tenant to any decrease in Base Rent or any credit against sums due under this Lease, except as set forth in Section 4.4.1. Such payments by Tenant, together with any and all other amounts payable by Tenant to Landlord or Landlord's property manager pursuant to the terms of this Lease, are hereinafter collectively referred to as the **"Additional Rent"**, and the Base Rent and the Additional Rent are herein collectively referred to as **"Rent."** All amounts due under this Article 4 as Additional Rent shall be payable for the same periods and in the same manner as the Base Rent. Without limitation on other obligations of Tenant which survive the expiration of the Lease Term, the obligations of Tenant to pay the Additional Rent provided for in this Article 4 shall survive the expiration of the Lease Term. As of the date hereof, the parties acknowledge and agree that Tenant is the sole tenant of the Building.

4.2 **Definitions of Key Terms Relating to Additional Rent.** As used in this Article 4, the following terms shall have the meanings hereinafter set forth:

4.2.1 **"Base Year"** shall mean the period set forth in Section 5 of the Summary.

4.2.2 **"Direct Expenses"** shall mean "Operating Expenses" and "Tax Expenses."

4.2.3 **"Expense Year"** shall mean each calendar year in which any portion of the Lease Term falls, through and including the calendar year in which the Lease Term expires.

4.2.4 **"Operating Expenses"** shall mean all actual expenses, costs and amounts of every kind and nature which Landlord pays or accrues during any Expense Year because of or in connection with the ownership, management, maintenance, security, repair, replacement, restoration or operation of the Project, or any portion thereof, including, without limitation, any and all of the following (excluding any Operating Expense Exclusions, as defined below): (i) the cost of supplying all utilities to the Common Areas (but not to the Premises), the cost of operating, repairing, maintaining, and renovating the utility, telephone, mechanical, sanitary, storm drainage, and elevator systems, and the cost of maintenance and service contracts in connection therewith; (ii) the cost of licenses, certificates, permits and inspections and the cost of contesting any governmental enactments which may affect Operating Expenses, and the costs incurred in connection with a transportation system management program or similar program; (iii) the cost of all insurance carried by Landlord or the property manager of Landlord

in connection with the Project in such amounts as Landlord may reasonably determine or as may be required by the Declarations, any mortgagees or the lessor of any underlying or ground lease affecting the Project and/or the Building; (iv) the cost of landscaping, relamping, all supplies, tools, equipment and materials used in the operation, repair and maintenance of the Project, or any portion thereof; (v) reasonable costs incurred in connection with the parking areas servicing the Project; (vi) reasonable fees and other costs, including management fees, consulting fees, legal fees and accounting fees, of all contractors and consultants in connection with the management, operation, maintenance or security of the Project, and employer's Social Security taxes, unemployment taxes or insurance, and any other taxes which may be levied on such wages, salaries, compensation and benefits; provided, that if any employees of Landlord provide services for more than one project of Landlord, then a prorated portion of such employees' wages, benefits and taxes shall be included in Operating Expenses based on the portion of their working time devoted to the Project; (vii) payments under any equipment rental agreements and the fair rental value of any management office space and the cost of furnishings in such management office space; (viii) wages, salaries and other compensation and benefits, including taxes levied thereon, of all persons engaged in the operation, maintenance and security of the Project; provided, that if any employees of Landlord provide services for more than one project of Landlord, then a prorated portion of such employees' wages, benefits and taxes shall be included in Operating Expenses based on the portion of their working time devoted to the Project; (ix) costs under any instrument pertaining to the sharing of costs by the Project; (x) operation, repair, maintenance and replacement of all systems and equipment and components thereof of the Building; (xi) the reasonable cost of janitorial for the Common Area (but not for the Premises), alarm, security and other services, replacement of wall and floor coverings, ceiling tiles and fixtures in common areas, maintenance and replacement of curbs and walkways, repair to roofs and re-roofing; (xii) amortization (including interest on the unamortized cost) of the cost of acquiring or the rental expense of personal property used in the maintenance, operation and repair of the Project, or any portion thereof; (xiii) the cost of capital improvements or other costs incurred in connection with the Project (A) which are intended to effect economies in the operation or maintenance of the Project, or any portion thereof, or (B) that are required under any governmental law or regulation; provided, however, that any capital expenditure shall be amortized with interest over the lesser of its useful life or, if applicable, the period of time in which the savings from such capital expenditure is equal to or greater than the cost of the capital expenditure, as Landlord shall reasonably determine in accordance with generally accepted property management practices and accounting principles; (xiv) costs, fees, charges or assessments imposed by, or resulting from any mandate imposed on Landlord by, any federal, state or local government for fire and police protection, trash removal, community services, or other services which do not constitute "Tax Expenses" as that term is defined in Section 4.2.5, below; and (xv) payments under any easement, license, operating agreement, declaration, restrictive covenant, or instrument pertaining to the sharing of costs by the Building (collectively, "**CC&R Payments**"), including, without limitation, all assessments levied against Landlord or the Project pursuant to the Declarations (whether or not the same would otherwise be includable in Operating Expenses pursuant to this Section 4.3).

If Landlord is not furnishing any particular work or service (the cost of which, if performed by Landlord, would be included in Operating Expenses) to a tenant who has undertaken to perform such work or service in lieu of the performance thereof by Landlord, Operating Expenses shall be deemed to be increased by an amount equal to the additional Operating Expenses which would reasonably have been incurred during such period by Landlord if it had at its own expense furnished such work or service to such tenant. If the Project is not at least ninety-five percent (95%) occupied during all or a portion of the Base Year or any Expense Year, Landlord may elect to make an appropriate and reasonable adjustment to the components of Operating Expenses for such year to determine the amount of Operating Expenses that would have been incurred had the Project been ninety-five percent (95%) occupied; and the amount so determined shall be deemed to have been the amount of Operating Expenses for such year. Only as provided below in items (1) and (2), below, in the event Landlord incurs costs or expenses associated with or relating to separate items or categories or subcategories of Operating Expenses which were not part of Operating Expenses during the entire Base Year, Operating Expenses for the Base Year shall be deemed increased by the amounts Landlord would have incurred during the Base Year with respect to such costs and expenses had such separate items or categories or subcategories of Operating Expenses been included in Operating Expenses during the entire Base Year. The foregoing shall only apply as follows: (1) in the event any portion of the Project is covered by a warranty at any time during the Base Year, Operating Expenses for the Base Year shall be deemed increased by such amount as Landlord would have incurred during the Base Year with respect to the items or matters covered by the subject warranty, had such warranty not been in effect at the time during the Base Year; and (2) any insurance premium resulting from any new forms of insurance including earthquake insurance shall be deemed to be included in Operating Expenses for the Base Year. Operating Expenses for the Base Year shall not include market-wide labor-rate increases due to extraordinary circumstances, including, but not limited to, acts of war or terrorism, boycotts and strikes, and utility rate increases due to extraordinary circumstances including, but not limited to, conservation surcharges, boycotts, embargoes or other shortages, or amortized costs relating to capital improvements; provided, however, that at such time as any such particular assessments, charges, costs or fees are no longer included in Operating Expenses, such particular assessments, charges, costs or fees shall be excluded from the Base Year calculation of Operating Expenses. Operating Expenses shall not, however, include any of the following (collectively, the "**Operating Expense Exclusions**"): (A) except as otherwise specifically provided in this Section 4.2, to the extent Landlord is reimbursed by insurance proceeds, the costs of repairs or other work occasioned by fire, windstorm or other casualty (other than those amounts within the deductible limits of insurance policies actually carried by Landlord, which amounts shall be includable as Operating Expenses so long as such deductibles are within the generally prevailing range of deductibles to policies carried by landlords of comparable first-class office buildings located in the vicinity of the Building); (B) costs of leasing commissions, attorneys' fees and other costs and expenses incurred in connection with negotiations or disputes with present or prospective tenants or other occupants of the Building; (C) except as otherwise specifically provided in this Section 4.2, costs incurred by Landlord in connection with the initial development of the Project and any costs for repairs, capital additions, alterations or replacements made or incurred to rectify or correct defects in design, materials or workmanship in connection with any portion of the Building; (D) costs (including permit, license and inspection costs) incurred in renovating or otherwise improving, decorating or redecorating rentable space for other tenants or vacant rentable space; (E) cost of utilities or services sold to Tenant or others for which Landlord is entitled to reimbursement (other

than through any operating cost reimbursement provision identical or substantially similar to the provisions set forth in this Lease); (F) except as otherwise specifically provided in this Section 4.2, costs incurred by Landlord for alterations to the Building which are considered capital improvements and replacements under sound real estate management and accounting principles, consistently applied; (G) costs of depreciation and amortization, except on materials, small tools and supplies purchased by Landlord to enable Landlord to supply services Landlord might otherwise contract for with a third party, where such depreciation and amortization would otherwise have been included in the charge for such third party services, all as determined in accordance with sound real estate management principles, consistently applied; (H) costs of services or other benefits which are not available to Tenant but which are provided to other tenants of the Project; (I) costs to procure tenants and marketing, negotiating and enforcing Project leases, including, without limitation, brokerage commissions, attorneys' fees, advertising and promotional expenses, and rent concessions, the costs incurred in removing and storing the property of former tenants of the Project, and any other costs incurred due to the violation by Landlord or any other tenant of the terms and conditions of any lease of space in the Building; (J) except as otherwise specifically provided in this Section 4.2, costs of debt service on debt or amortization on any mortgages, and rent and other charges, costs and expenses payable under any mortgage, if any, including, without limitation, costs for points, prepayment penalties, financing and refinancing costs, appraisal costs, title insurance and survey costs, and attorneys' fees; (K) the amount of the management fee paid by Landlord in connection with the management of the Building and the Project to the extent such management fee is not exclusive to the Project and is in excess of three percent (3%) of the gross revenues of the Project (which shall be grossed up by Landlord up to one hundred percent (100%) occupancy on an annual basis); (L) costs of any compensation and employee benefits paid to clerks, attendants or other persons in a commercial concession operated by Landlord, except the parking facilities for the Project; (M) costs of rentals and other related expenses incurred in leasing HVAC, elevators or other equipment ordinarily considered to be of a capital nature except equipment which is used in providing janitorial or similar services and which is not affixed to the Building; (N) costs of advertising and promotion; and (O) costs of electrical power or other utilities for which Tenant directly contracts with and pays a local public service company or other utility provider; (P) expenses (including, without limitation, penalties and interest) resulting from the violation of Laws (as defined below) or any contract by Landlord, Landlord's employees, agents or contractors or other tenants of the Project; (Q) Landlord's general corporate overhead; and (R) leasehold taxes on other tenants' personal property; (S) the cost of any abatement, removal, or other remedial activities with respect to Hazardous Materials (as defined below); provided, however, Operating Expenses may include the costs attributable to those actions taken by Landlord in connection with the routine and ordinary operation and maintenance of the Building, including costs incurred in removing limited amounts of Hazardous Materials from the Building when such removal or spill is directly related to such routine and ordinary maintenance and operation; (T) charitable, civic and political contributions and professional dues; (U) expenses for the use of the Project to accommodate events including, without limitation, shows, promotions, kiosks, displays, filming, photography, private events and parties and ceremonies; (V) costs of repairs to the Premises, the Building or the Project necessitated by Landlord's default hereunder or its willful misconduct, or gross negligence of Landlord or its employees or agents; (W) acquisition costs for sculpture, paintings or other objects of art or any extraordinary costs for the insuring, repair or maintenance thereof; and (X) bad debt and rent loss reserves.

4.2.5 **Taxes**.

4.2.5.1 "**Tax Expenses**" shall mean, subject to the provisions of Section 4.2.4 and 4.2.5.2, all federal, state, county, or local governmental or municipal taxes, fees, charges or other impositions of every kind and nature, whether general, special, ordinary or extraordinary (including, without limitation, real estate taxes, general and special assessments, transit taxes, leasehold taxes or taxes based upon the receipt of rent, including gross receipts or sales taxes applicable to the receipt of rent, unless required to be paid by Tenant, personal property taxes imposed upon the fixtures, machinery, equipment, apparatus, systems and equipment, appurtenances, furniture and other personal property used in connection with the Project, or any portion thereof), which shall be paid or accrued during any Expense Year (without regard to any different fiscal year used by such governmental or municipal authority) because of or in connection with the ownership, leasing and operation of the Project, or any portion thereof.

4.2.5.2 Any costs and expenses (including, without limitation, reasonable attorneys' fees) incurred in attempting to protest, reduce or minimize Tax Expenses shall be included in Tax Expenses in the Expense Year such expenses are paid. Refunds of Tax Expenses shall be credited against Tax Expenses and refunded to Tenant regardless of when received, based on the Expense Year to which the refund is applicable, provided that in no event shall the amount to be refunded to Tenant for any such Expense Year exceed the total amount paid by Tenant as Additional Rent under this Article 4 for such Expense Year. If Tax Expenses for any period during the Lease Term or any extension thereof are increased after payment thereof for any reason, including, without limitation, error or reassessment by applicable governmental or municipal authorities, Tenant shall pay Landlord within thirty (30)) days of written demand therefor, together with reasonable documentation of such expenses, Tenant's Share of any such increased Tax Expenses included by Landlord as Tax Expenses pursuant to the terms of this Lease. Notwithstanding anything to the contrary contained in this Section 4.2.5 (except as set forth in Section 4.2.5.1, above), there shall be excluded from Tax Expenses (i) all excess profits and income taxes, franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, federal and state income taxes, transfer and revenue taxes and other taxes applicable to Landlord's general or net income or imposed on or measured by gross income (as opposed to rents, receipts or income attributable to operations at the Project), (ii) any items included as Operating Expenses, (iii) any items paid by Tenant under Section 4.5 of this Lease, and (iv) any tax increment amounts applicable to the Project and paid by Landlord for which Landlord is reimbursed pursuant to any participation or similar agreement with a city agency.

4.2.5.3 If the Tax Expenses for the Base Year include special assessments from a prior period and such special assessments terminate during the Lease Term, then from and after the date of such

termination of the special assessment, the Tax Expenses for the Base Year shall be deemed to be reduced by the amount of such special assessment so that Tenant pays its full Tenant's Share of increases in the Tax Expenses during the Lease Term.

4.2.6 **"Tenant's Share"** shall be calculated as the percentage determined by dividing the number of rentable square feet of the Premises by the total rentable square feet in the Building (or the total rentable square feet leased in the Building if such total is greater than ninety-five percent (95%) of the total rentable square feet in the building).

4.3 **Allocation of Direct Expenses to Building; Cost Pools**.

4.3.1 **Allocation of Direct Expenses to Building**. The parties acknowledge that the Building is a part of a multi-building project, and that the costs and expenses incurred in connection with the Project (i.e., the Direct Expenses) shall be shared between the tenants of the Building and the tenants of the Other Buildings. Accordingly, as set forth in Sections 4.1 and 4.2 above, Direct Expenses are determined annually for the Project as a whole, and a portion of the Direct Expenses, which portion shall be determined by Landlord on an equitable basis, shall be allocated to the tenants of the Building (as opposed to the tenants of the Other Buildings), and such portion so allocated shall be the amount of Direct Expenses payable with respect to the Building upon which Tenant's Share shall be calculated. Such portion of the Direct Expenses allocated to the tenants of the Building shall include all Direct Expenses which are attributable solely to the Building, and an equitable portion of the Direct Expenses attributable to the Project as a whole.

4.3.2 **Cost Pools**. Subject and in addition to the provisions of Section 4.3.1 above, Landlord shall have the right, from time to time, in its discretion, to: (i) equitably allocate and prorate some or all of the Operating Expenses and/or Tax Expenses among different tenants and/or different buildings of the Project and/or on a building-by-building basis (collectively, the **"Cost Pools"**), which Cost Pools may include, without limitation, the office space tenants and retail space tenants, if any, of the buildings in the Project and/or the office buildings and retail buildings of the Project; and (ii) to include or exclude existing or future buildings in the Project for purposes of determining some or all of the Operating Expenses, Tax Expenses and/or the provision of various services and amenities thereto, including allocation of Operating Expenses and/or Tax Expenses in any such Cost Pools.

4.4 **Calculation and Payment of Additional Rent.** If for any Expense Year ending or commencing within the Lease Term, Tenant's Share of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above for such Expense Year exceeds Tenant's Share of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above for the Base Year, then Tenant shall pay to Landlord, in the manner set forth in Section 4.4.1, below, and as Additional Rent, an amount equal to the excess (the **"Excess"**). If for any Expense Year ending or commencing within the Lease Term, Tenant's Share of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above for such Expense Year is less than Tenant's Share of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above for the Base Year, then Tenant shall not be entitled to any refund.

4.4.1 **Statement of Actual Direct Expenses and Payment by Tenant.** Within one hundred twenty (120) days following the end of each Expense Year, Landlord shall give to Tenant a statement (the **"Statement"**) which shall state in reasonable detail the Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above incurred or accrued for such preceding Expense Year, and which shall indicate the amount of the Excess, if any. Notwithstanding the foregoing, Landlord and Tenant hereby acknowledge and agree that the failure of Landlord to timely furnish the Statement for any Expense Year shall not prejudice Landlord or Tenant from enforcing its rights under this Article 4; provided, however, Landlord shall not be entitled to collect from Tenant any Operating Expenses that are billed to Tenant for the first time more than two (2) years after the Expense Year in which such Operating Expenses arise (provided further that the foregoing waiver shall not apply with respect to, and Tenant shall remain responsible for, any Operating Expenses levied by any governmental authority or any public utility companies at any time following the expiration of the applicable Expense Year which are attributable to such Expense Year so long as Landlord delivers to Tenant any such bill for such amounts within the later of (i) two (2) calendar years after the end of a Expense Year or (ii) three (3) months following Landlord's receipt of the bill therefor). Upon receipt of the Statement for each Expense Year commencing or ending during the Lease Term, if an Excess is present, Tenant shall pay, at Tenant's election, with its next installment of Base Rent due or within thirty (30) days of Tenant's receipt of the Statement, the full amount of the Excess for such Expense Year, less the amounts, if any, paid during such Expense Year as **"Estimated Excess,"** as that term is defined in Section 4.4.2, below. Even though the Lease Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's Share of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above for the Expense Year in which this Lease terminates, if an Excess is present, Tenant shall pay to Landlord such amount within thirty (30) days following receipt by Tenant of the Statement setting forth the Excess. In the event that a Statement shall indicate that Tenant has paid more as Estimated Excess than Tenant's Share of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above in connection with any Expense Year or as determined in accordance with the provisions of Section 4.6 below (an **"Overage"**), Tenant shall receive a credit against the Rent next due under this Lease in the amount of such Overage (or, in the event that this Lease shall have terminated, Tenant shall receive a refund from Landlord in the amount of such Overage within thirty (30) days after Landlord delivers such Statement). The provisions of this Section 4.4.1 shall survive the expiration or earlier termination of the Lease Term.

4.4.2 **Statement of Estimated Direct Expenses.** In addition, Landlord shall give Tenant a yearly expense estimate statement (the **"Estimate Statement"**) which shall set forth, in reasonable detail, Landlord's reasonable estimate (the **"Estimate"**) of what the total amount of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above for the then-current Expense Year shall be and the estimated excess (the

"Estimated Excess") as calculated by comparing the Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above for such Expense Year, which shall be based upon the Estimate, to the amount of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above for the Base Year. The failure of Landlord to timely furnish the Estimate Statement for any Expense Year shall not preclude Landlord from enforcing its rights to collect any Estimated Excess under this Article 4, nor shall Landlord be prohibited from revising any Estimate Statement or Estimated Excess theretofore delivered to the extent necessary, but not more frequently than once per calendar year. Thereafter, Tenant shall pay, with its next installment of Base Rent due, a fraction of the Estimated Excess for the then-current Expense Year (reduced by any amounts already paid pursuant to the last sentence of this Section 4.4.2). Such fraction shall have as its numerator the number of months which have elapsed in such current Expense Year, including the month of such payment, and twelve (12) as its denominator. Until a new Estimate Statement is furnished in accordance with the provisions of this Section, Tenant shall pay monthly, with the monthly Base Rent installments, an amount equal to one-twelfth (1/12) of the total Estimated Excess set forth in the previous Estimate Statement delivered by Landlord to Tenant.

4.5 **Taxes and Other Charges for Which Tenant Is Directly Responsible**.

4.5.1 Tenant shall be liable for and shall pay before delinquency, taxes levied against Tenant's equipment, furniture, trade fixtures and any other personal property located in or about the Premises. If any such taxes on Tenant's equipment, furniture, fixtures and any other personal property are levied against Landlord or Landlord's property or if the assessed value of Landlord's property is increased by the inclusion therein of a value placed upon such equipment, furniture, fixtures or any other personal property and if Landlord pays the taxes based upon such increased assessment, which Landlord shall have the right to do regardless of the validity thereof but only under proper protest if requested by Tenant, Tenant shall within thirty (30) days of receipt of written demand repay to Landlord the taxes so levied against Landlord or the proportion of such taxes resulting from such increase in the assessment, as the case may be, so long as Landlord provides reasonable documentation of such increased assessment and payment by Landlord of the same.

4.5.2 If the tenant improvements in the Premises, whether installed and/or paid for by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, are assessed for real property tax purposes at a valuation higher than the valuation at which tenant improvements conforming to Landlord's "building standard" in other space in the Building are assessed, then the Tax Expenses levied against Landlord or the property by reason of such excess assessed valuation shall be deemed to be taxes levied against personal property of Tenant and shall be governed by the provisions of Section 4.5.1, above.

4.5.3 Notwithstanding any contrary provision herein and so long as Tenant receives from Landlord reasonable documentation of such taxes, Tenant shall pay prior to delinquency any (i) rent tax or sales tax, service tax, transfer tax or value added tax, or any other applicable tax on the rent or services herein or otherwise respecting this Lease, (ii) taxes assessed upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises or any portion of the Project, including the Project parking facility; or (iii) taxes assessed upon this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises.

4.6 **Landlord's Books and Records**. Within forty-five (45) days after receipt of a Statement by Tenant, if Tenant disputes the amount of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above and set forth in the Statement, an independent certified public accountant (which accountant is a member of a nationally or regionally recognized accounting firm and which accountant shall not be compensated on a contingency fee or similar basis related to the result of such audit) or other authorized representative (which representative shall not be compensated on a contingency fee or similar basis related to such audit), designated by Tenant, may, within ten (10) business days after Landlord's receipt of notice from Tenant and, in any event, only during normal business hours, inspect Landlord's records at Landlord's offices; provided that Tenant is not then in default under this Lease and Tenant has paid all amounts required to be paid under the applicable Statement; and further provided that such inspection must be completed within ten (10) business days after Landlord's full and complete records are made available to Tenant. Tenant agrees that any records of Landlord reviewed under this Section 4.6 shall constitute confidential information of Landlord, which Tenant shall not disclose, nor permit to be disclosed by Tenant or Tenant's accountant. If, within thirty (30) days after such inspection, Tenant notifies Landlord in writing that Tenant still disputes such Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above and included in the Statement, then a certification as to the proper amount shall be made, at Tenant's expense, by an independent certified public accountant selected by Landlord, which certification shall be final and conclusive; provided, however, if the actual amount of Direct Expenses allocated to the tenants of the Building pursuant to Section 4.3.1 above and due for that Expense Year, as determined by such certification, is determined to have been overstated by more than five percent (5%), then Landlord shall pay the costs associated with such certification and the costs of Tenant's inspection of Landlord's records. Tenant's failure (i) to take exception to any Statement within forty-five (45) days after Tenant's receipt of such Statement or (ii) to timely complete its inspection of Landlord's records or (iii) to timely notify Landlord of any remaining dispute after such inspection shall be deemed to be Tenant's approval of such Statement and Tenant, thereafter, waives the right or ability to dispute the amounts set forth in such Statement, which Statement shall be considered final and binding. Notwithstanding anything in this Section 4.6 to the contrary, Tenant may not inspect Landlord's records pursuant to this Section 4.6 more than once per Expense Year.

4.7 **Utilities**. During each calendar year or part thereof during the Lease Term, Tenant shall pay to Landlord, as Additional Rent, the actual cost incurred by Landlord with respect to all electricity, water, gas, fuel, steam, light, power and other utilities consumed within the Premises, as more particularly described in this Section 4.7 (all such costs payable by Tenant pursuant to this Section 4.7 shall be referred to as **"Tenant's Monthly Utility Charge"**, and all such amounts shall constitute rent hereunder). All electricity directly serving the Premises

("**Direct Electrical Costs**") shall be separately metered or submetered and Tenant shall pay the cost (without mark up by Landlord) of all such Direct Electrical Costs either to Landlord as a reimbursement, or, at Landlord's election, as a payment directly to the entity providing such electricity. With respect to all utility costs for the Premises other than Direct Electrical Costs (collectively, "**Other Utility Costs**"), Landlord shall have the right, from time to time, to equitably allocate some or all of such Other Utility Costs among cost pools for different portions or occupants of the Building, in Landlord's reasonable discretion. Such cost pools may include, but shall not be limited to, office space tenants and retail space tenants of the Building. The utility costs within each such cost pool shall be allocated and charged to the tenants within such cost pool in an equitable manner. With respect to Other Utility Costs that vary based on occupancy, such if the Building is not at least one hundred percent (100%) occupied during all or a portion of any month, Landlord shall elect to make an appropriate adjustment to the components of Other Utility Costs for such month to determine the amount of Other Utility Costs that would have been incurred had the Building been one hundred percent (100%) occupied; and the amount so determined shall be deemed to have been the amount of Other Utility Costs for such month. Payments on account of Tenant's Monthly Utility Charge are due and payable monthly together with the payment of Base Rent. Tenant's Monthly Utility Charges shall not be based upon the Base Year. Notwithstanding the foregoing, with respect to HVAC (as defined below), Landlord owns and operates a central plant which generates both hot and cold water to be used for artificial heating and cooling of building improvements in the Project, including, but not limited to, the Premises, and to heat culinary water used by the occupants and guests of the Project, including, but not limited to, the Premises. Landlord shall deliver hot and cold water to their respective points of connection to the Premises, with hot water being delivered at a temperature of not less than 180°F and chilled water being delivered at a temperature of no warmer than 45°F, or sufficiently hot/cool so as maintain 72°F air temperature in cooling mode and 70°F air temperature in heating mode in the Premises. Tenant, at Tenant's sole cost and expense, shall maintain all HVAC facilities from the point of connection to the Premises and Landlord shall maintain all HVAC facilities serving the Project generally, up to their point of connection to the Premises. Tenant shall pay Landlord, as additional rent, $1.26 per cooling per one hundred thousand BTU and $2.62 per heating per one hundred thousand BTU, which rates are subject to change from time to time based on increases in the utility costs charged to Landlord by the applicable utility companies.

ARTICLE 5

USE OF PREMISES

5.1 **Permitted Use**. Tenant shall use the Premises solely for general office purposes and wet and dry laboratory uses (collectively, "**Laboratory Use**"), together with all ancillary uses related thereto (including, without limitation, a café/cafeteria with food preparation for Tenant's internal use (subject to Section 5.4 below)), consistent with the character of the Building as a first-class office/laboratory building and Tenant shall not use or permit the Premises or the Project to be used for any other purpose or purposes whatsoever without the prior written consent of Landlord, which may be withheld in Landlord's sole discretion. With respect to Tenant's proposed lab use at the Premises, Tenant, at Tenant's sole cost and expense, shall obtain and maintain any and all approvals and permits required under applicable Laws. Subject to the terms of this Lease and Rules and Regulations set forth in **Exhibit D** and such security measures that Landlord may reasonably deem necessary or desirable for the safety and security of the Project, the Building or the Premises, Tenant shall have access to the Premises twenty-four (24) hours per day, seven (7) days per week, subject to full or partial closures which may be required from time to time in the event of an actual or threatened emergency or otherwise (in which case Landlord shall use its good faith efforts to reopen access to the Premises as soon as possible following such emergency, or for construction, maintenance, repairs, or other events or circumstances which make it reasonably necessary to temporarily restrict or limit access so long as Landlord provides Tenant with seven (7) days' advance written notice of such work and such work does not materially interfere with Tenant's access to, and use of, the Premises.

5.2 **Prohibited Uses**. The uses prohibited under this Lease shall include, without limitation, use of the Premises or a portion thereof for: (i) offices of any agency or bureau of the United States or any state or political subdivision thereof; (ii) offices or agencies of any foreign governmental or political subdivision thereof; (iii) intentionally omitted; (iv) schools or other training facilities which are not ancillary to corporate, executive or professional office use; (v) retail or restaurant uses (except as otherwise set forth in this Lease); (vi) communications firms such as radio and/or television stations, or (vii) an executive suites subleasing business or operation. Tenant shall not allow occupancy density of use of the Premises which is greater than one person per one hundred fifty (150) rentable square feet of the Premises. Tenant further covenants and agrees that Tenant shall not use, or suffer or permit any person or persons to use, the Premises or any part thereof for any use or purpose contrary to the provisions of the Rules and Regulations set forth in **Exhibit D**, attached hereto, as the same may be amended by Landlord from time to time so long as such amendments are commercially reasonable and Landlord provides written notice of such amendments to Tenant, or in violation of the laws, statutes, regulations, or other rules or requirements of the United States of America, the State of Utah, or the ordinances, rules, regulations or requirements of the local municipal or county governing body or other lawful authorities having jurisdiction over the Project, including, without limitation, any such laws, ordinances, regulations or requirements relating to Hazardous Materials (as defined below) or to the Americans with Disabilities Act of 1990 (collectively, the "**Laws**"). Tenant shall not do or permit anything to be done in or about the Premises which will in any way damage the reputation of the Project or obstruct or interfere with the rights of other tenants or occupants of the Building or the Other Buildings, or injure them or use or allow the Premises to be used for any unlawful or reasonably objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall comply with all recorded covenants, conditions, and restrictions now or hereafter affecting the Project.

5.3 **Hazardous Materials; Tenant**. Except for ordinary and general office supplies typically used in the ordinary course of business within office buildings, such as copier toner, liquid paper, glue, ink and common household cleaning materials (some or all of which may constitute "Hazardous Materials" as defined in this Lease), and except in connection with the operation of Tenant's Laboratory Use, Tenant agrees not to cause or knowingly

permit any Hazardous Materials to be brought upon, stored, used, handled, generated, released or disposed of on, in, under or about the Premises, the Building, the Common Areas or any other portion of the Project by Tenant, its agents, employees, subtenants, assignees, licensees, contractors or invitees (collectively, "**Tenant Parties**"), without the prior written consent of Landlord, which consent Landlord may withhold in its sole and absolute discretion. With respect to any material which Tenant or its agents brings onto the Premises in connection with Tenant's Laboratory Use that are Hazardous Materials, Tenant shall at all time handle and store such materials in compliance with all applicable Laws. Within twenty (20) days after Landlord's written request (but in no event more than once during any eighteen (18) month period), Tenant shall complete, to the best of Tenant's knowledge, the Landlord's then-current Hazardous Materials questionnaire, and shall provide Material Safety Data Sheets for any Hazardous Materials used on or brought to the Premises by Tenant. Upon the expiration or earlier termination of this Lease, Tenant agrees to promptly remove from the Premises, the Building and the Project, at its sole cost and expense, any and all Hazardous Materials, including any equipment or systems containing Hazardous Materials which are installed, brought upon, stored, used, generated or released upon, in, under or about the Premises, the Building and/or the Project or any portion thereof by Tenant or any of Tenant Parties. To the fullest extent permitted by law, Tenant agrees to promptly indemnify, protect, defend and hold harmless Landlord and Landlord's partners, officers, directors, employees, agents, successors and assigns (collectively, "**Landlord Indemnified Parties**") from and against any and all claims, damages, judgments, suits, causes of action, losses, liabilities, penalties, fines, expenses and costs (including, without limitation, clean-up, removal, remediation and restoration costs, sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees and court costs) which arise or result from the presence of Hazardous Materials on, in, under or about the Premises, the Building or any other portion of the Project and which are caused or permitted by Tenant or any of Tenant Parties. Tenant agrees to promptly notify Landlord of any release of Hazardous Materials at the Premises, the Building or any other portion of the Project which Tenant becomes aware of during the Lease Term, whether caused by Tenant or any other persons or entities. In the event of any release of Hazardous Materials caused or permitted by Tenant or any of Tenant Parties, Tenant shall immediately take all steps required under applicable Laws to remediate such release and prevent any similar future release to the satisfaction of Landlord and Landlord's mortgagee(s), acting reasonably. As used in this Lease, the term "**Hazardous Materials**" shall mean and include any hazardous or toxic materials, substances or wastes as now or hereafter designated under any law, statute, ordinance, rule, regulation, order or ruling of any agency of the State in which the Building is located, the United States Government or any local governmental authority, including, without limitation, asbestos, petroleum, petroleum hydrocarbons and petroleum based products, urea formaldehyde foam insulation, polychlorinated biphenyls ("PCBs"), and freon and other chlorofluorocarbons. The provisions of this Section 5.3 will survive the expiration or earlier termination of this Lease.

5.4 **Kitchen Use.** Subject to Landlord's prior written approval of the plans and specifications therefor, Tenant shall have the right to use a portion of the Premises for the operation of, and include in the Tenant Improvements (or subsequent Alterations) the construction of, a kitchen/cooking/dining facility (including a gas line of adequate capacity with gas lines stubbed to the Premises with a local shut-off valve and a gas meter connection) for Tenant's employees and guests only (in no event shall such kitchen/cooking/dining facility be open to or serve the general public), on and subject to the following terms and conditions: (i) Tenant shall be responsible, at its sole cost and expense (subject to the application of the Tenant Improvement Allowance), for obtaining all applicable permits, licenses and governmental approvals necessary for the use of the Premises for such kitchen/cooking/dining facility uses (including, without limitation, any necessary approvals from the applicable health and/or fire departments, permits required in connection with any venting or other air-removal/circulation system, and any required fire-suppression systems), copies of which shall be delivered to Landlord prior to Tenant's installation of any Tenant Improvements or other Alterations in the Premises in connection with such kitchen/cooking/dining facility uses; (ii) in the event such use requires any alterations or improvements to the Building structure and/or the Base Building (as defined below) (specifically including, without limitation, in connection with the installation of any venting or other air-removal/circulation system), Tenant shall be solely responsible for all costs incurred in connection therewith (subject to the application of the Tenant Improvement Allowance); (iii) Tenant shall take all reasonable actions and shall conduct its operations in the kitchen/cooking/dining areas of the Premises so as to reasonably ensure that no liquid seeps from the Premises to the space of any other tenant or to any other portion of the Building, including, without limitation, through the floor of the Premises; (iv) Tenant shall not permit any emission or emanation of any unreasonable noise, odors or vibrations from the kitchen/cooking/dining areas of the Premises affecting adjacent areas of the Project in violation of any applicable Laws; (v) the kitchen/cooking/dining areas of the Premises and the equipment contained therein must at all times be adequately ventilated and filtered, and any odors must be exhausted and dispersed, in a manner in compliance with all applicable Laws; (vi) if reasonably requested by Landlord, Tenant shall install grease traps of sufficient size and design to catch grease, fat and oils disposed into the sinks located in the Premises before entry into the Building's sewer system, and Tenant shall keep such grease traps clean and operational at all times; (vii) Tenant shall cause to be provided pest eradication and control services if and as necessary to control any pest infestation related to Tenant's kitchen/cooking/dining facility, as reasonably required by Landlord, with respect to the Premises; (viii) all trash generated from Tenant's kitchen/cooking/dining use shall be stored in covered containers to reduce the emission or emanation of odors from the Premises, shall be sealed in double plastic bags (or otherwise sealed in a manner prescribed by or acceptable to Landlord), and shall be deposited by Tenant daily and removed pursuant to Tenant's janitorial contract at commercially reasonable times in the areas of the Building designated for trash removal; and (ix) in connection with Tenant's kitchen/cooking/dining use of the Premises, Tenant shall maintain the Premises at all times in a clean and sanitary manner in compliance with all applicable health and sanitation Requirements and with any reasonable health and safety guidelines promulgated by Landlord.

ARTICLE 6

SERVICES AND UTILITIES

6.1 **Standard Tenant Services.** Landlord (or Landlord's property manager) shall provide the following services on all days (unless otherwise stated below) during the Lease Term.

6.1.1 Subject to Force Majeure (as defined below), limitations imposed by all governmental rules, regulations and guidelines applicable thereto and Tenant's payment to Landlord for the same pursuant to Section 4.7 above, Landlord shall provide heating and air conditioning by means of hot and cold water delivered to the Premises from the central plant at the temperatures specified in Section 4.7 ("**HVAC**") twenty-four (24) hours a day, seven (7) days a week.

6.1.2 Landlord shall provide adequate electrical wiring and facilities for normal general office use and electricity at levels consistent with normal general office use, as reasonably determined by Landlord. Tenant shall bear the cost of replacement of lamps, starters and ballasts for non-Building standard lighting fixtures within the Premises.

6.1.3 Landlord shall provide city water from the regular Building outlets for drinking, lavatory and toilet purposes and for any business office type kitchens in the Premises and the Common Areas.

Tenant shall cooperate fully with Landlord at all times and abide by all regulations and requirements that Landlord may reasonably prescribe for the proper functioning and protection of the HVAC, electrical, mechanical and plumbing systems.

6.2 **Overstandard Tenant Use**. If Tenant requires heating or cooling beyond that which Landlord is required to supply pursuant to Section 4.7 and/or 6.1 above (and so long as the same is consistent with the requirements of the central plant, as reasonably determined by Landlord), then Tenant, at Tenant's sole cost and expense, shall be responsible for any supplemental air conditioning units or other facilities serving the Premises necessary to satisfy such additional Tenant requirements. Tenant's use of electricity shall never exceed the capacity of the feeders to the Project or the risers or wiring installation, and subject to the terms of Section 29.32, below, Tenant shall not install or use or permit the installation or use of any computer or electronic data processing equipment in the Premises, without the prior written consent of Landlord.

6.3 **Interruption of Use**. Tenant agrees that Landlord (or Landlord's property manager) shall not be liable for damages, by abatement of Rent or otherwise, for failure to furnish or delay in furnishing any service (including telephone and telecommunication services), or for any diminution in the quality or quantity thereof, when such failure or delay or diminution is occasioned, in whole or in part, by breakage, repairs, replacements, or improvements, by any strike, lockout or other labor trouble, by inability to secure electricity, gas, water, or other fuel at the Building or Project after reasonable effort to do so, by any riot or other dangerous condition, emergency, accident or casualty whatsoever, by act or default of Tenant or other parties, or by any other cause (except to the extent due to Landlord's gross negligence or willful misconduct); and such failures or delays or diminution shall never be deemed to constitute an eviction or disturbance of Tenant's use and possession of the Premises or relieve Tenant from paying Rent or performing any of its obligations under this Lease. Furthermore, Landlord (or Landlord's property manager) shall not be liable under any circumstances for a loss of, or injury to, property or for injury to, or interference with, Tenant's business, including, without limitation, loss of profits, however occurring, through or in connection with or incidental to a failure to furnish any of the services or utilities as set forth in this Article 6. Landlord (or Landlord's property manager) may comply with voluntary controls or guidelines promulgated by any governmental entity relating to the use or conservation of energy, water, gas, light or electricity or the reduction of automobile or other emissions without creating any liability of Landlord (or Landlord's property manager) to Tenant under this Lease, provided that the Premises are not thereby rendered untenantable.

Notwithstanding the foregoing, if (i) Landlord fails to perform the obligations required of Landlord under this Lease, (ii) such failure causes all or a portion of the Premises to be untenantable and unusable by Tenant, and (iii) such failure relates to the nonfunctioning of the HVAC system in the Premises, or the failure to provide any of the services described in Section 6.1 above, or the nonfunctioning of the elevator service to the Premises, Tenant shall give Landlord Notice (the "**Initial Notice**"), specifying such failure to be performed by Landlord (the "**Abatement Event**"). If Landlord has not cured such Abatement Event within five (5) business days after the receipt of the Initial Notice (the "**Eligibility Period**"), then Tenant may abate Rent payable under this Lease for that portion of the Premises rendered untenantable and not used by Tenant, for the period beginning as of the date immediately after the expiration of the Eligibility Period and continuing until the earlier of the date Landlord cures such Abatement Event or the date Tenant recommences the use of such portion of the Premises. Such right to abate Rent shall be Tenant's sole and exclusive remedy at law or in equity to abate Rent for an Abatement Event. If the Abatement Event continues for sixty (60) consecutive days after Tenant's delivery of the Initial Notice, then Tenant shall have the right to terminate this Lease upon written notice to Landlord given at any time prior to the earlier of the date Landlord cures such Abatement Event or the date Tenant recommences the use of such portion of the Premises. The abatement provisions set forth above shall be inapplicable to any interruption in, or failure or inability to provide any of the services or utilities described above that is caused by (x) damage by fire or other casualty or a taking (it being acknowledged that such situations shall be governed by Article 11 and 13, respectively), or (y) the negligence or willful misconduct of Tenant or any other Tenant Parties (as defined below).

ARTICLE 7

REPAIRS

7.1 **Tenant's Repair Obligations**. Tenant shall, at Tenant's own expense, pursuant to the terms of this Lease, including, without limitation, Article 8 hereof, keep the Premises, including all improvements, fixtures and furnishings therein, in good order, repair and condition at all times during the Lease Term. In addition, Tenant shall, at Tenant's own expense (except to the extent caused by Landlord's gross negligence or intentional act), but under the supervision and subject to the prior approval of Landlord, and within any reasonable period of time specified by Landlord, pursuant to the terms of this Lease, including, without limitation, Article 8 hereof, promptly

and adequately repair all damage to the Premises and replace or repair all damaged, broken, or worn fixtures and appurtenances, except for damage caused by ordinary wear and tear or beyond the reasonable control of Tenant or to the extent due to Landlord's gross negligence or intentional act; provided however, that, at Landlord's option upon written notice to Tenant, or if Tenant fails to make such repairs, Landlord (or Landlord's property manager) may, but need not, make such repairs and replacements, and Tenant shall pay Landlord (or Landlord's property manager) within thirty (30) days after Tenant's receipt of written request for payment, together with reasonable documentation of such costs, Landlord's actual, out-of-pocket costs thereof. Landlord may, but shall not be required to, enter the Premises at all reasonable times to make such repairs, alterations, improvements or additions to the Premises or to the Project or to any equipment located in the Project as Landlord shall desire or deem necessary or as Landlord may be required to do by governmental or quasi-governmental authority or court order or decree. Landlord shall at all times when entering the Premises comply with Tenant's reasonable safety rules and regulations and laboratory protocols of which Landlord has knowledge of, and, at Tenant's option, shall be accompanied or escorted by Tenant's representative at all times when entering the Premises, so long as such representative is made available when Landlord or its agents need to enter the Premises. Tenant shall be responsible for supplying its own janitorial services for the Premises using contractors and subcontractors who are licensed in the State of Utah and bonded and who must be approved by Landlord, such approval not to be unreasonably withheld, conditioned or delayed. Tenant agrees not to employ any person, entity or contractor for any janitorial services in the Premises whose presence may give rise to a labor or other disturbance in the Building. Landlord shall have the right to require that Tenant cause any of its janitorial service providers to obtain and maintain insurance as reasonably determined by Landlord and as to which Landlord and such other parties designated by Landlord shall be additional insureds. Except as expressly set forth in this Lease, Tenant hereby waives and releases its right to make repairs at Landlord's expense under any applicable law, statute, or ordinance now or hereafter in effect.

7.2 **Landlord's Repair Obligations.** Notwithstanding anything to the contrary in this Lease, Landlord shall make all necessary structural and exterior repairs to the Premises, the Building and the Project and shall be responsible for all repairs and maintenance of the Base Building and the Common Areas, and any costs associated with such repairs shall be deemed an Operating Expense; provided, however, that if any such repairs or maintenance are required by reason of the special requirements, acts, or negligence of Tenant or of the agents, employees, patients, or invitees of Tenant, including, without limitation, any equipment required or installed by Tenant and, then, only serving the Premises (as the same may be adjusted hereunder), then Landlord shall make the necessary repairs at the sole expense of Tenant. In this connection, Landlord shall maintain or cause to be maintained, as an Operating Expense, the Base Building in good condition and repair, and in accordance with all applicable Laws and all insurance companies of Landlord insuring all or any part of the Common Areas and/or the Project. To the extent that any Hazardous Materials, including, without limitation, mold or carbon monoxide, are or become present in, or migrate onto or under, the Building, the Premises, or the Project, and the presence or migration of such Hazardous Materials is not caused by Tenant's use of or occupancy of the Premises, then Landlord shall promptly cause such Hazardous Materials to be removed and/or remediated in accordance with all applicable Laws and in a manner that minimizes disruption to Tenant's access to and use of the Premises to the extent reasonably practicable. Notwithstanding anything to the contrary in this Lease, Tenant shall have no liability of any kind for any pre-existing Hazardous Materials located in, on, or under the Building, the Premises, or the Project as of the date of this Lease or for any Hazardous Materials that migrate onto or under, or otherwise become present at, the Building, Premises, or the Project as a result of activities of anyone other than Tenant or the Tenant Parties, except to the extent that Tenant or any Tenant Parties exacerbates any such pre-existing conditions.

ARTICLE 8

ADDITIONS AND ALTERATIONS

8.1 **Landlord's Consent to Alterations.** Tenant may not make any improvements, alterations, additions or changes to the Premises or any mechanical, plumbing or HVAC facilities or systems pertaining to the Premises (collectively, the "**Alterations**") without first procuring the prior written consent of Landlord to such Alterations, which consent shall be requested by Tenant not less than thirty (30) days prior to the commencement thereof, and which consent shall not be unreasonably withheld by Landlord, provided it shall be deemed reasonable for Landlord to withhold its consent to any Alteration which adversely affects the structural portions or the systems or equipment of the Building or is visible from the exterior of the Premises (other than any Back-Up Generator, as defined in Section 29.35). The construction of the initial improvements to the Premises shall be governed by the terms of the Tenant Work Letter and not the terms of this Article 8. Notwithstanding anything to the contrary contained herein, Tenant may make non-structural alterations to the Premises ("**Permitted Alterations**"), without Landlord's consent, provided that the aggregate cost of any such changes does not exceed $25,000.00 per instance (up to $75,000.00 in any twelve (12) month period), and further provided that such changes do not (i) require any structural modifications to the Premises or Building, (ii) affect the exterior of the Building (nor visible from the exterior of the Building), (iii) trigger any Law which would require either party to make any alteration or improvement to the Premises, the Building or the Project, or (iv) result in the voiding of Landlord's insurance. Tenant shall give Landlord at least ten (10) days prior notice of such Permitted Alterations, which notice shall be accompanied by a reasonably detailed description of the Permitted Alteration and reasonably adequate evidence that such changes meet the criteria contained in this Section 8.1 to qualify as a Permitted Alteration. Except as otherwise provided, the term "Alterations" shall include Permitted Alterations.

8.2 **Manner of Construction.** Landlord may impose, as a condition of its consent to any and all Alterations or repairs of the Premises or about the Premises, such requirements as Landlord in its sole discretion may deem desirable, including, but not limited to, the requirement that Tenant utilize for such purposes only contractors, subcontractors, materials, mechanics and materialmen selected by Tenant from a list provided and approved by Landlord, the requirement that upon Landlord's request given at the time of Landlord's approval of the Alteration, Tenant shall, at Tenant's expense, remove such Alterations upon the expiration or any early termination

of the Lease Term, and the requirement that all Alterations conform in terms of quality and style to the building's standards established by Landlord. If such Alterations will involve the use of or disturb hazardous materials or substances existing in the Premises, Tenant shall comply with Landlord's reasonable rules and regulations concerning such hazardous materials or substances. Landlord's approval of the plans, specifications and working drawings for Tenant's Alterations shall create no responsibility or liability on the part of Landlord for their completeness, design sufficiency, or compliance with all Laws. Tenant shall construct such Alterations and perform such repairs in a good and workmanlike manner, in conformance with any and all applicable Laws and pursuant to a valid building permit, issued by Salt Lake City, all in conformance with Landlord's construction rules and regulations and the plans and specifications previously approved by Landlord. In the event Tenant performs any Alterations in the Premises which require or give rise to governmentally required changes to the "Base Building," as that term is defined below, then Landlord (or Landlord's property manager) shall, at Tenant's expense, make such changes to the Base Building. The **"Base Building"** shall mean the (i) Building's roof and roof membrane, elevator shafts, footings, foundations, structural portions of load-bearing walls, structural floors and subfloors, structural columns and beams, and curtain walls, and (ii) Building's core HVAC, life-safety, plumbing, electrical, mechanical and elevator systems. In performing the work of any such Alterations, Tenant shall have the work performed in such manner so as not to obstruct access to the Project or any portion thereof, by any other tenant of the Project, and so as not to obstruct the business of Landlord or other tenants in the Project. Tenant shall not use (and upon notice from Landlord shall cease using) contractors, services, workmen, labor, materials or equipment that, in Landlord's reasonable judgment, would disturb labor harmony with the workforce or trades engaged in performing other work, labor or services in or about the Project and in that respect, Landlord shall have the right, in connection with the construction of any Alterations and/or any tenant improvements constructed in the Premises pursuant to the terms of the Tenant Work Letter, to require that all subcontractors, laborers, materialmen, and suppliers retained directly by Tenant and/or Landlord (unless Landlord elects otherwise) be union labor in compliance with the then existing master labor agreements. In addition to Tenant's obligations under Article 9 of this Lease, upon completion of any Alterations, Tenant agrees to deliver to the Project management office a reproducible copy of the "as built" drawings of the Alterations as well as all permits, approvals and other documents issued by any governmental agency in connection with the Alterations.

8.3 **Payment for Improvements.** If payment is made directly to contractors, Tenant shall comply with Landlord's reasonable requirements for final lien releases and waivers in connection with Tenant's payment for work to contractors for contracts in excess of $5,000.00. Whether or not Tenant orders any work directly from Landlord (or Landlord's property manager), Tenant shall pay to Landlord (or Landlord's property manager) a percentage of the cost of such work sufficient to compensate Landlord (or Landlord's property manager) for all overhead, general conditions, fees and other costs and expenses arising from Landlord's (or Landlord's property manager's) involvement with such work, in an amount of one percent (1%) of the cost of such work, excluding any Permitted Alterations; provided that if Landlord manages the construction of the Alterations on behalf of Tenant, then the construction management fee payable by Tenant to Landlord shall be three percent (3%) of the cost of such work, excluding any Permitted Alterations.

8.4 **Construction Insurance.** In addition to the requirements of Article 10 of this Lease, in the event that Tenant makes any Alterations, prior to the commencement of such Alterations, Tenant shall provide Landlord with evidence that Tenant carries **"Builder's All Risk"** insurance in an amount approved by Landlord covering the construction of such Alterations, and such other insurance as Landlord may require, it being understood and agreed that all of such Alterations shall be insured by Tenant pursuant to Article 10 of this Lease immediately upon completion thereof. In addition, Landlord may, in its reasonable discretion, require Tenant to obtain a lien and completion bond or some alternate form of security satisfactory to Landlord in an amount sufficient to ensure the lien-free completion of such Alterations and naming Landlord as a co-obligee.

8.5 **Landlord's Property.** All Alterations, improvements, fixtures, equipment and/or appurtenances which may be installed or placed in or about the Premises, from time to time, shall be at the sole cost of Tenant and, other than Tenant's equipment, which shall remain Tenant's sole property, shall be and become the property of Landlord. Landlord may, however, by written notice to Tenant prior to the end of the Lease Term, or given following any earlier termination of this Lease, require Tenant, at Tenant's expense, to (i) remove any Alterations or improvements in the Premises, and/or (ii) remove any "Above Standard Tenant Improvements," as that term is defined in Section 2.4 of the Tenant Work Letter, located within the Premises and replace the same with then existing "Building Standard Tenant Improvements," as that term is defined in Section 2.3 of the Tenant Work Letter, and to repair any damage to the Premises and Building caused by such removal and return the affected portion of the Premises to a building standard tenant improved condition as determined by Landlord. If Tenant fails to complete such removal and/or to repair any damage caused by the removal of any Alterations or improvements in the Premises, and return the affected portion of the Premises to a building standard tenant improved condition as determined by Landlord, then at Landlord's option, either (A) Tenant shall be deemed to be holding over in the Premises and Rent shall continue to accrue in accordance with the terms of Article 16, below, until such work shall be completed, or (B) Landlord may do so and may charge the cost thereof to Tenant. Tenant hereby protects, defends, indemnifies and holds Landlord harmless from any liability, cost, obligation, expense or claim of lien in any manner relating to the installation, placement, removal or financing of any such Alterations, improvements, fixtures and/or equipment in, on or about the Premises, which obligations of Tenant shall survive the expiration or earlier termination of this Lease.

ARTICLE 9

COVENANT AGAINST LIENS

Tenant shall keep the Project and Premises free from any liens or encumbrances arising out of the work performed, materials furnished or obligations incurred by or on behalf of Tenant, and shall protect, defend,

indemnify and hold Landlord harmless from and against any claims, liabilities, judgments or costs (including, without limitation, reasonable attorneys' fees and costs) arising out of same or in connection therewith. Tenant shall give Landlord notice at least twenty (20) days prior to the commencement of any Alterations on the Premises (or such additional time as may be necessary under applicable Laws) to afford Landlord the opportunity of posting and recording appropriate notices of non-responsibility. If a lien is recorded against the Building, Premises or Project relating to any work performed by or under Tenant, Tenant shall remove any such lien or encumbrance by bond or otherwise within fifteen (15) days after receipt of written notice by Landlord, and if Tenant shall fail to do so, Landlord may pay the amount necessary to remove such lien or encumbrance, without being responsible for investigating the validity thereof. The amount so paid shall be deemed Additional Rent under this Lease payable upon demand, without limitation as to other remedies available to Landlord under this Lease. Nothing contained in this Lease shall authorize Tenant to do any act which shall subject Landlord's title to the Project, Building or Premises to any liens or encumbrances whether claimed by operation of law or express or implied contract. Any claim to a lien or encumbrance upon the Project, Building or Premises arising in connection with any such work or respecting the Premises not performed by or at the request of Landlord shall be null and void, or at Landlord's option shall attach only against Tenant's interest in the Premises and shall in all respects be subordinate to Landlord's title to the Project, Building and Premises.

ARTICLE 10

INSURANCE

10.1 **Indemnification and Waiver.** Tenant hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises from any cause whatsoever (other than Landlord's gross negligence or willful misconduct) and agrees that Landlord, its partners, subpartners and their respective officers, agents, servants, and employees (collectively, "**Landlord Parties**") shall not be liable for, and are hereby released from any responsibility for, any damage either to person or property or resulting from the loss of use thereof, which damage is sustained by Tenant or by other persons claiming through Tenant, except to the extent due to Landlord's gross negligence or willful misconduct. Tenant shall indemnify, defend, protect, and hold harmless the Landlord Parties from any and all losses, costs, damages, expenses and liabilities (including without limitation court costs and reasonable attorneys' fees) incurred in connection with or arising from any cause in, on or about the Premises, any violation of any of any applicable Laws, any acts, omissions or negligence of Tenant or of any person claiming by, through or under Tenant, or the Tenant Parties, in, on or about the Project or any breach of the terms of this Lease by Tenant, either prior to, during, or after the expiration of the Lease Term, provided that the terms of the foregoing indemnity shall not apply to the negligence or willful misconduct of the Landlord Parties. Should Landlord be named as a defendant in any suit brought against Tenant in connection with or arising out of Tenant's occupancy of the Premises, Tenant shall pay to Landlord its costs and expenses incurred in such suit, including without limitation, its actual professional fees such as appraisers', accountants' and attorneys' fees. Further, Tenant's agreement to indemnify Landlord pursuant to this Section 10.1 is not intended to and shall not relieve any insurance carrier of its obligations under policies required to be carried by Tenant pursuant to the provisions of this Lease, to the extent such policies cover the matters subject to Tenant's indemnification obligations; nor shall they supersede any inconsistent agreement of the parties set forth in any other provision of this Lease. The provisions of this Section 10.1 shall survive the expiration or sooner termination of this Lease with respect to any claims or liability arising in connection with any event occurring prior to such expiration or termination.

Subject to Section 10.5 below, Landlord shall indemnify, defend, protect, and hold harmless Tenant and the Tenant Parties from any and all losses, costs, damages, expenses and liabilities (including, without limitation, court costs and reasonable attorneys' fees) incurred in connection with or arising from any accident, injury or damage to any person or the property of any person (i) in or about the Common Areas (specifically excluding the Premises) to the extent attributable to the negligence or willful misconduct of Landlord or the Landlord Parties and (ii) in or about the Premises to the extent attributable to the gross negligence or willful misconduct of Landlord or the Landlord Parties, provided that the terms of the foregoing indemnity shall not apply to the negligence or willful misconduct of the Tenant Parties. Should Landlord be named as a defendant in any suit brought against Tenant in connection with or arising out of Tenant's occupancy of the Premises, Tenant shall pay to Landlord its costs and expenses incurred in such suit, including without limitation, its actual professional fees such as appraisers', accountants' and attorneys' fees. Further, Landlord's agreement to indemnify Tenant pursuant to this Section 10.1 is not intended to and shall not relieve any insurance carrier of its obligations under policies required to be carried by Landlord pursuant to the provisions of this Lease, to the extent such policies cover the matters subject to Landlord's indemnification obligations; nor shall they supersede any inconsistent agreement of the parties set forth in any other provision of this Lease. The provisions of this Section 10.1 shall survive the expiration or sooner termination of this Lease with respect to any claims or liability arising in connection with any event occurring prior to such expiration or termination.

10.2 **Tenant's Compliance with Landlord's Fire and Casualty Insurance**. Tenant shall, at Tenant's expense, comply with all customary insurance company requirements pertaining to the use of the Premises. If Tenant's conduct or use of the Premises causes any increase in the premium for such insurance policies then Tenant shall reimburse Landlord for any such increase. Tenant, at Tenant's expense, shall comply with all rules, orders, regulations or requirements of the American Insurance Association (formerly the National Board of Fire Underwriters) and with any similar body.

10.3 **Tenant's Insurance.** Tenant shall maintain the following coverages in the following amounts.

10.3.1 Commercial General Liability Insurance covering the insured against claims of bodily injury, personal injury and property damage (including loss of use thereof) arising out of Tenant's operations, and contractual liabilities (covering the performance by Tenant of its indemnity agreements) including a Broad Form

endorsement covering the insuring provisions of this Lease and the performance by Tenant of the indemnity agreements set forth in Section 10.1 of this Lease, for limits of liability not less than:

Bodily Injury and Property Damage Liability	$2,000,000 each occurrence $3,000,000 annual aggregate
Personal Injury Liability	$2,000,000 each occurrence $3,000,000 annual aggregate 0% Insured's participation

10.3.2 Special Form (Causes of Loss) Property Insurance covering (i) all office furniture, business and trade fixtures, office equipment, free-standing cabinet work, movable partitions, merchandise and all other items of Tenant's property on the Premises installed by, for, or at the expense of Tenant, (ii) the "Tenant Improvements," as that term is defined in Section 2.1 of the Tenant Work Letter, and any other improvements which exist in the Premises as of the Lease Commencement Date (excluding the Base Building) (the "**Original Improvements**"), and (iii) all Alterations. Such insurance shall be for the full replacement cost (subject to reasonable deductible amounts) new without deduction for depreciation of the covered items and in amounts that meet any co-insurance clauses of the policies of insurance and shall include coverage for damage or other loss caused by fire or other peril including, but not limited to, vandalism and malicious mischief, theft, water damage of any type, including sprinkler leakage, bursting or stoppage of pipes, and explosion, and providing business interruption coverage for a period of one year.

10.3.3 Worker's Compensation and Employer's Liability or other similar insurance pursuant to all applicable state and local statutes and regulations.

10.3.4 Business interruption, loss-of-income and extra expense insurance in such amounts as will reimburse Tenant for direct or indirect loss of earnings attributable to all perils commonly insured against and payable to Landlord, insuring the loss of the full rent for up to twelve (12) months.

10.4 **Form of Policies.** The minimum limits of policies of insurance required of Tenant under this Lease shall in no event limit the liability of Tenant under this Lease. Such insurance shall (i) name Landlord, Landlord's lender, and any other party the Landlord so specifies, as an additional insured, including Landlord's managing agent, if any; (ii) specifically cover the liability assumed by Tenant under this Lease, including, but not limited to, Tenant's obligations under Section 10.1 of this Lease; (iii) be issued by an insurance company having a rating of not less than A-:VIII in Best's Insurance Guide or which is otherwise acceptable to Landlord and licensed to do business in the State of Utah; (iv) be primary insurance as to all claims thereunder and provide that any insurance carried by Landlord is excess and is non-contributing with any insurance requirement of Tenant; (v) be in form and content reasonably acceptable to Landlord; and (vi) contain a cross-liability endorsement or severability of interest clause acceptable to Landlord; and (vii) provide that said insurance shall not be canceled or coverage changed unless thirty (30) days' prior written notice shall have been given to Landlord and any mortgagee of Landlord. Tenant shall deliver said policy or policies or certificates thereof to Landlord on or before the Lease Commencement Date and at least thirty (30) days before the expiration dates thereof. In the event Tenant shall fail to procure such insurance, or to deliver such policies or certificate, Landlord may, at its option, procure such policies for the account of Tenant, and the cost thereof shall be paid to Landlord within five (5) days after delivery to Tenant of bills therefor.

10.5 **Subrogation.** Landlord and Tenant intend that their respective property loss risks shall be borne by reasonable insurance carriers to the extent above provided, and Landlord and Tenant hereby agree to look solely to, and seek recovery only from, their respective insurance carriers in the event of a property loss to the extent that such loss is the result of a risk insurable under the policies of property damage insurance which such party was required to maintain under this Lease (whether or not such party actually maintained the same), or which such party actually maintains at the time of such property loss. Notwithstanding anything to the contrary in this Lease, the parties each hereby waive all rights and claims against each other for such losses, and waive all rights of subrogation of their respective insurers, provided such waiver of subrogation shall not affect the right to the insured to recover thereunder. The parties agree that their respective insurance policies are now, or shall be, endorsed such that the waiver of subrogation shall not affect the right of the insured to recover thereunder, so long as no material additional premium is charged therefor.

10.6 **Additional Insurance Obligations.** Tenant shall carry and maintain during the entire Lease Term, at Tenant's sole cost and expense, increased amounts of the insurance required to be carried by Tenant pursuant to this Article 10 and such other reasonable types of insurance coverage and in such reasonable amounts covering the Premises and Tenant's operations therein, as may be reasonably requested by Landlord.

10.7 **Landlord's Insurance Obligations.** Landlord shall maintain comprehensive public liability insurance coverage against claims for personal injury, death, or property damage resulting from any act or omission of Landlord occurring in or upon the Building, Premises, the Common Areas and the Project with a combined single limit for bodily injury and property damage of not less than $1,000,000 per occurrence and $2,000,000 in the aggregate, and at least a $5,000,000 umbrella. Landlord shall procure and maintain, throughout the Term of this Lease, a policy or policies of "all risk" and/or other comparable hazard and casualty property insurance, insuring the Building and the Project against loss by fire or, as determined by Landlord, other casualties in an amount equal to the replacement cost basis for the full insurable valuable of the Project. Landlord shall also carry rental loss insurance insuring the loss of all Rent required to be paid by Tenant hereunder for up to twelve (12) months. In addition, property insurance coverage will be maintained by Landlord upon the Building and the Project, inclusive of the Premises. In no event shall any such insurance requirement be deemed to constitute an obligation by

Landlord to provide insurance coverage beyond the scope of that required hereunder or, if a coverage amount is not specified herein, coverage amounts in excess of those customarily maintained by owners of similarly configured office buildings situated in Salt Lake County, Utah. Without limiting the foregoing, Landlord also shall, at all times during the Lease Term, procure and maintain any insurance required by Law for the protection of employees of Landlord working in or around the Project (including, without limitation, worker's compensation insurance) with no less than the minimum limits required by Law.

ARTICLE 11

DAMAGE AND DESTRUCTION

11.1 **Repair of Damage to Premises by Landlord.** Tenant shall promptly notify Landlord of any damage to the Premises resulting from fire or any other casualty. If the Premises or any Common Areas serving or providing access to the Premises is damaged by fire or other casualty, Landlord shall promptly and diligently, subject to reasonable delays for insurance adjustment or other matters beyond Landlord's reasonable control, and subject to all other terms of this Article 11, restore the Base Building and such Common Areas. Such restoration shall be to substantially the same condition of the Base Building and the Common Areas prior to the casualty, except for modifications required by zoning and building codes and other applicable Laws or by the holder of a mortgage on the Building or Project or any other modifications to the Common Areas deemed desirable by Landlord, provided that Tenant's access to and use of the Premises and any common restrooms serving the Premises shall not be materially impaired. If the Premises are damaged and Landlord does not elect to terminate this Lease pursuant to Landlord's termination right as provided in Section 11.2 below, Landlord shall provide to Tenant as soon as reasonably practicable, but in no event later than forty-five (45) days after the occurrence of such damage, the reasonable estimate of Landlord's architect or contractor of the estimated time required to complete the requisite repairs (the "**Landlord Repair Notice**"). If such repairs cannot, according to the Landlord Repair Notice, be completed within two hundred seventy (270) days from the date of such damage or ninety (90) days after the date on which such damage occurs if such damage occurs within the last twelve (12) months of the Lease Term, Tenant may elect to terminate this Lease by written notice to Landlord given within thirty (30) days after Tenant receive the Landlord Repair Notice, with such termination effective as of the date specified in the notice, which date shall not be less than thirty (30) days nor more than sixty (60) days after the date such notice is given by Tenant. If neither Landlord nor Tenant elect to terminate this Lease pursuant to a termination right provided in this Article 11, Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds payable to Tenant under Tenant's insurance required under Section 10.3 of this Lease, and Landlord shall repair any injury or damage to the Tenant Improvements and the Original Improvements installed in the Premises and shall return such Tenant Improvements and Original Improvements to their original condition; provided that if the cost of such repair by Landlord exceeds the amount of insurance proceeds received by Landlord from Tenant's insurance carrier, as assigned by Tenant, the cost of such repairs shall be paid by Tenant to Landlord within thirty (30) days of Landlord's written request therefor, together with reasonable documentation of such expenses. Except to the extent due to Landlord's gross negligence or intentional act or omission, Landlord shall not be liable for any inconvenience or annoyance to Tenant or its visitors, or injury to Tenant's business resulting in any way from such damage or the repair thereof; provided, however, that if such fire or other casualty shall have damaged the Premises or portions of the Common Areas necessary to Tenant's occupancy, Landlord shall allow Tenant a proportionate abatement of Base Rent and Tenant's Share of increases in Direct Expenses during the time and to the extent the Premises are unfit for occupancy for the Permitted Use, and not occupied by Tenant as a result thereof; provided, further, however, that if the damage or destruction is due to the negligence or willful misconduct of Tenant or any of its agents, employees, contractors, invitees or guests, Tenant shall be responsible for any reasonable, applicable insurance deductible (which shall be payable to Landlord upon demand) and there shall be no rent abatement.

11.2 **Landlord's Option to Repair.** Notwithstanding the terms of Section 11.1 of this Lease, Landlord may elect not to rebuild and/or restore the Premises, Building and/or Project, and instead terminate this Lease, by notifying Tenant in writing of such termination within forty-five (45) days after the date of discovery of the damage, such notice to include a termination date giving Tenant sixty (60) days to vacate the Premises, but Landlord may so elect only if the Building is damaged by fire or other casualty or cause, whether or not the Premises are affected, and one or more of the following conditions is present: (i) in the reasonable judgment of Landlord's architect or general contractor, such repairs cannot reasonably be completed within two hundred fifty (250) days after the date of discovery of the damage (when such repairs are made without the payment of overtime or other premiums); (ii) the holder of any mortgage on the Building or Project or ground lessor with respect to the Building or Project shall require that the insurance proceeds or any portion thereof be used to retire the mortgage debt, or shall terminate the ground lease, as the case may be; (iii) the cost to repair such damage exceeds the amount of insurance proceeds available to Landlord under the insurance policies Landlord is required to carry under Section 10.7 of this Lease or otherwise by at least five percent (5%) of the replacement cost of the Building (excluding any applicable deductible amount) for reasons beyond Landlord's control (excluding Landlord's failure to carry such insurance policies); or (iv) the damage occurs during the last twelve (12) months of the Lease Term.

11.3 **Waiver of Statutory Provisions.** The provisions of this Lease, including this Article 11, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, the Building or the Project, and any statute or regulation of the State of Utah with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises, the Building or the Project.

ARTICLE 12

NONWAIVER

No provision of this Lease shall be deemed waived by either party hereto unless expressly waived in a writing signed thereby. The waiver by either party hereto of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of same or any other term, covenant or condition herein contained. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No acceptance of a lesser amount than the Rent herein stipulated shall be deemed a waiver of Landlord's right to receive the full amount due, nor shall any endorsement or statement on any check or payment or any letter accompanying such check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the full amount due. No receipt of monies by Landlord from Tenant after the termination of this Lease shall in any way alter the length of the Lease Term or of Tenant's right of possession hereunder, or after the giving of any notice shall reinstate, continue or extend the Lease Term or affect any notice given Tenant prior to the receipt of such monies, it being agreed that after the service of notice or the commencement of a suit, or after final judgment for possession of the Premises, Landlord may receive and collect any Rent due, and the payment of said Rent shall not waive or affect said notice, suit or judgment.

ARTICLE 13

CONDEMNATION

If the whole of the Premises is taken by power of eminent domain or condemned by any competent authority for any public or quasi-public use or purpose, or if Landlord grants a deed or other instrument in lieu of such taking by eminent domain or condemnation for such taking, this Lease shall automatically terminate as of the date possession is required to be surrendered to the authority. If part, but not all, of the Premise, Building, or Project is taken, either Party may terminate as set forth in this Article 13. If more than twenty-five percent (25%) of the rentable square feet of the Premises, or any material part of the Building (excluding the Premises) shall be so taken, or if any adjacent property or street shall be so taken, or reconfigured or vacated by such authority in such manner as to require the use, reconstruction or remodeling of more than twenty-five percent (25%) of the Building, Landlord shall have the option to terminate this Lease effective as of the date possession is required to be surrendered to the authority. If more (i) than twenty-five percent (25%) of the rentable square feet of the Premises is taken, or (ii) a material part of the Project outside of the Premises is taken and as a result thereof, Tenant will not have reasonable access to the Premises or to sufficient off-street parking for Tenant's use of the Premises, Tenant shall have the option to terminate this Lease effective as of the date possession is required to be surrendered to the authority. Tenant shall not because of such taking assert any claim against Landlord or the authority for any compensation because of such taking and Landlord shall be entitled to the entire award or payment in connection therewith, except that Tenant shall have the right to file any separate claim available to Tenant for any taking of Tenant's personal property and fixtures belonging to Tenant and removable by Tenant upon expiration of the Lease Term pursuant to the terms of this Lease, and for moving expenses, so long as such claim is payable separately to Tenant. All Rent shall be apportioned as of the date of such termination. If any part of the Premises shall be taken, and this Lease shall not be so terminated, the Base Rent and Tenant's Share of Direct Expenses shall be proportionately abated. This Article 13 shall be Tenant's sole and exclusive remedy in the event of any taking and Tenant hereby waives any rights and the benefits of any statute granting Tenant specific rights in the event of a taking which are inconsistent with the provisions of this Article 13. Notwithstanding anything to the contrary contained in this Article 13, in the event of a temporary taking of all or any portion of the Premises for a period of one hundred eighty (180) days or less, then this Lease shall not terminate but the Base Rent and the Additional Rent shall be abated for the period of such taking in proportion to the ratio that the amount of rentable square feet of the Premises taken bears to the total rentable square feet of the Premises. Landlord shall be entitled to receive the entire award made in connection with any such temporary taking.

ARTICLE 14

ASSIGNMENT AND SUBLETTING

14.1 **Transfers.** Tenant shall not, without the prior written consent of Landlord, assign, mortgage, pledge, hypothecate, encumber, or permit any lien to attach to, or otherwise transfer, this Lease or any interest hereunder, permit any assignment, or other transfer of this Lease or any interest hereunder by operation of law, sublet the Premises or any part thereof, or enter into any license or concession agreements or otherwise permit the occupancy or use of the Premises or any part thereof by any persons other than Tenant and its employees and contractors (all of the foregoing are hereinafter sometimes referred to collectively as "**Transfers**" and any person to whom any Transfer is made or sought to be made is hereinafter sometimes referred to as a "**Transferee**"). If Tenant desires Landlord's consent to any Transfer, Tenant shall notify Landlord in writing, which notice (the "**Transfer Notice**") shall include (i) the proposed effective date of the Transfer, which shall not be less than thirty (30) days nor more than one hundred eighty (180) days after the date of delivery of the Transfer Notice, (ii) a description of the portion of the Premises to be transferred (the "**Subject Space**"), (iii) all of the terms of the proposed Transfer and the consideration therefor, including calculation of the "**Transfer Premium**", as that term is defined in Section 14.3 below, in connection with such Transfer, the name and address of the proposed Transferee, and an executed copy of all documentation effectuating the proposed Transfer, including all operative documents to evidence such Transfer and all agreements incidental or related to such Transfer, provided that Landlord shall have the right to require Tenant to utilize Landlord's standard Transfer documents in connection with the documentation of such Transfer,

and provided further that the terms of the proposed Transfer shall provide that such proposed Transferee shall not be permitted to further assign or sublease its interest in the Subject Space and/or Lease, (iv) current financial statements of the proposed Transferee certified by an officer, partner or owner thereof, business credit and personal references and history of the proposed Transferee and any other information required by Landlord which will enable Landlord to determine the financial responsibility, character, and reputation of the proposed Transferee, nature of such Transferee's business and proposed use of the Subject Space and (v) an executed estoppel certificate from Tenant stating the information set forth in items (a) through (d) in Article 17 below. Any Transfer made without Landlord's prior written consent shall, at Landlord's option, be null, void and of no effect, and shall, at Landlord's option, constitute a default by Tenant under this Lease. Whether or not Landlord consents to any proposed Transfer, Tenant shall pay Landlord's (or Landlord's property manager's) review and processing fees (which currently equal $1,500.00 for each proposed Transfer), as well as any reasonable professional fees (including, without limitation, attorneys', accountants', architects', engineers' and consultants' fees) incurred by Landlord (or Landlord's property manager), within thirty (30) days after written request by Landlord; provided that Tenant's reimbursement for Landlord's fees pursuant to this sentence shall not exceed $5,000.00 in connection with any one Transfer.

14.2 **Landlord's Consent.** Notwithstanding anything to the contrary herein, Landlord shall not unreasonably withhold its consent to any proposed Transfer of the Subject Space to the Transferee on the terms specified in the Transfer Notice. Without limitation as to other reasonable grounds for withholding consent, the parties hereby agree that it shall be reasonable under this Lease and under any applicable law for Landlord to withhold consent to any proposed Transfer where one or more of the following apply:

14.2.1 The Transferee is of a character or reputation or engaged in a business which is not consistent with the quality of the Building or the Project;

14.2.2 The Transferee intends to use the Subject Space for purposes which are not permitted under this Lease;

14.2.3 The Transferee is either a governmental agency or instrumentality thereof;

14.2.4 The Transferee is not a party of reasonable financial worth and/or financial stability in light of the responsibilities to be undertaken in connection with the Transfer on the date consent is requested;

14.2.5 The proposed Transfer would cause a violation of another lease for space in the Project, or would give an occupant of the Project a right to cancel its lease;

14.2.6 The terms of the proposed Transfer will allow the Transferee to exercise a right of renewal, right of expansion, right of first offer, or other similar right held by Tenant (or will allow the Transferee to occupy space leased by Tenant pursuant to any such right);

14.2.7 Either the proposed Transferee, or any person or entity which directly or indirectly, controls, is controlled by, or is under common control with, the proposed Transferee, (i) occupies space in the Project at the time of the request for consent, or (ii) is negotiating with Landlord (which for purposes of this item (ii) and (iii), below, shall be evidenced by the transmittal of one or more letters of intent, draft proposals or lease documents by such Transferee to Landlord or Landlord to such Transferee) to lease space in the Project at such time, or (iii) has actively negotiated with Landlord to lease space within the Project during the six (6)-month period immediately preceding the Transfer Notice (with **"actively negotiated"** meaning, at least, written correspondence and negotiation for the lease of space within the Project, but excluding, without more, the mere delivery of leasing or property information relating to the Project); provided, however, that Landlord shall not unreasonably withhold, condition or delay its consent to an assignment of this Lease or a sublease of the Premises to a proposed assignee or subtenant under the foregoing portion of this subsection (iii) if Landlord is not willing and able to accommodate the space needs of such assignee or subtenant within the Project, and Tenant is able to do so by such assignment or sublease;

14.2.8 The Transferee does not intend to occupy the entire Subject Space and conduct its business therefrom for a substantial portion of the term of the Transfer; or

14.2.9 The portion of the Premises to be sublet or assigned is irregular in shape with inadequate means of ingress and/or egress.

Notwithstanding anything to the contrary contained herein, in no event shall Tenant enter into any Transfer for the possession, use, occupancy or utilization (collectively, "**use**") of the part of the Premises which (i) provides for a rental or other payment for such use based in whole or in part on the income or profits derived by any person from the Premises (other than an amount based on a fixed percentage or percentages of gross receipts or sales), and Tenant agrees that all Transfers of any part of the Premises shall provide that the person having an interest in the use of the Premises shall not enter into any lease or sublease which provides for a rental or other payment for such use based in whole or in part on the income or profits derived by any person from the Premises (other than an amount based on a fixed percentage or percentages of gross receipts of sales), or (ii) would cause any portion of the amounts payable to Landlord hereunder to not constitute "rents from real property" within the meaning of Section 512(b)(3) of the Internal Revenue Code of 1986, and any such purported Transfer shall be absolutely void and ineffective as a conveyance of any right or interest in the possession, use, occupancy or utilization of any part of the Premises.

If Landlord consents to any Transfer pursuant to the terms of this Section 14.2 (and does not exercise any recapture rights Landlord may have under Section 14.4 of this Lease), Tenant may enter into such Transfer of the

Subject Space, upon substantially the same terms and conditions as are set forth in the Transfer Notice furnished by Tenant to Landlord pursuant to Section 14.1 of this Lease, provided that if there are any changes in the terms and conditions from those specified in the Transfer Notice (i) such that Landlord would initially have been entitled to refuse its consent to such Transfer under this Section 14.2, or (ii) which would cause the proposed Transfer to be more favorable to the Transferee than the terms set forth in Tenant's original Transfer Notice, Tenant shall again submit the Transfer to Landlord for its approval and other action under this Article 14 (including Landlord's right of recapture, if any, under Section 14.4 of this Lease). Notwithstanding anything to the contrary in this Lease, if Tenant or any proposed Transferee claims that Landlord has unreasonably withheld or delayed its consent under Section 14.2 or otherwise has breached or acted unreasonably under this Article 14, their sole remedies shall be a declaratory judgment and an injunction for the relief sought without any monetary damages, and Tenant hereby waives all other remedies, including, without limitation, any right at law or equity to terminate this Lease, on its own behalf and, to the extent permitted under all applicable Laws, on behalf of the proposed Transferee.

14.3 **Transfer Premium.** If Landlord consents to a Transfer, as a condition thereto which the parties hereby agree is reasonable, Tenant shall pay to Landlord fifty percent (50%) of any "Transfer Premium," as that term is defined in this Section 14.3, received by Tenant from such Transferee in any particular calendar month, which amount shall be paid to Landlord immediately following Tenant's receipt of the same. "**Transfer Premium**" shall mean all rent, additional rent or other consideration (including, without limitation, key money, bonus money or other cash consideration but excluding any payment for assets, inventory, equipment or furniture transferred by Tenant to Transferee in connection with such Transfer) payable by such Transferee in connection with the Transfer in excess of the Rent and Additional Rent payable by Tenant under this Lease during the term of the Transfer on a per rentable square foot basis if less than all of the Premises is transferred, after deducting the reasonable expenses incurred by Tenant for (i) any changes, alterations and improvements to the Premises in connection with the Transfer, and (ii) any market rate, third party brokerage commissions incurred in connection with the Transfer (collectively, the "**Subleasing Costs**"); provided, however, that if, at the time of any such sublease or assignment, Landlord determines that the foregoing "Transfer Premium" formula may result in the receipt by Landlord of amounts that the Landlord may not be permitted to receive pursuant to any requirements, obligation or understanding applicable to Landlord, the parties agree to enter into an amendment to this Lease which revises the "Transfer Premium" formula in a manner that (x) is mutually agreed to by the parties and (y) does not result in any material increase in the expected costs or benefits to either party under this Section 14.3.

14.4 **Landlord's Option as to Subject Space**. Notwithstanding anything to the contrary contained in this Article 14, Landlord shall have the option, by giving written notice to Tenant within thirty (30) days after receipt of any Transfer Notice, to recapture the Subject Space for the remainder of the Lease Term. Such recapture notice shall cancel and terminate this Lease with respect to the Subject Space as of the date stated in the Transfer Notice as the effective date of the proposed Transfer (or at Landlord's option, shall cause the Transfer to be made to Landlord or its agent, in which case the parties shall execute the Transfer documentation promptly thereafter); provided, however, Tenant may, within ten (10) business days after receipt of Landlord's notice of intent to recapture the Subject Space, withdraw its request for consent to the Transfer if the Subject Space is less than all or substantially all of the Premises. In that event, Landlord's election to terminate this Lease as to the Subject Space shall be null and void and of no force and effect. In the event of a recapture by Landlord, if this Lease shall be canceled with respect to less than the entire Premises, the Base Rent and Tenant's Share of increases in Direct Expenses reserved herein shall be prorated on the basis of the number of rentable square feet retained by Tenant in proportion to the number of rentable square feet contained in the Premises, and this Lease as so amended shall continue thereafter in full force and effect, and upon request of either party, the parties shall execute written confirmation of the same. If Landlord declines, or fails to elect in a timely manner to recapture the Subject Space under this Section 14.4, then, provided Landlord has consented to the proposed Transfer, Tenant shall be entitled to proceed to transfer the Subject Space to the proposed Transferee, subject to provisions of this Article 14.

14.5 **Effect of Transfer.** If Landlord consents to a Transfer, (i) the terms and conditions of this Lease shall in no way be deemed to have been waived or modified, (ii) such consent shall not be deemed consent to any further Transfer by either Tenant or a Transferee, (iii) Tenant shall deliver to Landlord, promptly after execution, an original executed copy of all documentation pertaining to the Transfer in form reasonably acceptable to Landlord, (iv) Tenant shall furnish upon Landlord's request a complete statement, certified by an independent certified public accountant, or Tenant's chief financial officer, setting forth in detail the computation of any Transfer Premium Tenant has derived and shall derive from such Transfer, and (v) no Transfer relating to this Lease or agreement entered into with respect thereto, whether with or without Landlord's consent, shall relieve Tenant or any guarantor of the Lease from any liability under this Lease, including, without limitation, in connection with the Subject Space. In no event shall any Transferee assign, sublease or otherwise encumber its interest in this Lease or further sublet any portion of the Subject Space, or otherwise suffer or permit any portion of the Subject Space to be used or occupied by others, except in accordance with this Section 14. Landlord or its authorized representatives shall have the right at all reasonable times during normal business hours, but not more than once for each Transfer, to audit the books, records and papers of Tenant relating to any Transfer. Landlord agrees to and shall keep and maintain the books, records, and papers of Tenant strictly confidential and shall not disclose such confidential information to any person or entity other than Landlord's financial or legal consultants or Landlord's mortgagee. If the Transfer Premium respecting any Transfer shall be found understated, Tenant shall, within thirty (30) days after demand, pay the deficiency, and if understated by more than five percent (5%), Tenant shall pay Landlord's reasonable costs of such audit.

14.6 **Additional Transfers.** For purposes of this Lease, the term "**Transfer**" shall also include (i) if Tenant is a partnership, the withdrawal or change, voluntary, involuntary or by operation of law, of fifty percent (50%) or more of the partners, or transfer of fifty percent (50%) or more of partnership interests, within a twelve (12)-month period, or the dissolution of the partnership without immediate reconstitution thereof, and (ii) if Tenant is a closely held corporation (*i.e.*, whose stock is not publicly held and not traded through an exchange or over the

counter), (A) the dissolution, merger, consolidation or other reorganization of Tenant or (B) the sale or other transfer of an aggregate of fifty percent (50%) or more of the voting shares of Tenant (other than to immediate family members by reason of gift or death), within a twelve (12)-month period, or (C) the sale, mortgage, hypothecation or pledge of an aggregate of fifty percent (50%) or more of the value of the unencumbered assets of Tenant within a twelve (12)-month period.

14.7 **Non-Transfers**. Notwithstanding anything to the contrary contained in this Article 14 and so long as any such Permitted Non-Transfer (as defined herein) is not a subterfuge by Tenant to avoid its obligations under this Lease, any of the following transfers shall not be deemed a Transfer under this Article 14 (each of which are hereinafter referred to as a "**Permitted Non-Transfer**" and any such assignee or sublessee pursuant to a Permitted Non-Transfer hereinafter referred to as a "**Permitted Non-Transferee**"): (i) an assignment of Tenant's interest in this Lease, or a subletting of all or a portion of the Premises, to an affiliate of Tenant (i.e., an entity which is controlled by, controls, or is under common control with, Tenant) or any parent of Tenant, (ii) an assignment of Tenant's interest in this Lease to an entity which acquires all or substantially all of the assets of Tenant, (iii) an assignment of Tenant's interest in this Lease to an entity which is the resulting entity of a stock acquisition, merger or consolidation of Tenant during the Lease Term; (iv) any sale of stock for capital raising purposes in which Tenant is the surviving corporation, or the sale of stock or other equity interests in Tenant on a public stock exchange (e.g., NYSE or NASDAQ), whether in connection with an initial public offering or thereafter; (v) or any merger effected exclusively to change the domicile of Tenant; or (vi) any assignment of Tenants' interest in the Lease in connection with any financing or refinancing of Tenant's business, whether such financing or refinancing takes the form of debt or equity investments through publicly or privately traded equity or any other form, including, without limitation, any transaction whereby an equity investor directly or indirectly provides financing or refinancing for Tenant and/or purchases ownership interests of Tenant, its parent or any affiliate of Tenant. Each Permitted Non-Transferee shall have a valuation immediately following such transaction that (A) is the greater of (1) the valuation of Tenant immediately prior to such Permitted Non-Transfer or (2) the valuation of Original Tenant on the date of this Lease, and (B) is otherwise reasonably sufficient to satisfy the financial obligations under this Lease or sublease, as the case may be. For each Permitted Non-Transfer, Tenant shall notify Landlord of the same and promptly supply Landlord with any commercially reasonable documents or information reasonably requested by Landlord regarding such Permitted Non-Transfer or such Permitted Non-Transferee. An assignee of Original Tenant's entire interest in this Lease which assignee is a Permitted Non-Transferee may also be referred to herein as a "**Non-Transferee Assignee**." As used in this Section 14.7, "control" shall mean the ownership, directly or indirectly, of at least fifty-one percent (51%) of the voting securities of, or possession of the right to vote, in the ordinary direction of its affairs, of at least fifty-one percent (51%) of the voting interest in, any person or entity.

14.8 **Occurrence of Default.** Any Transfer hereunder shall be subordinate and subject to the provisions of this Lease, and if this Lease shall be terminated during the term of any such Transfer, Landlord shall have the right to: (i) treat such Transfer as cancelled and repossess the Subject Space by any lawful means, or (ii) require that such Transferee attorn to and recognize Landlord as its landlord under any such Transfer. If Tenant shall be in default under this Lease, Landlord is hereby irrevocably authorized, as Tenant's agent and attorney-in-fact, to direct any Transferee to make all payments under or in connection with such Transfer directly to Landlord (which Landlord shall apply towards Tenant's obligations under this Lease) until such default is cured. Such Transferee shall rely on any representation by Landlord that Tenant is in default hereunder, without any need for confirmation thereof by Tenant. Upon any assignment of Tenant's interest in this Lease, the assignee shall assume in writing all obligations and covenants of Tenant thereafter to be performed or observed under this Lease. No collection or acceptance of rent by Landlord from any Transferee shall be deemed a waiver of any provision of this Article 14 or the approval of any Transferee or a release of Tenant from any obligation under this Lease, whether theretofore or thereafter accruing. In no event shall Landlord's enforcement of any provision of this Lease against any Transferee be deemed a waiver of Landlord's right to enforce any term of this Lease against Tenant or any other person. If Tenant's obligations hereunder have been guaranteed, Landlord's consent to any Transfer shall not be effective unless the guarantor also consents to such Transfer.

ARTICLE 15

SURRENDER OF PREMISES; OWNERSHIP AND REMOVAL OF TRADE FIXTURES

15.1 **Surrender of Premises.** No act or thing done by Landlord or any agent or employee of Landlord during the Lease Term shall be deemed to constitute an acceptance by Landlord of a surrender of the Premises unless such intent is specifically acknowledged in writing by Landlord. The delivery of keys to the Premises to Landlord or any agent or employee of Landlord shall not constitute a surrender of the Premises or effect a termination of this Lease, whether or not the keys are thereafter retained by Landlord, and notwithstanding such delivery Tenant shall be entitled to the return of such keys at any reasonable time upon request until this Lease shall have been properly terminated. The voluntary or other surrender of this Lease by Tenant, whether accepted by Landlord or not, or a mutual termination hereof, shall not work a merger, and at the option of Landlord shall operate as an assignment to Landlord of all subleases or subtenancies affecting the Premises or terminate any or all such sublessees or subtenancies.

15.2 **Removal of Tenant Property by Tenant.** Upon the expiration of the Lease Term, or upon any earlier termination of this Lease, Tenant shall, subject to the provisions of this Article 15, quit and surrender possession of the Premises to Landlord in as good order and condition as when Tenant took possession and as thereafter improved by Landlord and/or Tenant, reasonable wear and tear and repairs which are specifically made the responsibility of Landlord hereunder excepted. Upon such expiration or termination, Tenant shall, without expense to Landlord, remove or cause to be removed from the Premises all debris and rubbish, and such items of furniture, equipment, business and trade fixtures, free-standing cabinet work, movable partitions, cabling installed

by or at the request of Tenant that is not contained in protective conduit or metal raceway and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises, and such similar articles of any other persons claiming under Tenant, as Landlord may, in its sole discretion, require to be removed, and Tenant shall repair at its own expense all damage to the Premises and Building resulting from such removal.

ARTICLE 16

HOLDING OVER

If Tenant holds over after the expiration of the Lease Term or earlier termination thereof, with or without the express or implied consent of Landlord, such tenancy shall be from month-to-month only, and shall not constitute a renewal hereof or an extension for any further term, and in such case Rent shall be payable at a monthly rate equal to the product of 150% of the Rent applicable during the last rental period of the Lease Term under this Lease. Such month-to-month tenancy shall be subject to every other applicable term, covenant and agreement contained herein. For purposes of this Article 16, a holding over shall include Tenant's remaining in the Premises after the expiration or earlier termination of the Lease Term, as required pursuant to the terms of this Lease or the Tenant Work Letter, to remove any Alterations or Above Building Standard Tenant Improvements located within the Premises and replace the same with Building Standard Tenant Improvements. Nothing contained in this Article 16 shall be construed as consent by Landlord to any holding over by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease upon the expiration or other termination of this Lease. The provisions of this Article 16 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law. If Tenant fails to surrender the Premises upon the termination or expiration of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from all losses, costs (including reasonable attorneys' fees) and liabilities resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any succeeding tenant founded upon such failure to surrender and any lost profits to Landlord resulting therefrom.

ARTICLE 17

ESTOPPEL CERTIFICATES

Within fifteen (15) days following a request in writing by Landlord, Tenant shall execute, acknowledge and deliver to Landlord an estoppel certificate in the form of **Exhibit H** attached hereto. Any such certificate may be relied upon by any current or prospective mortgagee or purchaser of all or any portion of the Project. Tenant shall execute and deliver whatever other instruments may be reasonably required for such purposes. At any time during the Lease Term (but in no event more than once during any calendar year except in connection with a sale or refinancing of the Building), Landlord may require Tenant, and to the extent applicable, any guarantor(s), to provide Landlord with a current audited financial statement and audited financial statements of the two (2) years prior to the current financial statement year. Such statements shall be delivered by Tenant and such guarantor(s) to Landlord within thirty (30) days after Landlord's written request therefor and be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Tenant or such guarantor(s), shall be audited by an independent certified public accountant with copies of the auditor's statement, reflecting Tenant's or such guarantor(s)', as applicable, then-current financial condition in such form and detail as Landlord may reasonably request. Any such financial statements obtained by Landlord shall be kept strictly confidential Tenant and Landlord shall not disclose such confidential information to any person or entity other than Landlord's financial and legal consultants and Landlord's mortgagee's without Tenant's prior written consent, which may be withheld in Tenant's sole discretion. At any time and from time to time, in the context of a sale of Tenant's business or a financing thereof only, and upon not less than fifteen (15) days' prior notice from Tenant, Landlord shall execute and deliver to Tenant a statement certifying (i) the titles and dates of the documents then comprising this Lease, (ii) the current amounts of and the dates to which the Base Rent and Additional Rent have been paid, (iii) to the best of Landlord's knowledge that Tenant is not in default under this Lease (or if Tenant is in default, specifying the nature of such default), and (iv) such other information reasonably requested by Tenant for such purposes. The failure of either party and any such guarantor(s) to timely execute, acknowledge and deliver such estoppel certificate shall constitute an acknowledgment by such party and such guarantor(s) that statements included in the estoppel certificate are true and correct, without exception.

ARTICLE 18

SUBORDINATION

This Lease shall be subject and subordinate to all present and future ground or underlying leases of the Building or Project and to the lien of any mortgage, trust deed or other encumbrances now or hereafter in force against the Building or Project or any part thereof, if any, and to all renewals, extensions, modifications, consolidations and replacements thereof, and to all advances made or hereafter to be made upon the security of such mortgages or trust deeds, unless the holders of such mortgages, trust deeds or other encumbrances, or the lessors under such ground lease or underlying leases, require in writing that this Lease be superior thereto. Tenant covenants and agrees in the event any proceedings are brought for the foreclosure of any such mortgage or deed in lieu thereof (or if any ground lease is terminated), to attorn, without any deductions or set-offs whatsoever, to the lienholder or purchaser or any successors thereto upon any such foreclosure sale or deed in lieu thereof (or to the ground lessor), if so requested to do so by such purchaser or lienholder or ground lessor, and to recognize such purchaser or lienholder or ground lessor as the lessor under this Lease, provided such lienholder or purchaser or ground lessor agrees in writing to accept this Lease and agrees not disturb Tenant's occupancy, so long as Tenant timely pays the Rent and observes and performs the terms, covenants and conditions of this Lease to be observed

and performed by Tenant. Landlord's interest herein may be assigned as security at any time to any lienholder. Tenant shall, within fifteen (15) days of request by Landlord, execute such further instruments or assurances as Landlord may reasonably deem necessary to evidence or confirm the subordination or superiority of this Lease to any such mortgages, trust deeds, ground leases or underlying leases so long as Tenant's rights under this Lease are not adversely affected thereby. So long as the requirements of this Section are satisfied, Tenant waives the provisions of any current or future statute, rule or law which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease and the obligations of the Tenant hereunder in the event of any foreclosure proceeding or sale.

ARTICLE 19

DEFAULTS; REMEDIES

19.1 **Events of Default.** The occurrence of any of the following shall constitute a default of this Lease ("**Default**") by Tenant:

19.1.1 Any failure by Tenant to pay any Rent or any other charge required to be paid under this Lease, or any part thereof, within five (5) days when due and such failure continues for five (5) days after written notice thereof from Landlord, except that Landlord shall only be required to give one (1) such notice in any calendar year, and after any such notice is given any failure by Tenant in such calendar year to pay any Rent due hereunder within five (5) days when due shall itself constitute a Default, without the requirement of notice from Landlord of such failure; or

19.1.2 Except where a specific time period is otherwise set forth for Tenant's performance in this Lease, in which event the failure to perform by Tenant within such time period shall be a default by Tenant under this Section 19.1.2, any failure by Tenant to observe or perform any other provision, covenant or condition of this Lease to be observed or performed by Tenant where such failure continues for twenty (20) days after written notice thereof from Landlord to Tenant; provided that if the nature of such default is such that the same cannot reasonably be cured within such 20-day period, Tenant shall not be deemed to be in default if it diligently commences such cure within such period and thereafter diligently proceeds to rectify and cure such default, but in no event exceeding a period of time in excess of thirty (30) days after written notice thereof from Landlord to Tenant; or

19.1.3 The failure by Tenant to observe or perform according to the provisions of Articles 5, 14, 17 or 18 of this Lease where such failure continues for more than five (5) business days after notice from Landlord; or

19.1.4 Tenant's failure to comply with the terms of the Declarations within ten (10) days following Tenant's receipt of written notice of such failure; or

19.1.5 To the extent permitted by law, a general assignment by Tenant or any guarantor of this Lease for the benefit of creditors, or the taking of any corporate action in furtherance of bankruptcy or dissolution whether or not there exists any proceeding under an insolvency or bankruptcy law, or the filing by or against Tenant or any guarantor of any proceeding under an insolvency or bankruptcy law, unless in the case of a proceeding filed against Tenant or any guarantor the same is dismissed within sixty (60) days, or the appointment of a trustee or receiver to take possession of all or substantially all of the assets of Tenant or any guarantor, unless possession is restored to Tenant or such guarantor within thirty (30) days, or any execution or other judicially authorized seizure of all or substantially all of Tenant's assets located upon the Premises or of Tenant's interest in this Lease, unless such seizure is discharged within thirty (30) days; or

19.1.6 Tenant's failure to occupy the Premises for business operations for more than thirty (30) consecutive days at any time during the Lease Term (or any applicable Option Term); or

19.1.7 Tenant's failure to occupy the Premises within ten (10) business days after the Lease Commencement Date.

The notice periods provided herein are in lieu of, and not in addition to, any notice periods provided by law.

19.2 **Remedies Upon Default.** Upon the occurrence of any event of default by Tenant, Landlord shall have, in addition to any other remedies available to Landlord at law or in equity (all of which remedies shall be distinct, separate and cumulative), the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever.

19.2.1 Terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim or damages therefor; and Landlord may recover from Tenant the following:

(i) The worth at the time of award of any unpaid rent which has been earned at the time of such termination; plus

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant demonstrates could have been reasonably avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant demonstrates could have been reasonably avoided; plus

(iv) Any other reasonable amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including but not limited to, reasonable brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant (whether performed by Landlord or Landlord's property manager), whether for the same or a different use, and any special concessions made to obtain a new tenant; provided, however, that for purposes of Tenant's liability under the foregoing portion of this sentence, such costs of reletting and commissions (only) shall be amortized over the initial term of such new lease, with interest thereon at the Interest Rate (as defined below), and Tenant shall be liable only for that portion so amortized falling within the remaining portion of the Term; and

(v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The term **"rent"** as used in this Section 19.2 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in Paragraphs 19.2.1(i) and (ii), above, the "worth at the time of award" shall be computed by allowing interest at the rate set forth in Article 25 of this Lease, but in no case greater than the maximum amount of such interest permitted by law. As used in Paragraph 19.2.1(iii) above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

19.2.2 Terminate Tenant's right to possess the Premises by any lawful means with or without terminating this Lease, in which event Tenant will immediately surrender possession of the Premises to Landlord within ten (10) days of receipt of written notice from Landlord. In such event, this Lease continues in full force and effect (except for Tenant's right to possess the Premises) and Tenant continues to be obligated for and must pay all Rent as and when due under this Lease. Unless Landlord specifically states that it is terminating this Lease, Landlord's termination of Tenant's right to possess the Premises is not to be construed as an election by Landlord to terminate this Lease or Tenant's obligations and liabilities under this Lease. If Landlord terminates Tenant's right to possess the Premises, Landlord is not obligated to, but upon providing written notice to Tenant, may re-enter the Premises and remove all persons and property from the Premises if Tenant fails to do so within such 10-day period. Landlord may store any property Landlord removes from the Premises in a public warehouse or elsewhere at the cost and for the account of Tenant, and if Tenant fails to pay the storage charges therefor within ten (10) days of Tenant's receipt of written request therefor, Landlord may deem such property abandoned and cause such property to be sold or otherwise disposed of without further obligation or any accounting to Tenant. Upon such re-entry, Landlord shall, to the extent required by applicable Laws, use commercially reasonable efforts to relet the Premises to a third party or parties for Tenant's account. Tenant shall be liable to Landlord for all Costs of Re-Letting (as defined below) and shall pay Landlord the same within thirty (30) days after Landlord's written notice to Tenant. Landlord may relet the Premises for a period shorter or longer than the remaining Lease Term. If Landlord relets all or any part of the Premises, Tenant remains obligated to pay all Rent when due under this Lease; provided that Landlord will, on a monthly basis, credit any Net Re-Letting Proceeds (as defined below) received for the current month against Tenant's Rent obligation for the next succeeding month. If the Net Re-Letting Proceeds received for any month exceeds Tenant's Rent obligation for the succeeding month, Landlord may retain the surplus.

As used herein, "Net Re-Letting Proceeds" shall mean the total amount of rent and other consideration paid by any Replacement Tenants (as defined below), less all Costs of Re-Letting, during a given period of time. "Costs of Re-Letting" shall include without limitation, all commercially reasonable costs and expenses incurred by Landlord for any repairs, maintenance, changes, alterations and improvements to the Premises, brokerage commissions, advertising costs, attorneys' fees, any reasonable and customary free rent periods or credits, tenant improvement allowances, take-over lease obligations and other reasonable and customary economic incentives required to enter leases with Replacement Tenants. "Replacement Tenants" shall mean any individual, trust, partnership, company, joint venture, association, corporation, or any other entity to whom Landlord relets the Premises or any portion thereof pursuant to this Section 19.2.2.

19.3 **Form of Payment After Default.** Following the occurrence of an event of default by Tenant, Landlord shall have the right to require that any or all subsequent amounts paid by Tenant to Landlord hereunder, whether to cure the default in question or otherwise, be paid in the form of cash, money order, cashier's or certified check drawn on an institution acceptable to Landlord, or by other commercially reasonable means approved by Landlord, notwithstanding any prior practice of accepting payments in any different form.

19.4 **Efforts to Relet.** No re-entry or repossession, repairs, maintenance, changes, alterations and additions, reletting, appointment of a receiver to protect Landlord's interests hereunder, or any other action or omission by Landlord shall be construed as an election by Landlord to terminate this Lease or Tenant's right to possession, or to accept a surrender of the Premises, nor shall same operate to release Tenant in whole or in part from any of Tenant's obligations hereunder, unless express written notice of such intention is sent by Landlord to Tenant. Tenant hereby irrevocably waives any right otherwise available under any law to redeem or reinstate this Lease.

19.5 **Subleases of Tenant**. Whether or not Landlord elects to terminate this Lease on account of any default by Tenant, as set forth in this Article 19, Landlord shall have the right to terminate any and all subleases, licenses, concessions or other consensual arrangements for possession entered into by Tenant and affecting the Premises or may, in Landlord's sole discretion, succeed to Tenant's interest in such subleases, licenses, concessions or arrangements. In the event of Landlord's election to succeed to Tenant's interest in any such subleases, licenses, concessions or arrangements, Tenant shall, as of the date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

19.6 **Landlord's Default/Tenant's Remedies.** Upon the occurrence of any failure by Landlord to observe or perform any term, covenant or condition of this Lease to be observed or performed by Landlord, if such failure shall continue for thirty (30) days after receipt of written notice thereof to Landlord, Landlord shall be in default under this Lease; provided, however, that if the nature of the default is such that the same cannot be reasonably cured within said thirty (30) day period, Landlord shall not be in default hereunder if Landlord shall within such period commence such cure and shall thereafter diligently prosecute the same to completion; provided that, if longer than ninety (90) days, Landlord shall notify Tenant of the reasons for such extended time period and of the projected completion date.

19.7 **Remedies Generally.** Except as otherwise specified in this Lease, Landlord's remedies and Tenant's remedies set forth in this Lease shall not be exclusive, but shall be cumulative and shall be in addition to, and not in lieu of, any other remedies now or hereafter allowed by law or in equity, including, without limitation, injunctive relief, specific performance and consequential damages. Notwithstanding anything to the contrary herein, in the event of a default by Tenant, Landlord shall use its commercially reasonable efforts to mitigate its damages in accordance with applicable Laws; provided that those efforts shall not require Landlord to relet the Premises in preference to any other space in the Project, relet the Premises to any party that Landlord could reasonably reject as a transferee pursuant to Article 14, or incur any out-of-pocket construction costs or brokerage commissions in connection with such efforts (other than such costs that amortize over the term of a new lease for the Premises).

ARTICLE 20

COVENANT OF QUIET ENJOYMENT

Landlord covenants that Tenant, on paying the Rent, charges for services and other payments herein reserved and on keeping, observing and performing all the other terms, covenants, conditions, provisions and agreements herein contained on the part of Tenant to be kept, observed and performed, shall, during the Lease Term, peaceably and quietly have, hold and enjoy the Premises subject to the terms, covenants, conditions, provisions and agreements hereof, without interference by any persons lawfully claiming by or through Landlord. The foregoing covenant is in lieu of any other covenant express or implied.

ARTICLE 21

LETTER OF CREDIT

21.1 **Delivery of Letter of Credit**. Tenant shall deliver to Landlord, within ninety (90) days of the Effective Date, an unconditional, clean, irrevocable letter of credit (the "**L-C**") in the amount set forth in Section 7 of the Summary (the "**L-C Amount**"), which L-C shall be issued by either Silicon Valley Bank, a subsidiary of SVB Financial Group; Pacific Western Bank or an affiliate or division thereof; or a money-center, solvent and nationally recognized bank (a bank which accepts deposits, maintains accounts, has a local office in Salt Lake City, Utah that will negotiate a letter of credit, and whose deposits are insured by the FDIC) reasonably acceptable to Landlord (such approved, issuing bank being referred to herein as the "**Bank**"), which Bank must have a short term Fitch Rating which is not less than "F1", and a long term Fitch Rating which is not less than "A" (or in the event such Fitch Ratings are no longer available, a comparable rating from Standard and Poor's Professional Rating Service or Moody's Professional Rating Service) (collectively, the "**Bank's Credit Rating Threshold**"), and which L-C shall be in the form of **Exhibit E**, attached hereto. Tenant shall pay all expenses, points and/or fees incurred by Tenant in obtaining the L-C. The L-C shall (i) be "callable" at sight, irrevocable and unconditional, (ii) be maintained in effect, whether through renewal or extension, for the period commencing on the date of this Lease and continuing until the date (the "**L-C Expiration Date**") that is no less than one hundred twenty (120) days after the expiration of the Lease Term, as the same may be extended, and Tenant shall deliver a new L-C or certificate of renewal or extension to Landlord at least sixty (60) days prior to the expiration of the L-C then held by Landlord, without any action whatsoever on the part of Landlord, (iii) be fully assignable by Landlord, its successors and assigns, (iv) permit partial draws and multiple presentations and drawings, and (v) be otherwise subject to the International Standby Practices-ISP 98, International Chamber of Commerce Publication #590. Landlord, or its then managing agent, shall have the right to draw down an amount up to the face amount of the L-C if any of the following shall have occurred or be applicable: (A) such amount is due to Landlord under the terms and conditions of this Lease (following the expiration of all applicable payment and default cure periods) or (B) Tenant has filed a voluntary petition under the U. S. Bankruptcy Code or any state bankruptcy code (collectively, "**Bankruptcy Code**"), or (C) an involuntary petition has been filed against Tenant under the Bankruptcy Code, or (D) the Bank has notified Landlord that the L-C will not be renewed or extended through the L-C Expiration Date, or (E) Tenant is placed into receivership or conservatorship, or becomes subject to similar proceedings under Federal or State law, or (F) Tenant executes an assignment for the benefit of creditors, or (G) if (1) any of the Bank's Fitch Ratings (or other comparable ratings to the extent the Fitch Ratings are no longer available) have been reduced below the Bank's Credit Rating Threshold, or (2) there is otherwise a material adverse change in the financial condition of the Bank, and Tenant has failed to provide Landlord with a replacement letter of credit within thirty (30) days following receipt of Landlord's written request therefor, conforming in all respects to the requirements of this Article 21 (including, but not limited to, the requirements placed on the issuing Bank more particularly set forth in this

Section 21.1 above), in the amount of the applicable L-C Amount, within ten (10) days following Landlord's written demand therefor (with no other notice or cure or grace period being applicable thereto, notwithstanding anything in this Lease to the contrary) (each of the foregoing being an **"L-C Draw Event"**). The L-C shall be honored by the Bank regardless of whether Tenant disputes Landlord's right to draw upon the L-C. In addition, in the event the Bank is placed into receivership or conservatorship by the Federal Deposit Insurance Corporation or any successor or similar entity, then, effective as of the date such receivership or conservatorship occurs, said L-C shall be deemed to fail to meet the requirements of this Article 21, and, within ten (10) days following Landlord's notice to Tenant of such receivership or conservatorship (the **"L-C FDIC Replacement Notice"**), Tenant shall replace such L-C with a substitute letter of credit from a different issuer (which issuer shall meet or exceed the Bank's Credit Rating Threshold and shall otherwise be acceptable to Landlord in its reasonable discretion) and that complies in all respects with the requirements of this Article 21. If Tenant fails to replace such L-C with such conforming, substitute letter of credit pursuant to the terms and conditions of this Section 21.1, then, notwithstanding anything in this Lease to the contrary, Landlord shall have the right to declare Tenant in default of this Lease for which there shall be no notice or grace or cure periods being applicable thereto (other than the aforesaid ten (10) day period). Tenant shall be responsible for the payment of any and all costs incurred with the review of any replacement L-C (including without limitation Landlord's reasonable attorneys' fees), which replacement is required pursuant to this Section or is otherwise requested by Tenant.

Notwithstanding anything to the contrary contained in this Lease, Landlord shall not be required to disburse any portion of the Tenant Improvement Allowance to Tenant until Tenant has provided Landlord with the L-C described in this Article 21.

21.2 **Application of L-C**. Tenant hereby acknowledges and agrees that Landlord is entering into this Lease in material reliance upon the ability of Landlord to draw upon the L-C upon the occurrence of any L-C Draw Event. In the event of any L-C Draw Event, Landlord may, but without obligation to do so, and without notice to Tenant, draw upon the L-C, in part or in whole, to cure any such L-C Draw Event and/or to compensate Landlord for any and all damages of any kind or nature sustained or which Landlord reasonably estimates that it will sustain resulting from Tenant's breach or default of the Lease or other L-C Draw Event and/or to compensate Landlord for any and all damages arising out of, or incurred in connection with, the termination of this Lease, subject to the provisions of Article 19 hereof. The use, application or retention of the L-C, or any portion thereof, by Landlord shall not prevent Landlord from exercising any other right or remedy provided by this Lease or by any applicable Laws, it being intended that Landlord shall not first be required to proceed against the L-C, and such L-C shall not operate as a limitation on any recovery to which Landlord may otherwise be entitled. No condition or term of this Lease shall be deemed to render the L-C conditional to justify the issuer of the L-C in failing to honor a drawing upon such L-C in a timely manner. Tenant agrees and acknowledges that (i) the L-C constitutes a separate and independent contract between Landlord and the Bank, (ii) Tenant is not a third party beneficiary of such contract, (iii) Tenant has no property interest whatsoever in the L-C or the proceeds thereof, and (iv) in the event Tenant becomes a debtor under any chapter of the Bankruptcy Code, Tenant is placed into receivership or conservatorship, and/or there is an event of a receivership, conservatorship or a bankruptcy filing by, or on behalf of, Tenant, neither Tenant, any trustee, nor Tenant's bankruptcy estate shall have any right to restrict or limit Landlord's claim and/or rights to the L-C and/or the proceeds thereof by application of Section 502(b)(6) of the U. S. Bankruptcy Code or otherwise. In the event of an assignment by Tenant of its interest in this Lease (and irrespective of whether Landlord's consent is required for such assignment), the acceptance of any replacement or substitute L-C by Landlord from the assignee shall be subject to Landlord's prior written approval, in Landlord's reasonable discretion, and the actual and reasonable attorney's fees incurred by Landlord in connection with such determination shall be payable by Tenant to Landlord within ten (10) days of billing.

21.3 **L-C Amount; Maintenance of L-C by Tenant**. If, as a result of any drawing by Landlord of all or any portion of the L-C, the amount of the L-C shall be less than the L-C Amount, Tenant shall, within five (5) days thereafter, provide Landlord with additional letter(s) of credit in an amount equal to the deficiency, and any such additional letter(s) of credit shall comply with all of the provisions of this Article 21. Tenant further covenants and warrants that it will neither assign nor encumber the L-C or any part thereof and that neither Landlord nor its successors or assigns will be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance. Without limiting the generality of the foregoing, if the L-C expires earlier than the L-C Expiration Date, Landlord will accept a renewal thereof (such renewal letter of credit to be in effect and delivered to Landlord, as applicable, not later than ninety (90) days prior to the expiration of the L-C), which shall be irrevocable and automatically renewable as above provided through the L-C Expiration Date upon the same terms as the expiring L-C or such other terms as may be acceptable to Landlord in its sole discretion. If the L-C is not timely renewed, or if Tenant fails to maintain the L-C in the amount and in accordance with the terms set forth in this Article 21, Landlord shall have the right to present the L-C to the Bank in accordance with the terms of this Article 21, and the proceeds of the L-C may be applied by Landlord against any rent payable by Tenant under this Lease that is not paid when due and/or to pay for all losses and damages that Landlord has suffered or that Landlord reasonably estimates that it will suffer as a result of any breach or default by Tenant under this Lease. In the event Landlord elects to exercise its rights under the preceding sentence, (x) any unused proceeds shall constitute the property of Landlord (and not Tenant's property or, in the event of a receivership, conservatorship, or a bankruptcy filing by Tenant, property of such receivership, conservatorship or Tenant's bankruptcy estate) and need not be segregated from Landlord's other assets, and (y) Landlord agrees to pay to Tenant within thirty (30) days after the L-C Expiration Date the amount of any proceeds of the L-C received by Landlord and not applied against any rent payable by Tenant under this Lease that was not paid when due or used to pay for any losses and/or damages suffered by Landlord (or reasonably estimated by Landlord that it will suffer) as a result of any breach or default by Tenant under this Lease; provided, however, that if prior to the L-C Expiration Date a voluntary petition is filed by Tenant, or an involuntary petition is filed against Tenant by any of Tenant's creditors, under the Bankruptcy Code, then Landlord shall not be obligated to make such payment in the amount of the unused L-C proceeds until either all preference issues relating to payments under this Lease have been resolved in such bankruptcy or reorganization case or such bankruptcy or reorganization case has been dismissed.

21.4 **Transfer and Encumbrance**. The L-C shall also provide that Landlord may, at any time and without notice to Tenant and without first obtaining Tenant's consent thereto, transfer (one or more times) all or any portion of its interest in and to the L-C to another party, person or entity, regardless of whether or not such transfer is from or as a part of the assignment by Landlord of its rights and interests in and to this Lease. In the event of a transfer of Landlord's interest in under this Lease, Landlord shall transfer the L-C, in whole or in part, to the transferee and thereupon Landlord shall, without any further agreement between the parties, be released by Tenant from all liability therefor, and it is agreed that the provisions hereof shall apply to every transfer or assignment of the whole of said L-C to a new landlord. In connection with any such transfer of the L-C by Landlord, Tenant shall, at Tenant's sole cost and expense, execute and submit to the Bank such applications, documents and instruments as may be necessary to effectuate such transfer and, Tenant shall be responsible for paying the Bank's transfer and processing fees in connection therewith.

21.5 **L-C Not a Security Deposit**. Landlord and Tenant (1) acknowledge and agree that in no event or circumstance shall the L-C or any renewal thereof or substitute therefor or any proceeds thereof be deemed to be or treated as a "security deposit" under any law applicable to security deposits in the commercial context (the "**Security Deposit Laws**"), (2) acknowledge and agree that the L-C (including any renewal thereof or substitute therefor or any proceeds thereof) is not intended to serve as a security deposit, and the Security Deposit Laws shall have no applicability or relevancy thereto, and (c) waive any and all rights, duties and obligations that any such party may now, or in the future will, have relating to or arising from the Security Deposit Laws. Tenant hereby irrevocably waives and relinquishes any statue, and all other provisions of law, now or hereafter in effect, which (x) establish the time frame by which a landlord must refund a security deposit under a lease, and/or (y) provide that a landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by a tenant or to clean the premises, it being agreed that Landlord may, in addition, claim those sums specified in this Article 21 and/or those sums reasonably necessary to (a) compensate Landlord for any loss or damage caused by Tenant's breach of this Lease, including any damages Landlord suffers following termination of this Lease, and/or (b) compensate Landlord for any and all damages arising out of, or incurred in connection with, the termination of this Lease.

21.6 **Non-Interference By Tenant**. Subject to the provisions of Sections 21.1 and 21.8, Tenant agrees not to interfere in any way with any payment to Landlord of the proceeds of the L-C, either prior to or following a "draw" by Landlord of all or any portion of the L-C, regardless of whether any dispute exists between Tenant and Landlord as to Landlord's right to draw down all or any portion of the L-C. No condition or term of this Lease shall be deemed to render the L-C conditional and thereby afford the Bank a justification for failing to honor a drawing upon such L-C in a timely manner.

21.7 **Waiver of Certain Relief**. Tenant unconditionally and irrevocably waives (and as an independent covenant hereunder, covenants not to assert) any right to claim or obtain any of the following relief in connection with the L-C:

21.7.1 A temporary restraining order, temporary injunction, permanent injunction, or other order that would prevent, restrain or restrict the presentment of sight drafts drawn under any L-C or the Bank's honoring or payment of sight draft(s); or

21.7.2 Any attachment, garnishment, or levy in any manner upon either the proceeds of any L-C or the obligations of the Bank (either before or after the presentment to the Bank of sight drafts drawn under such L-C) based on any theory whatever.

21.8 **Remedy for Improper Drafts**. Tenant's sole remedy in connection with the improper presentment or payment of sight drafts drawn under any L-C shall be the right to obtain from Landlord a refund of the amount of any sight draft(s) that were improperly presented or the proceeds of which were misapplied, together with interest at the Interest Rate and reasonable actual costs incurred by Tenant, including, without limitation, attorneys' fees, within ten (10) days of Tenant's demand therefor, provided that at the time of such refund, Tenant increases the amount of such L-C to the amount (if any) then required under the applicable provisions of this Lease. Tenant acknowledges that the presentment of sight drafts drawn under any L-C, or the Bank's payment of sight drafts drawn under such L-C, could not under any circumstances cause Tenant injury that could not be remedied by an award of money damages, and that the recovery of money damages would be an adequate remedy therefor. In the event Tenant shall be entitled to a refund as aforesaid and Landlord shall fail to make such payment within ten (10) business days after demand, Tenant shall have the right to deduct the amount thereof together with interest thereon at the Interest Rate from the next installment(s) of Base Rent.

21.9 **Notices to Bank**. Tenant shall not request or instruct the Bank of any L-C to refrain from paying sight draft(s) drawn under such L-C.

21.10 **Reduction in L-C Amount**. Notwithstanding the foregoing, the L-C Amount required hereunder shall reduce to the following amounts on the following dates (each such date, a "**Reduction Date**"): (i) on the expiration of the thirty-sixth (36th) full calendar month of the Lease Term, the L-C Amount shall reduce to $3,040,705.00; (ii) on the expiration of the forty-eighth (48th) full calendar month of the Lease Term, the L-C Amount shall reduce to $2,280,529.00; (iii) on the expiration of the sixtieth (60th) full calendar month of the Lease Term, the L-C Amount shall reduce to $1,520,353.00; and (iv) on the expiration of the seventy-second (72nd) full calendar month of the Lease Term, the L-C Amount shall reduce to $1,229,271.00; provided, however, that if on or prior to any Reduction Date, a Default by Tenant shall have occurred and remain uncured, the L-C Amount shall not reduce on such date and shall not thereafter reduce until the next Reduction Date if such Default has been cured; provided further that in no event shall the L-C Amount reduce below $1,229,271.00. If Tenant is entitled to any such reduction, then Landlord shall cooperate in a commercially reasonable manner with Tenant upon Tenant's

request to replace or amend the then existing L-C to reflect the reduced L-C Amount. In no event shall any such reduction of the L-C Amount be construed as an admission by Landlord that Tenant has performed all of its covenants and obligations hereunder.

ARTICLE 22

INTENTIONALLY OMITTED

ARTICLE 23

SIGNS

23.1 **Full Floors.** Subject to Landlord's prior written approval, not to be unreasonably withheld, conditioned or delayed, and provided all signs are in keeping with the quality, design and style of the Building and Project, Tenant, if the Premises comprise an entire floor of the Building, at its sole cost and expense, may install identification signage anywhere in the Premises including in the elevator lobby of the Premises.

23.2 **Multi-Tenant Floors.** If other tenants occupy space on the floor on which the Premises is located, Tenant's identifying signage shall be provided by Landlord, at Tenant's cost, and such signage shall be comparable to that used by Landlord for other similar floors in the Building and shall comply with Landlord's Building standard signage program.

23.3 **Building Directory**. Tenant shall be entitled, at no charge, to one line on the Building directory to display Tenant's name and location in the Building. The location, quality, design, style, and size of such signage shall be consistent with the Landlord's Building standard signage program. Any changes to Tenant's directory signage after the initial placement of the same shall be at Tenant's sole cost and expense.

23.4 **Prohibited Signage and Other Items.** Any signs, notices, logos, pictures, names or advertisements which are installed and that have not been separately approved by Landlord may be removed without notice by Landlord at the sole expense of Tenant. Tenant may not install any signs on the exterior or roof of the Project or the Common Areas. Any signs, window coverings, or blinds (even if the same are located behind the Landlord-approved window coverings for the Building), or other items visible from the exterior of the Premises or Building, shall be subject to the prior approval of Landlord, in its sole discretion.

23.5 **Exterior Building Signage**.

23.5.1 Subject to the terms of this Section 23.5, as a part of the Tenant Improvements in accordance with terms of the Tenant Work Letter or as Alterations in accordance with Article 8 above, Tenant shall have the right to install signage on the exterior of the Building, identifying the name and/or logo of the Original Tenant (i.e., "Recursion Pharmaceuticals") in the approximate locations shown and as depicted on **Exhibit F** attached hereto (the "**Exterior Building Signage**"). The graphics, materials, color, design, lettering, size, quality and specifications of the Exterior Building Signage shall be subject to the prior written approval of Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. The Exterior Building Signage shall also comply with and be subject to all applicable Laws, including, but not limited to, all requirements of the City of Salt Lake City ("**City**") (or other applicable governmental authorities), all applicable Declarations (as defined below), and Landlord's signage criteria; provided, however, that in no event shall the approval by the City (or other applicable governmental authorities) of the Exterior Building Signage be deemed a condition precedent to the effectiveness of this Lease, and if such approval is not obtained, Landlord's and Tenant's other obligations under this Lease shall not be affected thereby. Landlord shall, at no out-of-pocket cost to Landlord, reasonably cooperate with Tenant in obtaining applicable permits from the City in connection with the installation of the Exterior Building Signage. Following the initial construction and installation of the Exterior Building Signage, Tenant shall be entitled to modify the name and/or logo for such signage, at Tenant's sole cost and expense, to the new name and/or logo adopted by Original Tenant, provided that the new name and/or logo shall not be an Objectionable Name or Logo (defined below). "**Objectionable Name or Logo**" shall mean any name or logo which relates to an entity which is of a character or reputation, or is associated with a political orientation or faction, which is inconsistent with the quality of the Building as a first-class office building. Tenant shall, at its sole cost and expense, maintain the Exterior Building Signage in good condition and repair. The signage rights granted to Tenant under this Section 23.5 are personal to the Original Tenant and may only be exercised by the Original Tenant (and not any assignee, or any sublessee or other Transferee of the Original Tenant's interest in this Lease). Notwithstanding anything to the contrary contained in this Section 23.5, in no event shall Tenant have any right to the Exterior Building Signage if the Original Tenant is not leasing and occupying at least 49,586 rentable square feet in the Building (the "**Occupancy Threshold**").

23.5.2 Upon the expiration or earlier termination of this Lease or Tenant's right to possession of the Premises, or the earlier termination of Tenant's right to the Exterior Building Signage by reason of Tenant's failure to meet the requirements applicable thereto pursuant to this Section 23.5, or by Landlord's written notice to Tenant by reason of Tenant's failure to meet the Occupancy Threshold, Tenant shall remove the Exterior Building Signage, at Tenant's sole cost and expense and repair and restore to good condition the areas of the Building on which the Exterior Building Signage was located or that was otherwise affected by such signage or the removal thereof, or at Landlord's election with prior written notice thereof to Tenant, Landlord may perform any such removal and/or repair and restoration and Tenant shall pay Landlord the reasonable cost thereof within thirty (30) days after Landlord's demand from time to time.

ARTICLE 24

COMPLIANCE WITH LAW

Tenant shall not do anything or suffer anything to be done in or about the Premises or the Project which will in any way conflict with any applicable **Laws**. At its sole cost and expense, Tenant shall promptly comply with all such Laws, including, without limitation, the making of any alterations and improvements to the Premises. Notwithstanding the foregoing to the contrary, Landlord shall be responsible, as part of Operating Expenses to the extent permitted under Article 4 above, for making all alterations to the following portions of the Building and Project required by applicable Laws: (i) structural portions of the Premises and Building, but not including Tenant Improvements or any Alterations installed by or at the request of Tenant; and (ii) those portions of the Building and Project located outside the Premises; provided, however, Tenant shall reimburse Landlord (or Landlord's property manager), within thirty (30) days after invoice, for the reasonable, out-of-pocket costs of any such improvements and alterations and other compliance costs to the extent necessitated by or resulting from (A) any Alterations or Tenant Improvements installed by or on behalf of Tenant, (B) the negligence or willful misconduct of Tenant or any Tenant Parties that is not covered by insurance obtained by Landlord and as to which the waiver of subrogation applies, and/or (C) Tenant's specific manner of use of the Premises (as distinguished from general office use).

ARTICLE 25

LATE CHARGES

If any installment of Rent or any other sum due from Tenant shall not be received by Landlord or Landlord's designee within ten (10) days after said amount is due, then Tenant shall pay to Landlord a late charge equal to five percent (5%) of the overdue amount plus any attorneys' fees incurred by Landlord by reason of Tenant's failure to pay Rent and/or other charges when due hereunder. The late charge shall be deemed Additional Rent and the right to require it shall be in addition to all of Landlord's other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner. In addition to the late charge described above, any Rent or other amounts owing hereunder which are not paid within thirty days after that the date they are due shall bear interest from the date when due until paid at a rate per annum equal to the lesser of (i) the annual **"Bank Prime Loan"** rate cited in the Federal Reserve Statistical Release Publication G.13(415), published on the first Tuesday of each calendar month (or such other comparable index as Landlord and Tenant shall reasonably agree upon if such rate ceases to be published) plus four (4) percentage points, and (ii) the highest rate permitted by applicable law (the **"Interest Rate"**).

ARTICLE 26

RIGHT TO CURE DEFAULT; PAYMENTS BY TENANT

26.1 **Landlord's Cure.** All covenants and agreements to be kept or performed by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any reduction of Rent, except to the extent, if any, otherwise expressly provided herein. If Tenant shall fail to perform any obligation under this Lease, and, except in case of an emergency, such failure shall continue in excess of the time allowed under Section 19.1.2, above, unless a specific time period is otherwise stated in this Lease, Landlord may, but shall not be obligated to, make any such payment or perform any such act on Tenant's part without waiving its rights based upon any default of Tenant and without releasing Tenant from any obligations hereunder.

26.2 **Tenant's Cure.** In the event of any default under this Lease by Landlord as described in Section 19.6 above (for failure to maintain or repair the Building) and such failure materially adversely affects use of or operation of business from the Premises, Tenant shall have the right upon ten (10) days' prior written notice to Landlord (with a reasonably detailed description of the cure to be undertaken by Tenant by reason of any such default) to cure the default at Landlord's expense. If, however, Landlord delivers to Tenant, within five (5) days after receipt of Tenant's notice described in the preceding notice, a written objection to the necessity or scope of Tenant's intended actions, setting forth with reasonable particularity Landlord's reasons for its claim that such actions do not need to be taken by Landlord pursuant to this Lease, then Tenant shall not then be entitled to proceed hereunder until such matter is resolved by agreement, mediation, or a court of competent jurisdiction. Notwithstanding the foregoing, any repairs and/or maintenance performed by Tenant pursuant to this Section 26.2 shall be subject to the following: (i) Tenant shall not unreasonably disturb any other tenant of the Project, (ii) affect the safety or structural integrity of the Building, (iii) make any alterations, modifications, or improvements or cause any damage to any part of the Project outside the Premises, or (iv) if Tenant is not the sole tenant of the Building, affect any portion of the Base Building. If Tenant takes any such action, Tenant may use any contractors, subcontractors, materials, mechanics and materialmen Tenant previously used to complete the Tenant Improvements (so long as the same does not void any warranty with respect to the roof of the Building) or such other contractors, subcontractors, materials, mechanics and materialmen selected by Tenant from a list previously provided and approved by Landlord. If such contractors are unwilling or unable to perform, or timely perform such work, Tenant may utilize the services of any other qualified contractor which normally and regularly performs similar work in comparable buildings in Salt Lake City, Utah. In such event, to the extent that Tenant pays any sum or incurs any expense in curing the default, Tenant shall provide Landlord with a written statement along with copies of all documentation supporting such costs and the actions taken by Tenant. Within thirty (30) days after receipt of the statement from Tenant, Landlord shall reimburse Tenant for the amount of such payment or expense. If Landlord fails to pay such amount due to Tenant by the due date, interest at the Interest Rate shall accrue on the past due amount from the due date until the date the amount is paid. Nothing herein contained shall relieve Landlord from its obligations hereunder, nor shall this subsection be construed to obligate Tenant to perform Landlord's repair obligations.

26.3 **Tenant's Reimbursement.** Except as may be specifically provided to the contrary in this Lease, Tenant shall pay to Landlord (or Landlord's property manager), upon delivery by Landlord to Tenant of statements therefor: (i) sums equal to expenditures reasonably made and obligations incurred by Landlord in connection with the remedying by Landlord of Tenant's defaults pursuant to the provisions of Section 26.1; (ii) sums equal to all losses, costs, liabilities, damages and expenses referred to in Article 10 of this Lease; and (iii) sums equal to all expenditures made and obligations incurred by Landlord in collecting or attempting to collect the Rent or in enforcing or attempting to enforce any rights of Landlord under this Lease or pursuant to law, including, without limitation, all legal fees and other amounts so expended. Tenant's obligations under this Section 26.2 shall survive the expiration or sooner termination of the Lease Term.

ARTICLE 27

ENTRY BY LANDLORD

Landlord (or Landlord's property manager) reserves the right at all commercially reasonable times and upon providing one (1) business days' advance notice to Tenant (except in the case of an emergency) to enter the Premises to (i) inspect them; (ii) show the Premises to prospective purchasers, mortgagees or tenants, or to current or prospective mortgagees, ground or underlying lessors or insurers; (iii) post notices of nonresponsibility; or (iv) alter, improve or repair the Premises or the Building, or for structural alterations, repairs or improvements to the Building or the Building's systems and equipment. Notwithstanding anything to the contrary contained in this Article 27, Landlord (or Landlord's property manager) may enter the Premises at any time to (A) perform services required of Landlord, including janitorial service; (B) take possession due to any breach of this Lease in the manner provided herein; and (C) perform any covenants of Tenant which Tenant fails to perform. Landlord shall at all times when entering the Premises comply with Tenant's reasonable safety rules and regulations and laboratory protocols of which Landlord has knowledge of, and, at Tenant's option, shall be accompanied or escorted by Tenant's representative at all times when entering the Premises, so long as such representative is made available when Landlord or its agents need to enter the Premises. Subject to the provisions of this Section, Landlord (or Landlord's property manager) may make any such entries without the abatement of Rent and may take such reasonable steps as required to accomplish the stated purposes. Tenant hereby waives any claims for damages or for any injuries or inconvenience to or interference with Tenant's business, lost profits, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned thereby. For each of the above purposes, Landlord shall at all times have a key with which to unlock all the doors in the Premises, excluding Tenant's laboratories, vaults, safes and special security areas designated in advance by Tenant. In an emergency, Landlord shall have the right to use any means that Landlord may deem proper to open the doors in and to the Premises. Any entry into the Premises by Landlord in the manner hereinbefore described shall not be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an actual or constructive eviction of Tenant from any portion of the Premises. No provision of this Lease shall be construed as obligating Landlord to perform any repairs, alterations or decorations except as otherwise expressly agreed to be performed by Landlord herein.

ARTICLE 28

TENANT PARKING

28.1 **Tenant Parking Passes**. Tenant shall rent from Landlord, commencing on the Lease Commencement Date, up to the number of parking passes set forth in Section 8 of the Summary, on a monthly basis throughout the Lease Term, which parking passes shall pertain to the those certain portions of the Project parking facility designated by Landlord and shall entitle Tenant and/or its personnel to park one (1) vehicle in one (1) parking space per pass rented. Any such passes for reserved parking spaces shall be at locations in the Project which are described in **Exhibit I** attached hereto (the "**Reserved Parking Area**"). Any such passes for unreserved parking spaces shall be on a first-come, first-serve basis. Tenant's continued right to use the parking passes is conditioned upon Tenant abiding by all reasonable rules and regulations which are prescribed from time to time for the orderly operation and use of the parking facility where the parking passes are located, including any sticker or other identification system established by Landlord (so long as Tenant is provided with at least thirty (30) days' advance written notice of any such rules and regulations so prescribed and such rules and regulations do not materially interfere with Tenant's use of or access to the Premises or its rights under this Lease), Tenant's reasonable cooperation in seeing that Tenant's employees and visitors also comply with such rules and regulations. In addition, Tenant shall comply with all applicable Laws. Accordingly, Tenant hereby agrees that Tenant shall not charge its employees for the parking passes utilized by such employees at the Project (notwithstanding any charge which may be imposed upon Tenant for such parking passes pursuant to the terms of this Lease). Landlord shall not reduce or relocate the Reserved Parking Area without Tenant's advance written consent, which may be granted or withheld in Tenant's sole discretion.

At any time during the Term, Tenant may request additional parking passes for additional reserved parking spaces above the maximum number set forth in Section 8 of the Summary, which Landlord shall provide within thirty (30) days of receipt of Tenant's request, subject to availability of such additional parking. Tenant shall pay Landlord on a monthly basis the prevailing rate charged from time to time for each month of the Lease Term for each such additional parking pass provided to Tenant pursuant to the provisions hereof.

Prior to the expiration of the twenty-fourth (24th) full calendar month of the Lease Term, Tenant shall provide Landlord with at least thirty (30) days prior written notice if Tenant needs additional parking passes (up to the maximum number set forth in Section 8 of the Summary). Notwithstanding anything contained herein to the contrary, commencing on the first day of the twenty-fifth (25th) full calendar month of the Lease Term and continuing thereafter during the Lease Term, Tenant shall be required to take all two hundred eighty-eight (288)

parking passes. Once Tenant has elected to take (or been required to take) any parking passes pursuant to this Article 28, Tenant shall not be permitted to release such parking passes back to Landlord during the Lease Term.

28.2 **Other Terms**. Landlord specifically reserves the right to change the size, configuration, design, layout and all other aspects of the Project parking facility at any time and Tenant acknowledges and agrees that Landlord may, without incurring any liability to Tenant and without any abatement of Rent under this Lease, from time to time, temporarily close-off or restrict access to the Project parking facility (for a period of time not to exceed sixty (60) days) for purposes of permitting or facilitating any such construction, alteration or improvements; provided that if any such alterations or additions will have a material adverse effect on Tenant's use of or access to the Premises, Landlord shall provide Tenant with at least seven (7) days prior written notice of the same (except in the event of an emergency, in which case prior written notice is not required, but Landlord shall use commercially reasonable efforts to notify Tenant as promptly as possible under the circumstances) and in no event shall any such changes reduce or relocate the Reserved Parking Area or otherwise reduce the number of unreserved parking spaces available to Tenant within the parking garage located below the Building. Tenant agrees that Landlord shall not be liable for damages, by abatement of Rent or otherwise, for failure to provide any parking, including any failure to provide reserved parking spaces, when such failure is occasioned, in whole or in part, by construction, alteration, improvements, repairs or replacements (subject to the provisions of this Section 28.2), by any strike, lockout or other labor trouble, by inability to resolve any dispute with any other party to the Declarations after reasonable effort to do so, by any riot or other dangerous condition, emergency, accident or casualty whatsoever, by act or default of Tenant or other parties, or by any other cause (except to the extent due to Landlord's gross negligence or willful misconduct); and, subject to the provisions of this Section, such failures shall never be deemed to constitute an eviction or disturbance of Tenant's use and possession of the Premises or relieve Tenant from paying Rent or performing any of its obligations under this Lease. Furthermore, Landlord shall not be liable under any circumstances for a loss of, or injury to, property or for injury to, or interference with, Tenant's business, including, without limitation, loss of profits, however occurring, through or in connection with or incidental to a failure to furnish any parking as set forth in this Article 28 (except to the extent due to Landlord's gross negligence or willful misconduct). The parking passes rented by Tenant pursuant to this Article 28 are provided to Tenant solely for use by Tenant's own personnel, visitors and guests and such passes may not be transferred, assigned, subleased or otherwise alienated by Tenant without Landlord's prior approval. Tenant may validate visitor parking by such method or methods as may be established from time to time, at the validation rate from time to time generally applicable to visitor parking.

28.3 **Parking Procedures**. Except with respect to those parking passes which apply to the Reserved Parking Area, the parking passes initially will not be separately identified but will apply to the parking garage located beneath the Building; however Landlord reserves the right in its sole and absolute discretion to separately identify by signs or other markings the area to which Tenant's parking passes relate within such parking garage. Landlord shall have no obligation to monitor the use of such parking facility, nor shall Landlord be responsible for any loss or damage to any vehicle or other property or for any injury to any person. Tenant's parking passes shall be used only for parking of automobiles no larger than full size passenger automobiles, sport utility vehicles, vans or pick-up trucks in connection with Tenant's business operations at the Premises at any time during the hours that Tenant and/or its personnel, visitors or guests are conducting business operations from the Premises, which may include overnight parking and parking on evenings and weekends consistent with Tenant's business operations, subject to Tenant's and/or its personnel's compliance with Landlord's rules related to such overnight parking. Tenant shall comply with all reasonable rules and regulations which may be prescribed from time to time with respect to parking and/or the parking facilities servicing the Project so long as Tenant receives written notice of such rules and regulations and such rules and regulations are not inconsistent with Tenant's rights under this Lease. Tenant shall not at any time use more parking spaces in the Project parking facility than the number of parking passes so allocated to Tenant or park its vehicles or the vehicles of others in any portion of the Project parking facility not designated by Landlord as a non-exclusive parking area. If any unauthorized vehicle uses any parking passes allocated to the Reserved Parking Area, Landlord shall, upon notice from Tenant, use commercially reasonable efforts to cause the removal of the same in accordance with Landlord's rules and regulations with respect to parking. If any person or entity has the exclusive right to use any particular parking space(s) and such parking spaces are so designated by signage or other markings indicating the same, Tenant shall not use such spaces. All trucks (other than pick-up trucks) and delivery vehicles shall be (i) parked at the designated areas of the surface parking lot (which designated areas are subject to change by Landlord at any time), (ii) loaded and unloaded in a manner which does not interfere with the businesses of other occupants of the Project, and (iii) permitted to remain on the Project only so long as is reasonably necessary to complete loading and unloading. In the event Landlord elects in its sole and absolute discretion or is required by any Law or by the Declarations to limit or control parking, whether by validation of parking tickets or any other method of assessment, Tenant agrees to participate in such validation or assessment program under such reasonable rules and regulations as are from time to time established by Landlord so long as Tenant is provided with at least thirty (30) days' advance written notice of any such changes and such changes do not materially interfere with Tenant's use of or access to the Premises or its rights under this Lease.

28.4 **Parking Fees**. Of the parking passes provided to Tenant pursuant to Section 8 of the Summary, the parking fees for one hundred forty-four (144) of such parking passes shall be abated during the initial Lease Term, but excluding any renewal term. With respect to the remaining one hundred forty-four (144) parking passes provided to Tenant pursuant to Section 8 of the Summary, the parking charges for such passes shall be as follows: (i) during the period commencing on the Lease Commencement Date and ending on the expiration of the twenty-fourth (24th) full calendar month of the Lease Term, Tenant shall pay to Landlord on a monthly basis the prevailing rate charged from time to time at the location of such parking passes; (ii) during the period commencing on the first day of the twenty-fifth (25th) full calendar month of the Lease Term and ending on the expiration of the eighty-fourth (84th) full calendar month of the Lease Term, the parking fees for parking passes shall be abated; and (iii) commencing on the first day of the eighty-fifth (85th) full calendar month of the Lease Term and continuing thereafter (including during any Option Term), Tenant shall pay to Landlord on a monthly basis the prevailing rate charged from time to time at the location of such parking passes; provided that (A) during the first two (2) years of

the Lease Term, in no event may parking rates increase by more than five percent (5%) over the parking rates charged during the preceding year, and (B) after the first two (2) years of the Lease Term, the prevailing parking rates charged to Tenant shall not be higher than the prevailing parking rates charged by Landlord to other tenants of the Project. As of the date hereof, the prevailing parking rate at the Project is $85.00 per parking pass per month. In addition, Tenant shall be responsible for the full amount of any taxes imposed by any governmental authority in connection with the renting of such parking passes by Tenant or the use of the parking facility by Tenant. The amount of parking fees that is abated pursuant to this paragraph is referred to as the "**Reduced Parking Amount**".

Notwithstanding anything to the contrary contained above in Section 28.4, Landlord reserves the right, in its sole and absolute discretion, to elect to pay Tenant the entire Reduced Parking Amount or any such remaining Reduced Parking Amount, as applicable, in cash prior to the scheduled application of the same. If Landlord elects to pay Tenant the Reduced Parking Amount, or any portion thereof, then with respect to those portions of the Reduced Parking Amount that Landlord has so paid, from and after the date thereof, Tenant shall pay to Landlord on a monthly basis the prevailing rate charged from time to time at the location of such parking passes.

ARTICLE 29

MISCELLANEOUS PROVISIONS

29.1 **Terms; Captions.** The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. The necessary grammatical changes required to make the provisions hereof apply either to corporations or partnerships or individuals, men or women, as the case may require, shall in all cases be assumed as though in each case fully expressed. The captions of Articles and Sections are for convenience only and shall not be deemed to limit, construe, affect or alter the meaning of such Articles and Sections.

29.2 **Binding Effect.** Subject to all other provisions of this Lease, each of the covenants, conditions and provisions of this Lease shall extend to and shall, as the case may require, bind or inure to the benefit not only of Landlord and of Tenant, but also of their respective heirs, personal representatives, successors or assigns, provided this clause shall not permit any assignment by Tenant contrary to the provisions of Article 14 of this Lease.

29.3 **No Air Rights.** No rights to any view or to light or air over any property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease. If at any time any windows of the Premises are temporarily darkened or the light or view therefrom is obstructed by reason of any repairs, improvements, maintenance or cleaning in or about the Project, the same shall be without liability to Landlord and without any reduction or diminution of Tenant's obligations under this Lease.

29.4 **Modification of Lease.** Should any current or prospective mortgagee or ground lessor for the Building or Project require a modification of this Lease, which modification will not cause an increased cost or expense to Tenant or in any other way materially and adversely change the rights and obligations of Tenant hereunder, then and in such event, Tenant agrees that this Lease may be so modified and agrees to execute such commercially reasonable documents are reasonably required therefor, subject to Tenant's review and approval of the same, and to deliver the same to Landlord within thirty (30) days following a request therefor. At the request of Landlord or any mortgagee or ground lessor, Tenant agrees to execute a short form of Lease and deliver the same to Landlord within thirty (30) days following the request therefor.

29.5 **Transfer of Landlord's Interest.** Tenant acknowledges that Landlord has the right to transfer all or any portion of its interest in the Project or Building and in this Lease, and Tenant agrees that in the event of any such transfer, Landlord shall be released from all liability under this Lease as long as such transferee assumes in writing the obligations of Landlord hereunder and Tenant agrees to look solely to such transferee for the performance of Landlord's obligations hereunder after the date of transfer and such transferee shall be deemed to have fully assumed and be liable for all obligations of this Lease to be performed by Landlord from and after such date, including the return of any Security Deposit, and Tenant shall attorn to such transferee. Tenant further acknowledges that Landlord may assign its interest in this Lease to a mortgage lender as additional security and agrees that such an assignment shall not release Landlord from its obligations hereunder and that Tenant shall continue to look to Landlord for the performance of its obligations hereunder.

29.6 **Prohibition Against Recording.** Except as provided in Section 29.4 of this Lease, neither this Lease, nor any memorandum, affidavit or other writing with respect thereto, shall be recorded by Tenant or by anyone acting through, under or on behalf of Tenant.

29.7 **Landlord's Title.** Landlord's title is and always shall be paramount to the title of Tenant. Nothing herein contained shall empower Tenant to do any act which can, shall or may encumber the title of Landlord.

29.8 **Relationship of Parties.** Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venturer or any association between Landlord and Tenant.

29.9 **Application of Payments.** Landlord shall have the right to apply payments received from Tenant pursuant to this Lease, regardless of Tenant's designation of such payments, to satisfy any obligations of Tenant hereunder, in such order and amounts as Landlord, in its sole discretion, may elect.

29.10 **Time of Essence.** Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

29.11 **Partial Invalidity.** If any term, provision or condition contained in this Lease shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other term, provision and condition of this Lease shall be valid and enforceable to the fullest extent possible permitted by law.

29.12 **No Warranty.** In executing and delivering this Lease, Tenant has not relied on any representations, including, but not limited to, any representation as to the amount of any item comprising Additional Rent or the amount of the Additional Rent in the aggregate or that Landlord is furnishing the same services to other tenants, at all, on the same level or on the same basis, or any warranty or any statement of Landlord which is not set forth herein or in one or more of the exhibits attached hereto.

29.13 **Limitations on Liability.** The liability of Landlord or the Landlord Parties to Tenant for any default by Landlord under this Lease or arising in connection herewith or with Landlord's operation, management, leasing, repair, renovation, alteration or any other matter relating to the Project or the Premises shall be limited solely and exclusively to the interest of Landlord in the Building, provided that in no event shall such liability extend to any sales or insurance proceeds received by Landlord or the Landlord Parties in connection with the Project, Building or Premises. In the case of Landlord and Tenant, no personal liability shall at any time be asserted or enforceable against the Landlord Parties or the Tenant Parties, respectively, on account of any of Landlord's or Tenant's respective obligations or actions under this Lease, unless otherwise agreed to in writing by such party. The limitations of liability contained in this Section 29.13 shall inure to the benefit of Landlord's and the Landlord Parties' present and future partners, beneficiaries, officers, directors, trustees, shareholders, members, agents and employees, and their respective partners, heirs, successors and assigns and Tenant's and the Tenant Parties' present and future partners, beneficiaries, officers, directors, trustees, shareholders, members, agents and employees, and their respective partners, heirs, successors and assigns. Under no circumstances shall any present or future partner of either party (if such party is a partnership), member of either party (if such party is a limited liability company), or trustee or beneficiary (if such partner or any partner of such party is a trust), have any liability for the performance of such party's obligations under this Lease. Notwithstanding any contrary provision herein, neither Landlord nor the Landlord Parties shall be liable under any circumstances for injury or damage to, or interference with, Tenant's business, including but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring.

29.14 **Entire Agreement.** It is understood and acknowledged that there are no oral agreements between the parties hereto affecting this Lease and this Lease constitutes the parties' entire agreement with respect to the leasing of the Premises and supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease. None of the terms, covenants, conditions or provisions of this Lease can be modified, deleted or added to except in writing signed by the parties hereto.

29.15 **Right to Lease.** Landlord reserves the absolute right to effect such other tenancies in the Project as Landlord in the exercise of its sole business judgment shall determine to best promote the interests of the Building or Project. Tenant does not rely on the fact, nor does Landlord represent, that any specific tenant or type or number of tenants shall, during the Lease Term, occupy any space in the Building or Project.

29.16 **Force Majeure.** Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, acts of war, acts of terrorism, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, civil commotions, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform, except with respect to the obligations imposed with regard to Rent and other charges to be paid by Tenant pursuant to this Lease and except as to Tenant's obligations under Articles 5 and 24 of this Lease (collectively, a "**Force Majeure**"), notwithstanding anything to the contrary contained in this Lease, shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party's performance caused by a Force Majeure.

29.17 **Waiver of Redemption by Tenant.** Tenant hereby waives, for Tenant and for all those claiming under Tenant, any and all rights now or hereafter existing to redeem by order or judgment of any court or by any legal process or writ, Tenant's right of occupancy of the Premises after any termination of this Lease.

29.18 **Notices.** All notices, demands, statements, designations, approvals or other communications (collectively, "**Notices**") given or required to be given by either party to the other hereunder or by law shall be in writing, shall be (A) sent by United States certified or registered mail, postage prepaid, return receipt requested ("**Mail**"), (B) transmitted by confirmed electronic mail (except for (i) any notice of default, (ii) any notice required under Section 2.3, (iii) any notice required under Section 2.4, (iv) any notice required under Section 4.6, (v) any notice required under Section 6.3, (vi) any notice required under Article 11, (vii) any notice required under Article 14, (viii) any notice required under Article 19, or (ix) any notice required under Section 26.2), (C) delivered by a nationally recognized overnight courier, or (D) delivered personally. Any Notice shall be sent, transmitted, or delivered, as the case may be, to Tenant at the appropriate address set forth in Section 9 of the Summary, or to such other place as Tenant may from time to time designate in a Notice to Landlord, or to Landlord at the addresses set forth in Section 10 of the Summary, or to such other places as Landlord may from time to time designate in a Notice to Tenant. Any Notice will be deemed given (i) three (3) days after the date it is posted if sent by Mail, (ii) the date the electronic mail is transmitted, (iii) the date the overnight courier delivery is made, or (iv) the date personal delivery is made or attempted to be made. If Tenant is notified of the identity and address of Landlord's mortgagee or ground or underlying lessor, Tenant shall give to such mortgagee or ground or underlying lessor written notice of any default by Landlord under the terms of this Lease by registered or certified mail, and such mortgagee or ground

or underlying lessor shall be given a reasonable opportunity to cure such default (not to exceed thirty (30) days beyond any applicable cure period) prior to Tenant's exercising any remedy available to Tenant.

29.19 **Joint and Several.** If there is more than one Tenant, the obligations imposed upon Tenant under this Lease shall be joint and several.

29.20 **Authority; Tenant Representation.** If Tenant is a corporation, trust, partnership or limited liability company, each individual executing this Lease on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in the State of Utah and that Tenant has full right and authority to execute and deliver this Lease and that each person signing on behalf of Tenant is authorized to do so. In such event, Tenant shall, within ten (10) days after execution of this Lease, deliver to Landlord satisfactory evidence of such authority and, upon demand by Landlord, also deliver to Landlord satisfactory evidence of (i) good standing in Tenant's state of formation and (ii) qualification to do business in the State of Utah. Tenant hereby represents to Landlord that neither Tenant nor any members, partners, subpartners, parent organization, affiliate or subsidiary, or their respective officers, directors, contractors, agents, servants, employees, invitees or licensees (collectively, "**Tenant Individuals**"), to Tenant's current actual knowledge, appears on any of the following lists (collectively, "**Government Lists**") maintained by the United States government:

29.20.1 The two (2) lists maintained by the United States Department of Commerce (Denied Persons and Entities; the Denied Persons list can be found at http://www.bis.doc.gov/dpl/thedeniallist.asp; the Entity List can be found at http://www.bis.doc.gov/entities/default.htm);

29.20.2 The list maintained by the United States Department of Treasury (Specially Designated Nationals and Blocked Persons, which can be found at http://www.ustreas.gov/ofac/t11sdn.pdf);

29.20.3 The two (2) lists maintained by the United States Department of State (Terrorist Organizations and Debarred Parties; the State Department List of Terrorists can be found at http://www.state.gov/s/ct/rls/other/des/123085.html; the List of Debarred Parties can be found at http://www.pmddtc.state.gov/compliance/debar.html); and

29.20.4 Any other list of terrorists, terrorist, organizations or narcotics traffickers maintained pursuant to any of the rules and regulations of the Office of Foreign Assets Control, United States Department of Treasury, or by any other government or agency thereof.

29.20.5 Should any Tenant Individuals appear on any Government Lists at any time during the Lease Term, Landlord shall be entitled to terminate this Lease by written notice to Tenant effective as of the date specified in such notice.

29.21 **Attorneys' Fees.** In the event that either Landlord or Tenant should bring suit for the possession of the Premises, for the recovery of any sum due under this Lease, or because of the breach of any provision of this Lease or for any other relief against the other, then all costs and expenses, including reasonable attorneys', experts' and arbitrators' fees and costs, incurred by the substantially prevailing party therein shall be paid by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or not the action is prosecuted to judgment.

29.22 **Governing Law; WAIVER OF TRIAL BY JURY.** This Lease shall be construed and enforced in accordance with the laws of the State of Utah. IN ANY ACTION OR PROCEEDING ARISING HEREFROM, LANDLORD AND TENANT HEREBY CONSENT TO (I) THE JURISDICTION OF ANY COMPETENT COURT WITHIN SALT LAKE COUNTY, UTAH, (II) SERVICE OF PROCESS BY ANY MEANS AUTHORIZED BY UTAH LAW, AND (III) IN THE INTEREST OF SAVING TIME AND EXPENSE, TRIAL WITHOUT A JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER OR THEIR SUCCESSORS IN RESPECT OF ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM FOR INJURY OR DAMAGE, OR ANY EMERGENCY OR STATUTORY REMEDY. IN THE EVENT LANDLORD COMMENCES ANY SUMMARY PROCEEDINGS OR ACTION FOR NONPAYMENT OF BASE RENT OR ADDITIONAL RENT, TENANT SHALL NOT INTERPOSE ANY COUNTERCLAIM OF ANY NATURE OR DESCRIPTION (UNLESS SUCH COUNTERCLAIM SHALL BE MANDATORY) IN ANY SUCH PROCEEDING OR ACTION, BUT SHALL BE RELEGATED TO AN INDEPENDENT ACTION AT LAW.

29.23 **Submission of Lease.** Submission of this instrument for examination or signature by Tenant does not constitute a reservation of, option for or option to lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

29.24 **Brokers.** Landlord and Tenant each hereby represents and warrants to the other that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the real estate brokers or agents specified in Section 11 of the Summary (the "**Brokers**"), and that it knows of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing in connection with this Lease on account of any dealings with any real estate broker or agent, other than the Brokers, occurring by, through, or under the indemnifying party.

29.25 **Independent Covenants.** This Lease shall be construed as though the covenants herein between Landlord and Tenant are independent and not dependent and Tenant hereby expressly waives the benefit of any statute to the contrary and agrees that if Landlord fails to perform its obligations set forth herein, Tenant shall not be entitled to make any repairs or perform any acts hereunder at Landlord's expense or to any setoff of the Rent or other amounts owing hereunder against Landlord.

29.26 **Project or Building Name and Signage.** Landlord shall have the right at any time to change the name of the Project and to install, affix and maintain any and all signs on the exterior and on the interior of the Project as Landlord may, in Landlord's sole discretion, desire. Tenant shall not use the name of the Project or use pictures or illustrations of the Project in advertising or other publicity or for any purpose other than as the address of the business to be conducted by Tenant in the Premises, without the prior written consent of Landlord, which shall not be unreasonably withheld, conditioned, or delayed.

29.27 **Counterparts.** This Lease may be executed in counterparts with the same effect as if both parties hereto had executed the same document. Both counterparts shall be construed together and shall constitute a single lease.

29.28 **Confidentiality.** Tenant and Landlord acknowledges that the content of this Lease and any related documents, and any documents delivered to the other party in connection with this Lease so identified by such party as confidential, are confidential information. Each party shall keep such confidential information strictly confidential and shall not disclose such confidential information of the other party to any person or entity other than such party's financial, legal, and space planning consultants without the prior written consent of the other party.

29.29 **Transportation Management**. Tenant shall fully comply with all present or future government-mandated programs intended to manage parking, transportation or traffic in and around the Building, and in connection therewith, Tenant shall take responsible action for the transportation planning and management of all employees located at the Premises by working directly with Landlord, any governmental transportation management organization or any other transportation-related committees or entities.

29.30 **No Violation.** Tenant and Landlord each hereby warrants and represents that neither its execution of nor performance under this Lease shall cause such party to be in violation of any agreement, instrument, contract, law, rule or regulation by which such party is bound, and each party shall protect, defend, indemnify and hold the other party harmless against any claims, demands, losses, damages, liabilities, costs and expenses, including, without limitation, reasonable attorneys' fees and costs, arising from such party's breach of this warranty and representation.

29.31 **Communications and Computer Lines.** Tenant may at any time install, maintain, replace, remove or use any communications fiber optics and/or computer wires and cables (collectively, the "**Lines**") at, under or through the Project in or serving the Premises, provided that (i) Tenant shall obtain Landlord's prior written consent, use an experienced and qualified contractor approved in writing by Landlord, and comply with all of the other provisions of Articles 7 and 8 of this Lease, (ii) an acceptable number of spare Lines and space for additional Lines shall be maintained for existing and future occupants of the Project, as determined in Landlord's reasonable opinion, (iii) the Lines therefor (including riser cables) shall be appropriately insulated to prevent excessive electromagnetic fields or radiation, and shall be surrounded by a protective conduit(iv) any new or existing Lines servicing the Premises shall comply with all applicable Laws, (v) as a condition to permitting the installation of new Lines, Landlord may require that Tenant remove existing Lines located in or serving the Premises and repair any damage in connection with such removal, and (vi) Tenant shall pay all costs in connection therewith, including any fees charged by Landlord for Tenant's use of the Building's telecommunications capacity in excess of Tenant's pro rata share thereof. Landlord reserves the right to require that Tenant remove any Lines located in or serving the Premises which are installed in violation of these provisions, or which are at any time in violation of any applicable Laws or represent a dangerous or potentially dangerous condition.

29.32 **Office and Communications Services**.

29.32.1 **The Provider**. Landlord has advised Tenant that certain office and communications services may be offered to tenants of the Building by a concessionaire under contract to Landlord ("**Provider**"). Tenant may contract with Provider for the provision of any or all of such services on such terms and conditions as Tenant and Provider may agree. Nothing herein shall be construed as requiring Tenant to contract with Provider and Tenant may and reserves the right to contract directly with any such other provider of such services at Tenant's sole discretion. If any such provider requires the installation of equipment on, in or near the Building in connection with the delivery of services to Tenant, Tenant shall obtain Landlord's prior written approval, not to be unreasonably withheld, conditioned or delayed, prior to such installation.

29.32.2 **Other Terms**. Tenant acknowledges and agrees that: (i) Landlord has made no warranty or representation to Tenant with respect to the availability of any such services, or the quality, reliability or suitability thereof; (ii) the Provider is not acting as the agent or representative of Landlord in the provision of such services, and Landlord shall have no liability or responsibility for any failure or inadequacy of such services, or any equipment or facilities used in the furnishing thereof, or any act or omission of Provider, or its agents, employees, representatives, officers or contractors; (iii) Landlord shall have no responsibility or liability for the installation, alteration, repair, maintenance, furnishing, operation, adjustment or removal of any such services, equipment or facilities; and (iv) any contract or other agreement between Tenant and Provider shall be independent of this Lease, the obligations of Tenant hereunder, and the rights of Landlord hereunder, and, without limiting the foregoing, no default or failure of Provider with respect to any such services, equipment or facilities, or under any contract or agreement relating thereto, shall have any effect on this Lease or give to Tenant any offset or defense to the full and

timely performance of its obligations hereunder, or entitle Tenant to any abatement of rent or additional rent or any other payment required to be made by Tenant hereunder, or constitute any accrual or constructive eviction of Tenant, or otherwise give rise to any other claim of any nature against Landlord.

29.33 **Declarations**. This Lease and the terms hereof shall be subject in all respects to the provisions of the Declarations (as defined in **Exhibit G** attached hereto). Tenant shall comply with all of the terms and conditions of the Declaration of Condominium (as defined below) and the Bylaws of the Block B Condominium Association. Tenant shall not allow or commit any nuisance, waste, unlawful or illegal act upon the Project. Landlord and Tenant acknowledge that (i) the Association (as defined in the Declaration of Condominium) is an intended third party beneficiary of this Lease, (ii) the Association shall have the right to enforce compliance with the Declaration of Condominium and the Bylaws of the Block B Condominium Association and to abate any nuisance, waste, unlawful or illegal activity upon the Premises, and (iii) the Association shall be entitled to exercise all of Landlord's rights and remedies under this Lease to effect the foregoing. As used herein, the "**Declaration of Condominium**" means that certain Declaration of Condominium, Gateway Block B Condominium Project, recorded 2/26/2001 as Entry No. 7828971 in Book 8427 at Page 4752 in the official records of Salt Lake County, as amended.

29.34 **Building Renovations**. It is specifically understood and agreed that Landlord has made no representation or warranty to Tenant and has no obligation and has made no promises to alter, remodel, improve, renovate, repair or decorate the Premises, Building, or any part thereof and that no representations respecting the condition of the Premises or the Building have been made by Landlord to Tenant except as specifically set forth herein or in the Tenant Work Letter. However, Tenant hereby acknowledges that Landlord may during the Lease Term renovate, improve, alter, or modify (collectively, the "**Renovations**") the Project, the Building and/or the Premises including, without limitation, the parking structure, Common Areas, systems and equipment, roof, and structural portions of the same, which Renovations may include, without limitation, (i) installing sprinklers in the Building Common Areas and tenant spaces, (ii) modifying the Common Areas and tenant spaces to comply with applicable Laws, including regulations relating to the physically disabled, seismic conditions, and building safety and security, and (iii) installing new floor covering, lighting, and wall coverings in the Building Common Areas, and in connection with any Renovations, Landlord may, among other things, erect scaffolding or other necessary structures in the Building, limit or eliminate access to portions of the Project, including portions of the Common Areas, or perform work in the Building, which work may create noise, dust or leave debris in the Building. Tenant hereby agrees that such Renovations and Landlord's actions in connection with such Renovations shall in no way constitute a constructive eviction of Tenant nor entitle Tenant to any abatement of Rent so long as Landlord provides Tenant with seven (7) days' advance written notice of such work an such work does not materially interfere with Tenant's business operations or use of, or access to, the Premises. Except to the extent due to Landlord's gross negligence or willful misconduct, Landlord shall have no responsibility or for any reason be liable to Tenant for any direct or indirect injury to or interference with Tenant's business arising from the Renovations, nor shall Tenant be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises or of Tenant's personal property or improvements resulting from the Renovations or Landlord's actions in connection with such Renovations, or for any inconvenience or annoyance occasioned by such Renovations or Landlord's actions.

29.35 **Installation of Back-Up Generator**. Tenant shall have the right, at Tenant's sole cost and expense, at any time to install up to two (2) emergency or backup power systems serving the Premises (the "**Back-Up Generator**"). The Back-Up Generator shall be located wholly within the Building and/or on the roof of the Building and/or in the parking garage, in a location reasonably acceptable to Landlord. If Tenant elects to install a Back-Up Generator, then Tenant, at its sole cost and expense, shall perform all work required in connection with such installation (all such work being referred to herein, collectively, as the "**Back-Up Generator Alterations**"). Tenant shall have the right (but not the obligation) to install a Back-Up Generator concurrently with Tenant's construction of the Tenant Improvements, in which case, except as otherwise expressly provided in this Section 29.35, the Back-Up Generator Alterations shall be subject to all of the requirements of the Tenant Work Letter. If Tenant elects to install a Back-Up Generator separate and apart from Tenant's construction of the Tenant Improvements, then, except as otherwise expressly provided in this Section 29.35, the Back-Up Generator Alterations shall be subject to all of the requirements of Article 8. Notwithstanding the foregoing, Landlord shall have the right in any event to review and approve Tenant's plans and specifications for the Back-Up Generator and the Back-Up Generator Alterations (including, without limitation, the manner in which the Back-Up Generator, and any ventilation and exhaust system shall be installed and the measures that shall be taken to mitigate any vibrations or sound disturbances from the operation of the Back-Up Generator), which approval shall not be unreasonably withheld, conditioned or delayed. Tenant shall have the obligation to maintain the Back-Up Generator in good working order and condition and in accordance with all applicable Laws and all permits and approvals of any governmental authorities. Tenant, at its sole cost and expense, shall procure and maintain in full force and effect, a contract (the "**Service Contract**") for the service, maintenance, repair and replacement of the Back-Up Generator with an electrical generator service and maintenance contracting firm reasonably acceptable to Landlord. Tenant shall follow all reasonable recommendations of said contractor for the use, maintenance, repair and replacement of the Back-Up Generator. A copy of the then current Service Contract shall be delivered to Landlord annually. Tenant, at its sole cost and expense, shall also procure insurance coverage adequate to cover the full replacement value of the Back-Up Generator. A copy of the then-current insurance certificate shall be delivered to Landlord prior to the installation of the Back-Up Generator and thereafter annually. Tenant shall pay for all electricity and other utilities provided to the Back-Up Generator by separate charge in accordance with Section 4.7 above. Except to the extent due to Landlord's gross negligence or intentional act or omission, Tenant hereby agrees to indemnify and hold Landlord and all Landlord Parties harmless from all liability, losses, claims, penalties, and expenses, including, without limitation, reasonable attorneys' fees, resulting from or arising out of Tenant's connection to, or use or operation, of, the Back-Up Generator. Tenant hereby agrees that Tenant's use of the Back-Up Generator is at Tenant's sole risk, and Tenant hereby agrees that Landlord and the Landlord Parties shall not be liable for, and Tenant hereby waives, all claims for loss or damage to Tenant's business or damage to person or property sustained by Tenant or any Tenant Parties resulting from Tenant's use of the Back-Up Generator or connection to the same,

the failure of the Back-Up Generator to operate properly, or the interruption or cessation of electrical service from the Back-Up Generator, except to the extent due to by Landlord's gross negligence or intentional act or omission.

29.36 **Landlord's Representations**. In connection with Tenant's lease of the Premises from Landlord pursuant to the terms hereof, Landlord represents, warrants, and certifies to Tenant that (a) Landlord is the fee owner of Retail Unit 2 and Parking Unit 1 contained within the Gateway Block B Condominium Project as the same is identified in the Record of Survey Map recorded in Salt Lake County, Utah, on February 26, 2001, as Entry No. 7828970 and in the Declaration of Condominium, together with the undivided ownership interest in said Project's Common Elements that are appurtenant to said Unit as more particularly described in the Declaration; (b) no additional approvals of any third party are required under any of the Declarations in connection with the lease of the Premises to Tenant or in connection with Tenant's completion of the Tenant Improvements (other than any and all building permits and approvals required under applicable Law); (c) Landlord is the "Declarant" under that certain Declaration and Establishment of Protective Covenants, Conditions and Restrictions and Grant of Easements, recorded 12/27/2000 as Entry No. 7787948 in Book 8410 at Page 8311, as amended (the "**Master Declaration**"), and that, while the proposed use of the Premises as described in Article 5 of this Lease is not expressly permitted by the terms of said Master Declaration, Landlord, both in its capacity as owner of the Building and as Declarant under the Master Declaration, hereby approves of Tenant's proposed use of the Premises described in Article 5 of this Lease and acknowledges and agrees not to allege that Tenant is violating the terms of the Master Declaration solely as a result of Tenant's proposed use of the Premises as described in Article 5 of this Lease; (d) the issuance of the parking passes and Tenant's exclusive use of the Reserved Parking Area in accordance with the provisions of Article 28 will not conflict with any of the Declarations or the rights of any third party in and to the same; (e) to the best of Landlord's knowledge, there exists no breach, default, event or condition which, with the giving of notice or the passage of time or both, would constitute a breach or default by any party to or under the Declarations; (f) the Declarations have not been amended, altered, supplemented or otherwise modified as of the effective date of this Lease, except to the extent expressly set forth on attached **Exhibit G**; and (g) there are no outstanding assessments or other amounts due by Landlord under any of the Declarations.

[Signatures appear on the following page]

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed the day and date first above written.

LANDLORD:

VESTAR GATEWAY, LLC,
a Delaware limited liability company

By: SLC Gateway Retail, LLC,
a Delaware limited liability company,
its Sole Member

By: VGSLM, LLC,
a Delaware limited liability company,
its Managing Member

By: _____
Name: Edward J. Reading
Title: Manager Manager

Signature Date: 11-22-17

TENANT:

RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation

By: _____
Name: Christopher C. Gibson
Its: CEO

By: _____
Name: _____
Its: _____

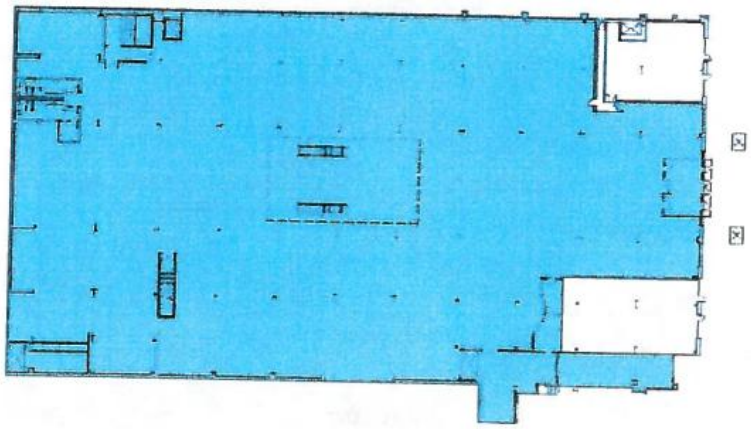
Signature Date: 11-20-17

(This date shall be inserted as of the Date of this Lease in **Article 1**).

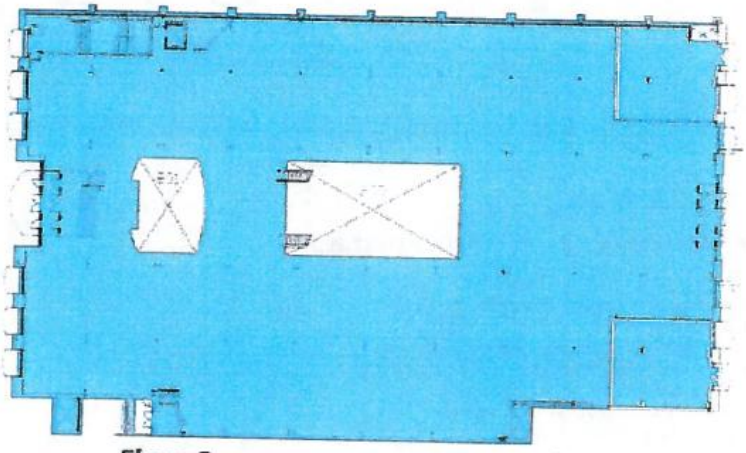
If Tenant is a CORPORATION, the authorized officers must sign on behalf of the corporation and indicate the capacity in which they are signing. The Lease must be executed by the president or vice president and the secretary or assistant secretary, unless the bylaws or a resolution of the board of directors shall otherwise provide, in which event, the bylaws or a certified copy of the resolution, as the case may be, must be attached to this Lease.

EXHIBIT A

CONCEPTUAL OUTLINE OF PREMISES



Floor 1



Floor 2

EXHIBIT A-1

DEPICTION OF PROJECT

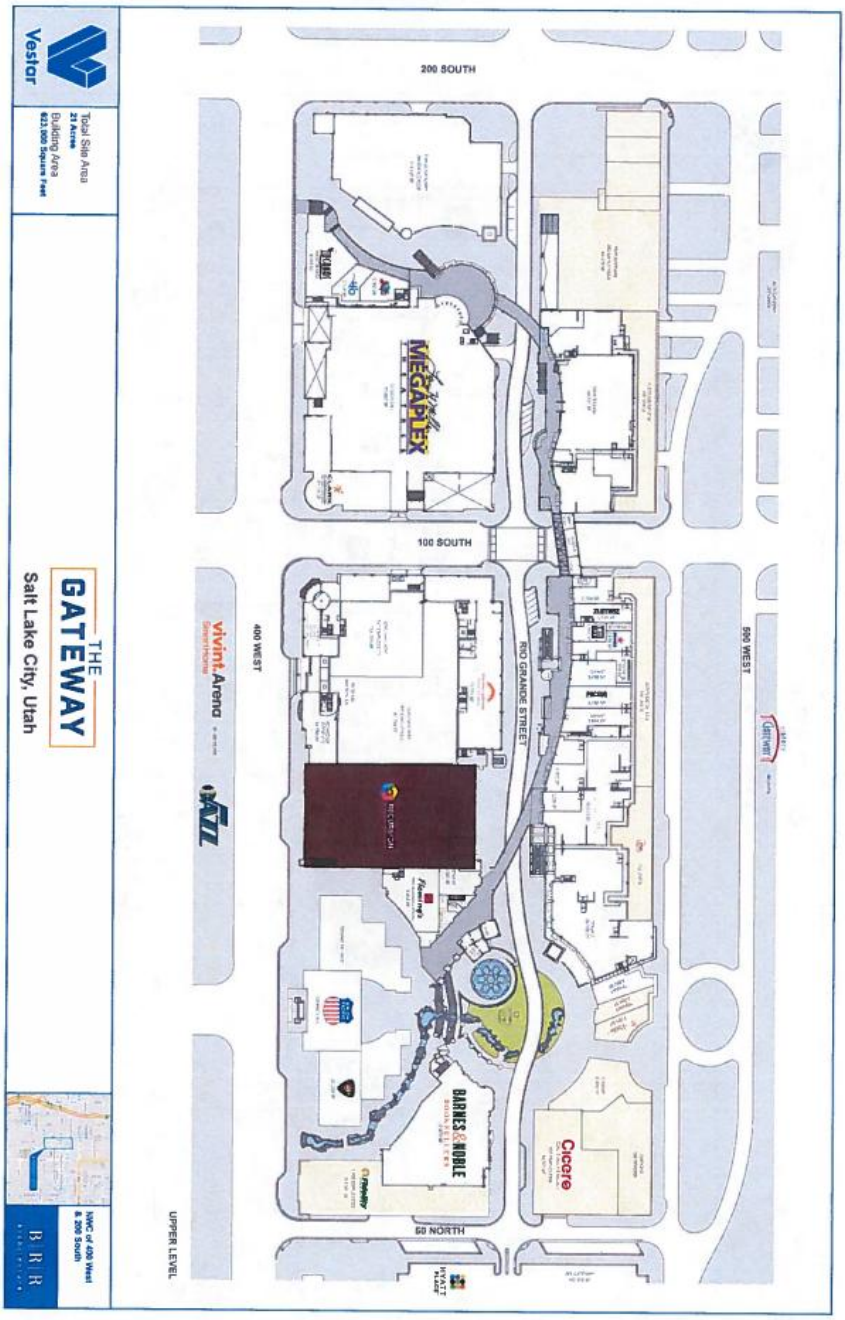

Vestar
Total Site Area
21 Acres
Building Area
623,000 Square Feet
THE GATEWAY
Salt Lake City, Utah
200 SOUTH
100 SOUTH
400 WEST
RIO GRANDE STREET
500 WEST
50 NORTH
vivint.Arena
MEGAPLEX
BARNES & NOBLE
Cicero
UPPER LEVEL
HMC of 400 West & 200 South
B R R

EXHIBIT A-2

PATIO AREA

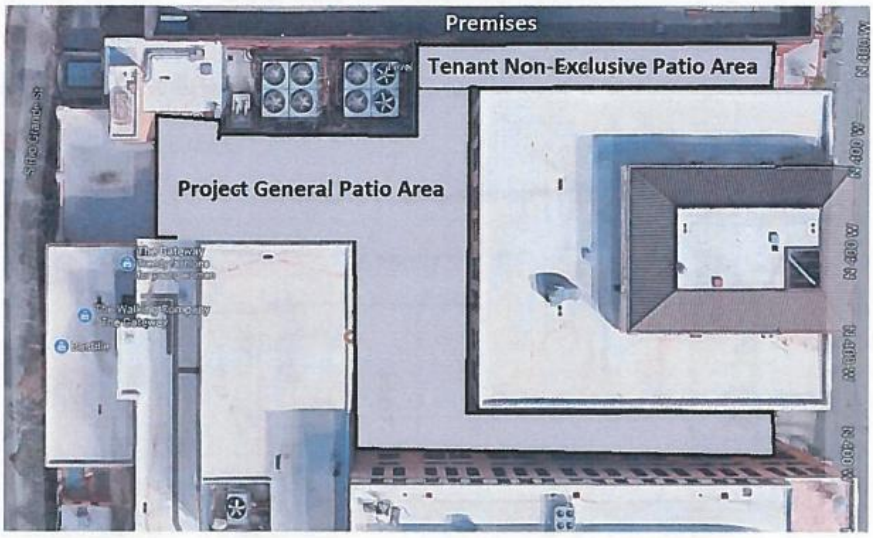
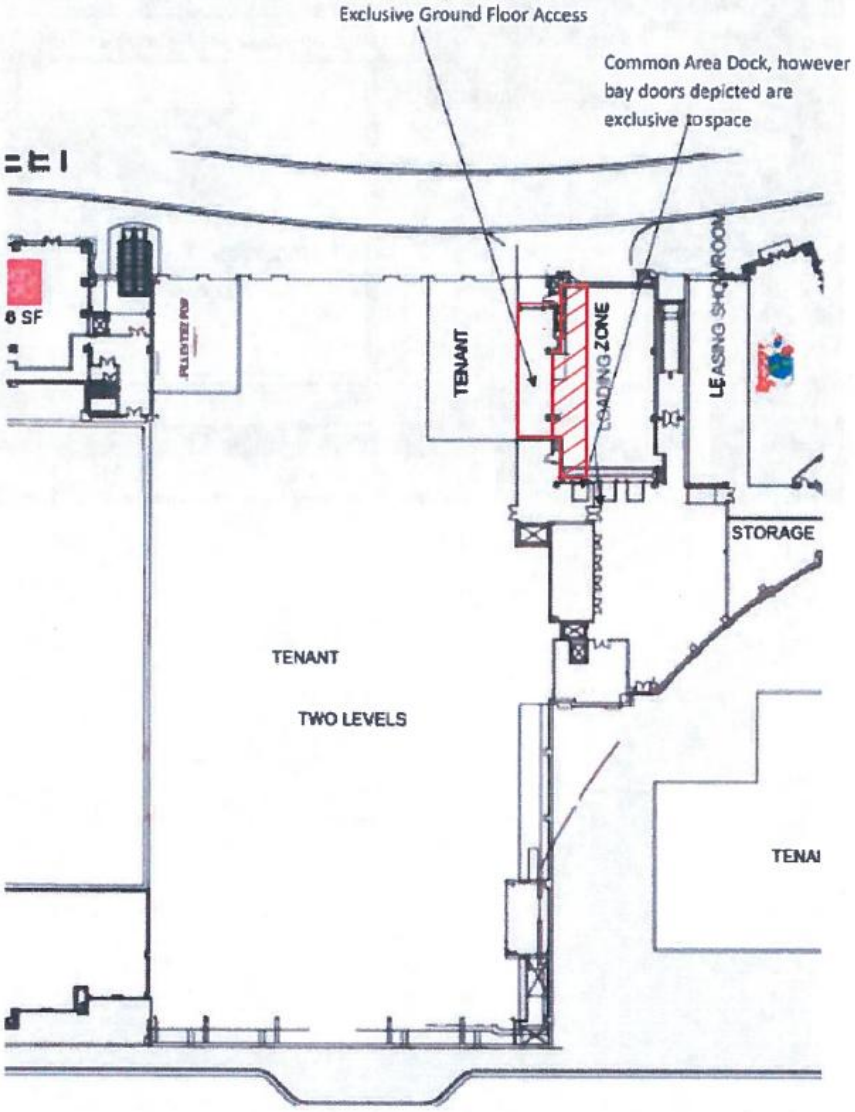


EXHIBIT A-3

DEPICTION OF EXCLUSIVE LOADING AREAS



Loading areas outlined in red above are reserved for Tenant's exclusive use pursuant to the terms of the Lease; provided, however, Tenant may not place any fixtures, equipment, improvements, or other obstacles within the hatched portion of the exclusive Common Area Dock that block any drive aisles or impede access to or the flow of traffic in and around the Common Area Dock.

EXHIBIT B

TENANT WORK LETTER

This Tenant Work Letter shall set forth the terms and conditions relating to the construction of the tenant improvements in the Premises. This Tenant Work Letter is essentially organized chronologically and addresses the issues of the construction of the Premises, in sequence, as such issues will arise during the actual construction of the Premises. All references in this Tenant Work Letter to Articles or Sections of "**this Lease**" shall mean the relevant portion of Articles 1 through 29 of the Office Lease to which this Tenant Work Letter is attached as **Exhibit B** and of which this Tenant Work Letter forms a part, and all references in this Tenant Work Letter to Sections of "**this Tenant Work Letter**" shall mean the relevant portion of Sections 1 through 6 of this Tenant Work Letter.

SECTION 1

DELIVERY OF THE PREMISES

Tenant acknowledges that Tenant has thoroughly examined the Premises. Upon the Delivery Date, Landlord shall deliver the Premises to Tenant and Tenant shall accept the Premises from Landlord in their presently existing, "as-is" condition as of the date of this Lease, except as otherwise expressly provided in the Lease. Subject to the provisions of Section 3.4 of this Tenant Work Letter, Tenant may, at Tenant's cost, remove and dispose of (and/or resell or salvage) any and all fixtures, furnishings or equipment within the Premises as of the Delivery Date and Tenant may retain any and all proceeds received by Tenant from the resale or salvage of any such fixtures, furnishings or equipment.

SECTION 2

TENANT IMPROVEMENTS

2.1 **Tenant Improvement Allowance**. Tenant shall be entitled to the one-time Tenant Improvement Allowance (as defined in Section 12 of the Summary) for the costs relating to the initial design and construction of Tenant's improvements, which are permanently affixed to the Premises (the "**Tenant Improvements**"). In no event shall Landlord be obligated to make disbursements pursuant to this Tenant Work Letter in a total amount which exceeds the Tenant Improvement Allowance, except to the extent specifically required by the terms of the Lease and this Tenant Work Letter. All Tenant Improvements for which the Tenant Improvement Allowance has been utilized shall be deemed Landlord's property under the terms of the Lease. In the event that Tenant shall fail to use the entire Tenant Improvement Allowance within one (1) year following the Delivery Date, such unused amounts shall be the sole property of Landlord and Tenant shall have no claim to any such unused amounts. Tenant acknowledges that the Tenant Improvement Allowance is to be applied to Tenant Improvements covering the entirety of the Premises such that, following the completion of the Tenant Improvements, the entire Premises has been built out by Tenant.

2.2 **Disbursement of the Tenant Improvement Allowance**.

2.2.1 **Tenant Improvement Allowance Items**. Except as otherwise set forth in this Tenant Work Letter, the Tenant Improvement Allowance shall be disbursed by Landlord only for the following items and costs (collectively the "**Tenant Improvement Allowance Items**"):

2.2.1.1 Payment of the fees of the "Architect/Space Planner" and the "Engineers," as those terms are defined in Section 3.1 of this Tenant Work Letter, which payment shall, notwithstanding anything to the contrary contained in this Tenant Work Letter, not exceed an aggregate amount equal to $3.00 per rentable square foot of the Premises, and payment of the fees incurred by, and the cost of documents and materials supplied by, Landlord and Landlord's consultants in connection with the preparation and review of the "Construction Documents," as that term is defined in Section 3.1 of this Tenant Work Letter;

2.2.1.2 The payment of plan check, permit and license fees relating to construction of the Tenant Improvements;

2.2.1.3 The cost of construction of the Tenant Improvements, including, without limitation, demolition, testing and inspection costs, trash removal costs, parking fees, after-hours utilities usage and contractors' fees and general conditions;

2.2.1.4 The cost of any changes anywhere in the base building or the floor of the Building on which the Premises is located, when such changes are required by the Construction Documents (including if such changes are due to the fact that such work is prepared on an unoccupied basis) or to comply with applicable governmental regulations or building codes (collectively, the "**Code**"), such cost to include all direct architectural and/or engineering fees and expenses incurred in connection therewith;

2.2.1.5 The cost of any changes to the Construction Documents or Tenant Improvements required by Code;

2.2.1.6 Sales and use taxes; and

2.2.1.8 the "Landlord Coordination Fee," as that term is defined in Section 4.2.6 of this Tenant Work Letter.

2.2.2 **Disbursement of Tenant Improvement Allowance**. During the construction of the Tenant Improvements, Landlord shall make monthly disbursements of the Tenant Improvement Allowance for Tenant Improvement Allowance Items for the benefit of Tenant and shall authorize the release of monies for the benefit of Tenant as follows.

2.2.2.1 **Monthly Disbursements**. On or before the twentieth (20th) day of each calendar month during the construction of the Tenant Improvements (the "**Submittal Date**") (or such other date as Landlord may designate), Tenant shall deliver to Landlord: (i) a request for payment of the "Contractor," as that term is defined in Section 4.1 of this Tenant Work Letter, approved by Tenant showing the schedule, by trade, of percentage of completion of the Tenant Improvements in the Premises; (ii) invoices from all of "Tenant's Agents," as that term is defined in Section 4.1.2 of this Tenant Work Letter, for labor rendered and materials delivered to the Premises (if such invoice is for the Contractor, the Contractor will need to provide an application and certificate for payment [AIA form G702-1992 or equivalent] signed by the Architect/Space Planner, and a breakdown sheet [AIA form G703-1992 or equivalent]); (iii) an original letter from the Tenant approving such invoices and requesting payment from the Tenant Improvement Allowance; (iv) executed mechanic's lien releases, which lien releases shall be conditional with respect to the then-requested payment amounts and unconditional with respect to payment amounts previously disbursed by Landlord or Tenant, from all of Tenant's Agents; and (v) all other information reasonably requested by Landlord. Tenant's request for payment shall be deemed Tenant's acceptance and approval of the work furnished and/or the materials supplied as set forth in Tenant's payment request. On or before the date occurring thirty (30) days after the Submittal Date, and assuming Landlord receives all of the information described in items (i) through (v), above, and subject to Tenant first disbursing any portion of the Over-Allowance Amount (as defined below) in accordance with Section 4.2.1, Landlord shall deliver a check to Tenant made to Tenant's Agent (or to Tenant if such invoices were previously paid by the Tenant) in payment of the lesser of: (A) the amounts so requested by Tenant, as set forth in this Section 2.2.2.1, above, less a ten percent (10%) retention (the aggregate amount of such retentions shall be known as the "**Final TI Allowance Reimbursement**"), and (B) the balance of any remaining available portion of the Tenant Improvement Allowance (not including the Final TI Allowance Reimbursement), provided that Landlord does not dispute any request for payment based on non-compliance of any work with the "Approved Construction Documents", as that term is defined in Section 3.4 below, or due to any substandard work, or for any other reason as provided in this Lease. Landlord's payment of such amounts shall not be deemed Landlord's approval or acceptance of the work furnished or materials supplied as set forth in Tenant's payment request.

2.2.2.2 **Final TI Allowance Reimbursement**. Subject to the provisions of this Tenant Work Letter, a check for the Final TI Allowance Reimbursement payable to Tenant shall be delivered by Landlord to Tenant following the completion of construction of the Premises, provided that (i) Tenant delivers to Landlord (a) properly executed, unconditional final mechanic's lien releases from all of Tenant's Agents, showing the amounts paid, in compliance with applicable Laws, (b) Contractor's last application and certificate for payment (AIA form G702 1992 or equivalent) signed by the Architect/Space Planner, (c) a breakdown sheet (AIA form G703 1992 or equivalent), (d) original stamped building permit plans, (e) copy of the building permit, (f) original stamped building permit inspection card with all final sign-offs, (g) full size bond copies and a CD R disk containing electronic files of the "as built" drawings of the Tenant Improvements in both "dwg" and "pdf" formats, from the Architect/Space Planner for architectural drawings, and from the Contractor for all other trades, (h) air balance reports, (i) excess energy use calculations, (j) one year warranty letters from Tenant's Agents, (k) manufacturer's warranties and operating instructions, (l) final punchlist completed and signed off by Tenant and the Architect/Space Planner, (m) letters of compliance from the Engineers stating that the Engineers have inspected the Tenant Improvements and that they complies with the Engineers' drawings and specifications, (n) a copy of the recorded Notice of Completion, and (o) a final list of all contractors/vendors/consultants retained by Tenant in connection with the Tenant Improvements and any other improvements in the Premises pursuant to this Tenant Work Letter, including, but not limited to, the Contractor, other contractors, subcontractors and the remaining Tenant's Agents, the Architect/Space Planner, the Engineers, systems furniture vendors/ installers, data/telephone cabling/equipment vendors/installers, etc., which final list shall set forth the full legal name, address, contact name (with telephone/fax/e mail addresses) and the total price paid by Tenant for goods and services to each of such contractors/vendors/consultants (collectively, the "**Final Close Out Package**"), and (ii) Landlord has inspected the Premises and reasonably determined that no substandard work exists which adversely affects the mechanical, electrical, plumbing, heating, ventilating and air conditioning, life-safety or other systems of the Building, the curtain wall of the Building, the structure or exterior appearance of the Building, or any other tenant's use of such other tenant's leased premises in the Building.

2.2.2.3 **Other Terms**. Landlord shall only be obligated to make disbursements from the Tenant Improvement Allowance to the extent costs are incurred by Tenant for Tenant Improvement Allowance Items. All Tenant Improvement Allowance Items for which the Tenant Improvement Allowance has been made available shall be deemed Landlord's property under the terms of Section 8.5 of this Lease. Tenant shall have no claim to any Tenant Improvement Allowance not expended by Tenant on or before the one (1) year anniversary of the Delivery Date and any such sums shall be the sole property of Landlord.

2.2.2.4 **L-C**. Notwithstanding anything to the contrary contained in this Lease, Landlord shall not be required to disburse any portion of the Tenant Improvement Allowance to Tenant until Tenant has provided Landlord with the L-C described in Article 21 of the Lease.

2.3 **Construction Rules, Requirements, Specifications, Design Criteria and Building Standards**. Landlord has established construction rules, regulation, requirements and procedures, and specifications, design criteria and Building standards with which Tenant, the "Architect/Space Planner," as that term is defined below, and all Tenant's Agents must comply in designing and constructing the Tenant Improvements in the Premises (the "**Construction Rules, Requirements, Specifications, Design Criteria and Building Standards**").

2.4 **Additional Allowance**. Notwithstanding the terms and conditions set forth in Section 2.1, within thirty (30) days after the mutual execution and delivery of this Lease, Tenant shall be entitled, pursuant to a written notice (the "**Additional Allowance Notice**") delivered to Landlord, to a one time increase (the "**Additional Allowance**") in the Tenant Improvement Allowance in an amount not to exceed $10.00 per rentable square foot of the Premises (i.e., $991,720.00), for the costs relating to the initial design and construction of the Tenant Improvements. In the event that Tenant exercises its right to use all or any portion of the Additional Allowance, then such portion of the Additional Allowance shall be repaid by Tenant to Landlord by increasing Tenant's monthly Base Rent hereunder by the amount required to fully amortize such portion of the Additional Allowance over the initial Lease Term, in one hundred twenty (120) equal monthly installments, commencing upon the Lease Commencement Date and continuing on the first day of each calendar month thereafter through the Lease Expiration Date (the "**Additional Monthly Base Rent**"). Such amortization shall be calculated together with interest at the rate of eight percent (8%) per annum. In the event Tenant elects to utilize all or any portion of the Additional Allowance, then (i) the parties shall promptly execute an amendment (the "**Amendment**") to the Lease setting forth the monthly Base Rent as increased by the Additional Monthly Base Rent, and (ii) Tenant shall pay to Landlord, concurrently with Tenant's execution and delivery of the Amendment to Landlord, an amount equal to the first installment of the Additional Monthly Base Rent payment.

SECTION 3

CONSTRUCTION DOCUMENTS

3.1 **Selection of Architect/Space Planner/Construction Documents**. Tenant shall retain a licensed, competent, reputable architect/space planner experienced in high-rise office space and Laboratory Use design selected by Tenant and reasonably approved by Landlord (the "**Architect/Space Planner**") and licensed, competent, reputable engineering consultants selected by Tenant and reasonably approved by Landlord (the "**Engineers**") to prepare the Construction Documents. The plans and drawings to be prepared by Architect/Space Planner and the Engineers hereunder shall be known collectively as the "**Construction Documents**." All Construction Documents shall comply with Landlord's drawing format and specifications. Landlord's review of the Construction Documents as set forth in this Section 3, shall be for its sole purpose and shall not imply Landlord's review of the same, or obligate Landlord to review the same, for quality, design, Code compliance or other like matters. Accordingly, notwithstanding that any Construction Documents are reviewed by Landlord or its space planner, architect, engineers and consultants, and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord or Landlord's space planner, architect, engineers, and consultants, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Construction Documents, and Tenant's waiver and indemnity set forth in Section 10.1 of this Lease shall specifically apply to the Construction Documents. Furthermore, Tenant and Architect/Space Planner shall verify, in the field, the dimensions and conditions as shown on the relevant portions of the base building plans, and Tenant and Architect/Space Planner shall be solely responsible for the same, and Landlord shall have no responsibility in connection therewith.

3.2 **Final Space Plan**. Tenant shall supply Landlord with two (2) copies signed by Tenant of its final space plan for the Premises before any architectural Construction Documents or engineering drawings have been commenced. The final space plan (the "**Final Space Plan**") shall include a layout and designation of all offices, rooms and other partitioning, their intended use, and equipment to be contained therein. Landlord may request clarification or more specific drawings for special use items not included in the Final Space Plan. Landlord shall advise Tenant within five (5) business days after Landlord's receipt of the Final Space Plan for the Premises if the same is unsatisfactory or incomplete in any respect. If Tenant is so advised, Tenant shall promptly cause the Final Space Plan to be revised to correct any deficiencies or other matters Landlord may reasonably require.

3.3 **Final Construction Documents**. After the approval of the Final Space Plan by Landlord and Tenant, Tenant shall promptly cause the Architect/Space Planner and the Engineers to complete the architectural and engineering drawings for the Premises, and Architect/Space Planner shall compile a fully coordinated set of architectural, structural, mechanical, electrical and plumbing Construction Documents in a form which is complete to allow subcontractors to bid on the work and to obtain all applicable permits (collectively, the "**Final Construction Documents**") and shall submit the same to Landlord for Landlord's approval, not to be unreasonably withheld, conditioned, or delayed. Tenant shall supply Landlord with two (2) copies signed by Tenant of such Final Construction Documents. Landlord, acting reasonably and in good faith, shall advise Tenant within ten (10) business days after Landlord's receipt of the Final Construction Documents for the Premises if the same is unsatisfactory or incomplete in any respect. If Tenant is so advised, Tenant shall immediately revise the Final Construction Documents in accordance with such review and any disapproval of Landlord in connection therewith.

3.4 **Approved Construction Documents**. The Final Construction Documents shall be approved by Landlord (the "**Approved Construction Documents**") prior to the commencement of construction of the Premises by Tenant; provided, however, Tenant may commence demolition work prior to Landlord's approval of the Final Construction Documents with Landlord's prior written consent, not to be unreasonably withheld, conditioned, or delayed. After approval by Landlord of the Final Construction Documents Tenant shall cause the Architect/Space Planner to submit the Approved Construction Documents to the appropriate municipal authorities for all architectural and structural permits (the "**Permits**"), provided that (a) the Architect/Space Planner shall provide Landlord with a copy of the package that it intends to submit prior to such submission, and (b) if there are Base Building modifications required to obtain the Permits, then Tenant shall obtain Landlord's prior written consent to any such Base Building modifications. Tenant hereby agrees that neither Landlord nor Landlord's consultants shall be responsible for obtaining any building permit or certificate of occupancy (or other documentation or approval allowing Tenant to legally occupy the Premises) for the Premises and that obtaining the same shall be Tenant's responsibility; provided, however, that Landlord shall cooperate with Tenant in performing ministerial acts

reasonably necessary to enable Tenant to obtain any such permit or certificate of occupancy (or other documentation or approval allowing Tenant to legally occupy the Premises). No changes, modifications or alterations in the Approved Construction Documents may be made without the prior written consent of Landlord, which consent may not be unreasonably withheld.

SECTION 4

CONSTRUCTION OF THE TENANT IMPROVEMENTS

4.1 **Tenant's Selection of Contractors**.

4.1.1 **The Contractor**. Tenant shall retain a licensed general contractor selected by Tenant and reasonably approved by Landlord (the "**Contractor**"), as contractor for the construction of the Tenant Improvements, which Contractor shall be a qualified, reputable, general contractor experienced in Comparable Buildings.

4.1.2 **Tenant's Agents**. The Architect/Space Planner, Engineers, consultants, Contractor, other contractors, vendors, subcontractors, laborers, and material suppliers retained and/or used by Tenant shall be known collectively as the "**Tenant's Agents**." For the following trades, only those contractors, subcontractors, laborers, and material suppliers listed in the Construction Rules, Requirements, Specifications, Design Criteria and Building Standards may be selected by Tenant: Asbestos, Cable Television, Electrical, Elevators, Fire Sprinklers, Fire / Life Safety, HVAC, HVAC Air Balance, Plumbing, Roofing (as listed for each building comprising the Project), and Waste. The Electrical, Fire Sprinklers, Fire / Life Safety, HVAC and Plumbing must be engineered by, and any structural engineering must be conducted by, an engineer or engineers approved by Landlord.

4.2 **Construction of Tenant Improvements by Tenant's Agents**.

4.2.1 **Construction Contract; Cost Budget**. Prior to execution of a construction contract, Tenant shall submit a copy of the proposed contract with the Contractor for the construction of the Tenant Improvements, including the general conditions with Contractor (the "**Contract**") to Landlord for its approval, which approval shall not be unreasonably withheld, conditioned or delayed. Following execution of the Contract and prior to commencement of construction, Tenant shall provide Landlord with a fully executed copy of the Contract for Landlord's records. Prior to the commencement of the construction of the Tenant Improvements, and after Tenant has accepted all bids and proposals for the Tenant Improvements, Tenant shall provide Landlord with a detailed breakdown, by trade, for all of Tenant's Agents, of the final estimated costs to be incurred or which have been incurred in connection with the design and construction of the Tenant Improvements to be performed by or at the direction of Tenant or the Contractor (the "**Construction Budget**"), which costs shall include, but not be limited to, the costs of the Architect's and Engineers' fees and the Landlord Coordination Fee. The amount, if any, by which the total costs set forth in the Construction Budget exceed the amount of the Tenant Improvement Allowance is referred to herein as the "**Over Allowance Amount**".

In the event that an Over-Allowance Amount exists, then prior to the commencement of construction of the Tenant Improvements, Tenant shall supply Landlord with cash in an amount equal to the Over-Allowance Amount. The Over-Allowance Amount shall be disbursed by Landlord prior to the disbursement of any of the then remaining portion of the Tenant Improvement Allowance, and such disbursement shall be pursuant to the same procedure as the Tenant Improvement Allowance. In the event that, after the total costs set forth in the Construction Budget have been delivered by Tenant to Landlord, the costs relating to the design and construction of the Tenant Improvements shall change, any additional costs for such design and construction in excess of the total costs set forth in the Construction Budget shall be added to the Over-Allowance Amount and the total costs set forth in the Construction Budget, and such additional costs shall be paid by Tenant to Landlord immediately as an addition to the Over-Allowance Amount or at Landlord's option, Tenant shall make payments for such additional costs out of its own funds, but Tenant shall continue to provide Landlord with the documents described in items (i), (ii), (iii) and (iv) of Section 2.2.2.1 of this Tenant Work Letter, above, for Landlord's approval, prior to Tenant paying such costs. All Tenant Improvements paid for by the Over-Allowance Amount shall be deemed Landlord's property under the terms of the Lease.

4.2.2 **Tenant's Agents**.

4.2.2.1 **Landlord's General Conditions for Tenant's Agents and Tenant Improvement Work**. Tenant's and Tenant's Agent's construction of the Tenant Improvements shall comply with the following: (i) the Tenant Improvements shall be constructed in strict accordance with the Approved Construction Documents; (ii) Tenant and Tenant's Agents shall not, in any way, interfere with, obstruct, or delay, the work of Landlord's base building contractor and subcontractors with respect to the Base Building or any other work in the Building; (iii) Tenant's Agents shall submit schedules of all work relating to the Tenant's Improvements to Landlord and Landlord shall, within five (5) business days of receipt thereof, inform Tenant's Agents of any changes which are necessary thereto, and Tenant's Agents shall adhere to such corrected schedule; and (iv) Tenant shall abide by all rules made by Landlord with respect to the use of parking, freight, loading dock and service elevators, storage of materials, coordination of work with the contractors of other tenants, and any other matter in connection with this Tenant Work Letter, including, without limitation, the construction of the Tenant Improvements and Tenant shall promptly execute all documents including, but not limited to, Landlord's standard contractor's rules and regulations, as Landlord may deem reasonably necessary to evidence or confirm Tenant's agreement to so abide.

4.2.2.2 **Indemnity**. Tenant's indemnity of Landlord as set forth in Section 10.1 of this Lease shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to

any act or omission of Tenant or Tenant's Agents, or anyone directly or indirectly employed by any of them, or in connection with Tenant's non-payment of any amount arising out of the Tenant Improvements and/or Tenant's disapproval of all or any portion of any request for payment. Such indemnity by Tenant, as set forth in Section 10.1 of this Lease, shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to Landlord's performance of any ministerial acts reasonably necessary (i) to permit Tenant to complete the Tenant Improvements, and (ii) to enable Tenant to obtain any building permit or certificate of occupancy (or other documentation or approval allowing Tenant to legally occupy the Premises) for the Premises.

4.2.2.3 **Requirements of Tenant's Agents**. Each of Tenant's Agents shall guarantee to Tenant and for the benefit of Landlord that the portion of the Tenant Improvements for which it is responsible shall be free from any defects in workmanship and materials for a period of not less than one (1) year from the date of completion thereof. Each of Tenant's Agents shall be responsible for the replacement or repair, without additional charge, of all work done or furnished in accordance with its contract that shall become defective within one (1) year after the later to occur of (i) completion of the work performed by such contractor or subcontractors and (ii) the Lease Commencement Date. The correction of such work shall include, without additional charge, all additional expenses and damages incurred in connection with such removal or replacement of all or any part of the Tenant Improvements, and/or the Building and/or common areas that may be damaged or disturbed thereby. All such warranties or guarantees as to materials or workmanship of or with respect to the Tenant Improvements shall be contained in the Contract or subcontract and shall be written such that such guarantees or warranties shall inure to the benefit of both Landlord and Tenant, as their respective interests may appear, and can be directly enforced by either. Tenant covenants to give to Landlord any assignment or other assurances which may be necessary to effect such right of direct enforcement.

4.2.2.4 **Insurance Requirements**.

4.2.2.4.1 **General Coverages**. All of Tenant's Agents shall carry worker's compensation insurance covering all of their respective employees, and shall also carry commercial general liability insurance, including property damage, all with limits, in form and with companies as are required to be carried by Tenant as set forth in Article 10 of this Lease, and the policies therefor shall insure Landlord and Tenant, as their interests may appear, as well as the Contractor and subcontractors.

4.2.2.4.2 **Special Coverages**. Tenant or Contractor shall carry "Builder's All Risk" insurance in an amount approved by Landlord, which shall in no event be less than the amount actually carried by Tenant or Contractor, covering the construction of the Tenant Improvements, and such other insurance as Landlord may require, it being understood and agreed that the Tenant Improvements shall be insured by Tenant pursuant to Article 10 of this Lease immediately upon completion thereof. Such insurance shall be in amounts and shall include such extended coverage endorsements as may be reasonably required by Landlord.

4.2.2.4.3 **General Terms**. Certificates for all insurance carried pursuant to this Section 4.2.2.4 shall be delivered to Landlord before the commencement of construction of the Tenant Improvements and before the Contractor's equipment is moved onto the site. All such policies of insurance must contain a provision that the company writing said policy will give Landlord thirty (30) days prior written notice of any cancellation or lapse of the effective date or any reduction in the amounts of such insurance. In the event that the Tenant Improvements are damaged by any cause during the course of the construction thereof, Tenant shall immediately repair the same at Tenant's sole cost and expense. Tenant's Agents shall maintain all of the foregoing insurance coverage in force until the Tenant Improvements are fully completed and accepted by Landlord, except for any Products and Completed Operation Coverage insurance required by Landlord, which is to be maintained for ten (10) years following completion of the work and acceptance by Landlord and Tenant and which shall name Landlord, and any other party that Landlord so specifies, as additional insured as to the full limits required hereunder for such entire ten (10) year period. All insurance, except Workers' Compensation, maintained by Tenant's Agents shall preclude subrogation claims by the insurer against anyone insured thereunder. Such insurance shall provide that it is primary insurance as respects the owner and that any other insurance maintained by owner is excess and noncontributing with the insurance required hereunder. The requirements for the foregoing insurance shall not derogate from the provisions for indemnification of Landlord by Tenant under Section 4.2.2.2 of this Tenant Work Letter. Landlord may, in its discretion, require Tenant to obtain a lien and completion bond or some alternate form of security satisfactory to Landlord in an amount sufficient to ensure the lien-free completion of the Tenant Improvements and naming Landlord as a co-obligee.

4.2.3 **Governmental Compliance**. The Tenant Improvements shall comply in all respects with the following: (i) the Code and other state, federal, city or quasi-governmental laws, codes, ordinances and regulations, as each may apply according to the rulings of the controlling public official, agent or other person; (ii) applicable standards of the American Insurance Association (formerly, the National Board of Fire Underwriters) and the National Electrical Code; and (iii) building material manufacturer's specifications.

4.2.4 **Inspection by Landlord**. Landlord shall have the right to inspect the Tenant Improvements at all times, provided however, that Landlord's failure to inspect the Tenant Improvements shall in no event constitute a waiver of any of Landlord's rights hereunder nor shall Landlord's inspection of the Tenant Improvements constitute Landlord's approval of the same. Should Landlord reasonably disapprove any portion of the Tenant Improvements due to defects or deviations in the completion of such improvements, Landlord shall notify Tenant in writing of such disapproval and shall specify the items disapproved. Any defects or deviations noted in Landlord's disapproval shall be rectified by Tenant at no expense to Landlord, provided however, that in the event Landlord determines that a defect or deviation exists, Landlord may, take such action as Landlord deems necessary, at Tenant's expense and without incurring any liability on Landlord's part, to correct any such defect or

deviation, including, without limitation, causing the cessation of performance of the construction of the Tenant Improvements until such time as the defect, deviation and/or matter is corrected to Landlord's satisfaction.

4.2.5 **Meetings**. Commencing upon the execution of this Lease, Tenant shall hold regular meetings with the Architect/Space Planner and the Contractor regarding the progress of the preparation of Construction Documents and the construction of the Tenant Improvements, which meetings shall be held at the office of the Project, at a time mutually agreed upon by Landlord and Tenant, and, upon Landlord's request, certain of Tenant's Agents shall attend such meetings. In addition, minutes shall be taken at all such meetings, a copy of which minutes shall be promptly delivered to Landlord. One such meeting each month shall include the review of Contractor's current request for payment.

4.2.6 **Landlord Coordination Fee**. Tenant shall pay a construction supervision and management fee (the "**Landlord Coordination Fee**") to Landlord in an amount equal to one percent (1%) of the hard and soft costs of the Tenant Improvements.

4.3 **Notice of Completion**. Within five (5) days after the final completion of construction of the Tenant Improvements, including, without limitation, the completion of any punch list items, Tenant shall cause a Notice of Completion to be recorded in the office of the Recorder of the County in which the Premises is located pursuant to applicable Law, and shall furnish a copy thereof to Landlord upon such recordation. If Tenant fails to do so, Landlord may execute and file the same on behalf of Tenant as Tenant's agent for such purpose, at Tenant's sole cost and expense. At the conclusion of construction and prior to Landlord's payment of the Final TI Allowance Reimbursement, (i) Tenant shall cause the Contractor and the Architect/Space Planner (A) to update the Approved Construction Documents through annotated changes, as necessary, to reflect all changes made to the Approved Construction Documents during the course of construction, (B) to certify to the best of the Architect/Space Planner's and Contractor's knowledge that such updated Approved Construction Documents are true and correct, which certification shall survive the expiration or termination of this Lease, as hereby amended, and (ii) Tenant shall deliver to Landlord the Final Close Out Package. Landlord shall, at Tenant's expense, update Landlord's "as-built" master plans, for the floor(s) on which the Premises are located, if any, including updated vellums and electronic CAD files, all of which may be modified by Landlord from time to time, and the current version of which shall be made available to Tenant upon Tenant's request.

SECTION 5

MISCELLANEOUS

5.1 **Tenant's Representative**. Tenant has designated Shannon Torstrom as its sole representative with respect to the matters set forth in this Tenant Work Letter, who shall have full authority and responsibility to act on behalf of the Tenant as required in this Tenant Work Letter.

5.2 **Landlord's Representative**. Landlord has designated Jack Van Kleumen as its sole representative with respect to the matters set forth in this Tenant Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Tenant Work Letter.

5.3 **Time of the Essence in This Tenant Work Letter**. Unless otherwise indicated, all references in this Tenant Work Letter to a "number of days" shall mean and refer to calendar days. If any item requiring approval is timely disapproved by Landlord, the procedure for preparation of the document and approval thereof shall be repeated until the document is approved by Landlord.

5.4 **Tenant's Lease Default**. Notwithstanding any provision to the contrary contained in this Lease, if an event of default as described in Section 19.1 of this Lease or a default by Tenant under this Tenant Work Letter has occurred at any time on or before the substantial completion of the Premises, then (i) in addition to all other rights and remedies granted to Landlord pursuant to this Lease, Landlord shall have the right to withhold payment of all or any portion of the Tenant Improvement Allowance and/or Landlord may cause Contractor to cease the construction of the Premises (in which case, Tenant shall be responsible for any delay in the substantial completion of the Premises caused by such work stoppage), and (ii) all other obligations of Landlord under the terms of this Tenant Work Letter shall be forgiven until such time as such default is cured pursuant to the terms of this Lease (in which case, Tenant shall be responsible for any delay in the substantial completion of the Premises caused by such inaction by Landlord).

EXHIBIT C

NOTICE OF LEASE TERM DATES

To: _____
_____
_____
_____

Re: Office Lease dated _____, 20__ between VESTAR GATEWAY, LLC, a Delaware limited liability company ("**Landlord**"), and RECURSION PHARMACEUTICALS, INC., a Delaware corporation ("**Tenant**") concerning that certain two (2) story office building containing approximately 99,172 rentable square feet of space, commonly known as Station 41 at The Gateway, 41 South Rio Grande, Salt Lake City, Utah.

Ladies and gentlemen:

In accordance with the Office Lease (the "**Lease**"), we wish to advise you and/or confirm as follows:

1. The Delivery Date occurred on _____.

2. The Lease Term shall commence on or has commenced on [June 1, 2018] for a term of ten (10) years ending on [May 31, 2027].

3. Rent commenced to accrue on [June 1, 2018], in the amount of $209,078.38 per month.

4. If the Lease Commencement Date is other than the first day of the month, the first billing will contain a pro rata adjustment. Each billing thereafter, with the exception of the final billing, shall be for the full amount of the monthly installment as provided for in the Lease.

5. Your rent checks should be made payable to _____ at _____.

"**Landlord**":

VESTAR GATEWAY, LLC,
a Delaware limited liability company

[ADD LANDLORD'S SIGNATURE BLOCK]

Agreed to and Accepted
as of _____, 20___.

"**Tenant**":

RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation

By: _____
Its: _____

EXHIBIT D

RULES AND REGULATIONS

Tenant shall faithfully observe and comply with the following Rules and Regulations. Landlord shall not be responsible to Tenant for the nonperformance of any of said Rules and Regulations by or otherwise with respect to the acts or omissions of any other tenants or occupants of the Project. In the event of any conflict between the Rules and Regulations and the other provisions of this Lease, the latter shall control.

1. Tenant shall not alter any lock or install any new or additional locks or bolts on any doors or windows of the Premises without obtaining Landlord's prior written consent, not to be unreasonably withheld, conditioned or delayed. Tenant shall bear the cost of any lock changes or repairs required by Tenant. Two keys will be furnished by Landlord for the Premises, and any additional keys required by Tenant must be obtained from Landlord at a reasonable cost to be established by Landlord. Upon the termination of this Lease, Tenant shall restore to Landlord all keys of stores, offices, and toilet rooms, either furnished to, or otherwise procured by, Tenant and in the event of the loss of keys so furnished, Tenant shall pay to Landlord the cost of replacing same or of changing the lock or locks opened by such lost key if Landlord shall deem it necessary to make such changes.

2. All doors opening to public corridors shall be kept closed at all times except for normal ingress and egress to the Premises.

3. Except as otherwise set forth in and permitted under the Lease, Landlord reserves the right to close and keep locked all entrance and exit doors of the Building during such hours as are customary for the Comparable Buildings. Tenant, its employees and agents must be sure that the doors to the Building are securely closed and locked when leaving the Premises if it is after the normal hours of business for the Building. Any tenant, its employees, agents or any other persons entering or leaving the Building at any time when it is so locked, or any time when it is considered to be after normal business hours for the Building, may be required to sign the Building register. Access to the Building may be refused unless the person seeking access has proper identification or has a previously arranged pass for access to the Building. Landlord will furnish passes to persons for whom Tenant requests same in writing. Tenant shall be responsible for all persons for whom Tenant requests passes and shall be liable to Landlord for all acts of such persons. The Landlord and his agents shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob, riot, public excitement, or other commotion, Landlord reserves the right to prevent access to the Building or the Project during the continuance thereof by any means it deems appropriate for the safety and protection of life and property.

4. No furniture, freight or equipment of any kind shall be brought into the Building without prior notice to Landlord. All moving activity into or out of the Building shall be scheduled with Landlord and done only at such time and in such manner as Landlord designates. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy property brought into the Building and also the times and manner of moving the same in and out of the Building. Safes and other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property in any case. Any damage to any part of the Building, its contents, occupants or visitors by moving or maintaining any such safe or other property shall be the sole responsibility and expense of Tenant.

5. No furniture, packages, supplies, equipment or merchandise will be received in the Building or carried up or down in the elevators, except between such hours established by Landlord from time to time, in such specific elevator and by such personnel as shall be designated by Landlord.

6. The requirements of Tenant will be attended to only upon application at the management office for the Project or at such office location designated by Landlord. Employees of Landlord shall not perform any work or do anything outside their regular duties unless under special instructions from Landlord.

7. No sign, advertisement, notice or handbill shall be exhibited, distributed, painted or affixed by Tenant on any part of the Premises or the Building without the prior written consent of the Landlord. Tenant shall not disturb, solicit, peddle, or canvass any occupant of the Project and shall cooperate with Landlord and its agents of Landlord to prevent same.

8. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose servants, employees, agents, visitors or licensees shall have caused same.

9. Tenant shall not overload the floor of the Premises, nor mark, drive nails or screws, or drill into the partitions, woodwork or drywall or in any way deface the Premises or any part thereof without Landlord's prior written consent. Tenant shall not purchase spring water, ice, towel, linen, maintenance or other like services from any person or persons not approved by Landlord.

10. Except for vending machines intended for the sole use of Tenant's employees and invitees, no vending machine or machines other than fractional horsepower office machines shall be installed, maintained or operated upon the Premises without the written consent of Landlord.

11. Except as otherwise set forth in and permitted under the Lease, Tenant shall not use or keep in or on the Premises, the Building, or the Project any kerosene, gasoline, explosive material, corrosive material, material capable of emitting toxic fumes, or other inflammable or combustible fluid chemical, substitute or material. Tenant shall provide material safety data sheets for any Hazardous Material used or kept on the Premises.

12. Except as otherwise set forth in and permitted under the Lease, Tenant shall not without the prior written consent of Landlord use any method of heating or air conditioning other than that supplied by Landlord.

13. Except as otherwise set forth in and permitted under the Lease, Tenant shall not use, keep or permit to be used or kept, any foul or noxious gas or substance in or on the Premises, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Project by reason of noise, odors, or vibrations, or interfere with other tenants or those having business therein, whether by the use of any musical instrument, radio, phonograph, or in any other way. Tenant shall not throw anything out of doors, windows or skylights or down passageways.

14. Tenant shall not bring into or keep within the Project, the Building or the Premises any animals, birds, fish, aquariums, or, except in areas designated by Landlord, bicycles or other vehicles.

15. Except as otherwise set forth in and permitted under the Lease, no cooking shall be done or permitted on the Premises, nor shall the Premises be used for the storage of merchandise, for lodging or for any improper, objectionable or immoral purposes. Notwithstanding the foregoing, Underwriters' laboratory-approved equipment and microwave ovens may be used in the Premises for heating food and brewing coffee, tea, hot chocolate and similar beverages for employees and visitors, provided that such use is in accordance with all applicable federal, state, county and city laws, codes, ordinances, rules and regulations.

16. The Premises shall not be used for manufacturing or for the storage of merchandise except as such storage may be incidental to the use of the Premises provided for in the Summary. Tenant shall not occupy or permit any portion of the Premises to be occupied as an office for a messenger-type operation or dispatch office, public stenographer or typist, or, except as otherwise set forth in and permitted under the Lease, for the manufacture or sale of liquor, narcotics, or tobacco in any form, or as a medical office, or as a barber or manicure shop, or as an employment bureau without the express prior written consent of Landlord. Tenant shall not engage or pay any employees on the Premises except those actually working for such tenant on the Premises nor advertise for laborers giving an address at the Premises.

17. Landlord reserves the right to exclude or expel from the Project any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of these Rules and Regulations.

18. Tenant, its employees and agents shall not loiter in or on the entrances, corridors, sidewalks, lobbies, courts, halls, stairways, elevators, vestibules or any Common Areas for the purpose of smoking tobacco products or for any other purpose, nor in any way obstruct such areas, and shall use them only as a means of ingress and egress for the Premises.

19. Tenant shall not waste electricity, water or air conditioning and agrees to cooperate fully with Landlord to ensure the most effective operation of the Building's heating and air conditioning system, and shall refrain from attempting to adjust any controls. Tenant shall participate in recycling programs undertaken by Landlord.

20. Tenant shall store all its trash and garbage within the interior of the Premises. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in Salt Lake City, Utah without violation of any law or ordinance governing such disposal. All trash, garbage and refuse disposal shall be made only through entry-ways and elevators provided for such purposes at such times as Landlord shall designate. Tenant shall make alternate arrangements, at Tenant's cost, for the disposal of high volumes of trash in excess of the amount determined by Landlord to be an office tenant's typical volume of trash (i.e., excessive moving boxes or shipping materials). If the Premises is or becomes infested with vermin as a result of the use or any misuse or neglect of the Premises by Tenant, its agents, servants, employees, contractors, visitors or licensees, Tenant shall forthwith, at Tenant's expense, cause the Premises to be exterminated from time to time to the satisfaction of Landlord and shall employ such licensed exterminators as shall be approved in writing in advance by Landlord.

21. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.

22. Any persons employed by Tenant to do janitorial work shall be subject to the prior written approval of Landlord, and while in the Building and outside of the Premises, shall be subject to and under the control and direction of the Building manager (but not as an agent or servant of such manager or of Landlord), and Tenant shall be responsible for all acts of such persons.

23. No awnings or other projection shall be attached to the outside walls of the Building without the prior written consent of Landlord, and no curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises other than Landlord standard drapes. All electrical ceiling fixtures hung in the Premises or spaces along the perimeter of the Building must be fluorescent and/or of a quality, type, design and a warm white bulb color approved in advance in writing by Landlord. Neither the interior nor exterior of any windows shall be coated or otherwise sunscreened without the prior written consent of Landlord.

Tenant shall be responsible for any damage to the window film on the exterior windows of the Premises and shall promptly repair any such damage at Tenant's sole cost and expense. Tenant shall keep its window coverings closed during any period of the day when the sun is shining directly on the windows of the Premises. Prior to leaving the Premises for the day, Tenant shall draw or lower window coverings and extinguish all lights. Tenant shall abide by Landlord's regulations concerning the opening and closing of window coverings which are attached to the windows in the Premises, if any, which have a view of any interior portion of the Building or Common Areas.

24. The sashes, sash doors, skylights, windows, and doors that reflect or admit light and air into the halls, passageways or other public places in the Building shall not be covered or obstructed by Tenant, nor shall any bottles, parcels or other articles be placed on the windowsills.

25. Tenant must comply with requests by the Landlord concerning the informing of their employees of items of importance to the Landlord.

26. Tenant must comply with all applicable "**NO-SMOKING**" or similar ordinances. If Tenant is required under the ordinance to adopt a written smoking policy, a copy of said policy shall be on file in the office of the Building.

27. Tenant hereby acknowledges that Landlord shall have no obligation to provide guard service or other security measures for the benefit of the Premises, the Building or the Project. Tenant hereby assumes all responsibility for the protection of Tenant and its agents, employees, contractors, invitees and guests, and the property thereof, from acts of third parties, including keeping doors locked and other means of entry to the Premises closed, whether or not Landlord, at its option, elects to provide security protection for the Project or any portion thereof. Tenant further assumes the risk that any safety and security devices, services and programs which Landlord elects, in its sole discretion, to provide may not be effective, or may malfunction or be circumvented by an unauthorized third party, and Tenant shall, in addition to its other insurance obligations under this Lease, obtain its own insurance coverage to the extent Tenant desires protection against losses related to such occurrences. Tenant shall cooperate in any reasonable safety or security program developed by Landlord or required by law.

28. All office equipment of any electrical or mechanical nature shall be placed by Tenant in the Premises in settings approved by Landlord, to absorb or prevent any vibration, noise and annoyance.

29. Tenant shall not use in any space or in the public halls of the Building, any hand trucks except those equipped with rubber tires and rubber side guards.

30. No auction, liquidation, fire sale, going-out-of-business or bankruptcy sale shall be conducted in the Premises without the prior written consent of Landlord.

31. No tenant shall use or permit the use of any portion of the Premises for living quarters, sleeping apartments or lodging rooms.

32. Tenant shall not purchase spring water, towels, janitorial or maintenance or other similar services from any company or persons not approved by Landlord. Landlord shall approve a sufficient number of sources of such services to provide Tenant with a reasonable selection, but only in such instances and to such extent as Landlord in its judgment shall consider consistent with the security and proper operation of the Building.

33. Tenant shall install and maintain, at Tenant's sole cost and expense, an adequate, visibly marked and properly operational fire extinguisher next to any duplicating or photocopying machines or similar heat producing equipment, which may or may not contain combustible material, in the Premises.

34. Tenant shall not permit any portion of the Project, including the Parking Facilities, to be used for the washing, detailing or other cleaning of automobiles.

Landlord reserves the right at any time to change or rescind any one or more of these Rules and Regulations, or to make such other and further reasonable Rules and Regulations as in Landlord's judgment may from time to time be necessary for the management, safety, care and cleanliness of the Premises, Building, the Common Areas and the Project, and for the preservation of good order therein, as well as for the convenience of other occupants and tenants therein; provided that (i) Landlord provides Tenant with written notice of any such additional or modified Rules and Regulations and (ii) any such additional or modified Rules and Regulations remain subject to the provisions of this Lease and in the event of any conflict between the additional or modified Rules and Regulations and the other provisions of this Lease, the latter shall control. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant, nor prevent Landlord from thereafter enforcing any such Rules or Regulations against any or all tenants of the Project. Tenant shall be deemed to have read these Rules and Regulations and to have agreed to abide by them as a condition of its occupancy of the Premises.

EXHIBIT E

FORM OF LETTER OF CREDIT

(Letterhead of a money center bank acceptable to the Landlord)

FAX NO. [(___) ___-____]
SWIFT: [Insert No., if any]

[Insert Bank Name And Address]

DATE OF ISSUE: _____

BENEFICIARY:
[Insert Beneficiary Name And Address]

APPLICANT:
[Insert Applicant Name And Address]

LETTER OF CREDIT NO. _____

EXPIRATION DATE:
_____ AT OUR COUNTERS

AMOUNT AVAILABLE:
USD[Insert Dollar Amount]
(U.S. DOLLARS [Insert Dollar Amount])

LADIES AND GENTLEMEN:

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____ IN YOUR FAVOR FOR THE ACCOUNT OF [Insert Tenant's Name], A [Insert Entity Type], UP TO THE AGGREGATE AMOUNT OF USD[Insert Dollar Amount] ([Insert Dollar Amount] U.S. DOLLARS) EFFECTIVE IMMEDIATELY AND EXPIRING ON ___(Expiration Date)___ AVAILABLE BY PAYMENT UPON PRESENTATION OF YOUR DRAFT AT SIGHT DRAWN ON [Insert Bank Name] WHEN ACCOMPANIED BY THE FOLLOWING DOCUMENT(S):

1. THE ORIGINAL OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND AMENDMENT(S), IF ANY.

2. BENEFICIARY'S SIGNED STATEMENT PURPORTEDLY SIGNED BY AN AUTHORIZED REPRESENTATIVE OF [Insert Landlord's Name], A [Insert Entity Type] ("LANDLORD") STATING THE FOLLOWING:

"THE UNDERSIGNED HEREBY CERTIFIES THAT THE LANDLORD, EITHER (A) UNDER THE LEASE (DEFINED BELOW), OR (B) AS A RESULT OF THE TERMINATION OF SUCH LEASE, HAS THE RIGHT TO DRAW DOWN THE AMOUNT OF USD _____ IN ACCORDANCE WITH THE TERMS OF THAT CERTAIN OFFICE LEASE DATED [Insert Lease Date], AS AMENDED (COLLECTIVELY, THE "LEASE"), OR SUCH AMOUNT CONSTITUTES DAMAGES OWING BY THE TENANT UNDER SUCH LEASE TO BENEFICIARY RESULTING FROM THE BREACH OF SUCH LEASE BY THE TENANT THEREUNDER, AND SUCH AMOUNT REMAINS UNPAID AT THE TIME OF THIS DRAWING."

OR

"THE UNDERSIGNED HEREBY CERTIFIES THAT WE HAVE RECEIVED A WRITTEN NOTICE OF [Insert Bank Name]'S ELECTION NOT TO EXTEND ITS STANDBY LETTER OF CREDIT NO. _____ AND HAVE NOT RECEIVED A REPLACEMENT LETTER OF CREDIT WITHIN AT LEAST SIXTY (60) DAYS PRIOR TO THE PRESENT EXPIRATION DATE."

OR

"THE UNDERSIGNED HEREBY CERTIFIES THAT BENEFICIARY IS ENTITLED TO DRAW DOWN THE FULL AMOUNT OF LETTER OF CREDIT NO. _____ AS THE RESULT OF THE FILING OF A VOLUNTARY PETITION UNDER THE U.S. BANKRUPTCY CODE OR A STATE BANKRUPTCY CODE BY THE TENANT UNDER THAT CERTAIN OFFICE LEASE DATED [Insert Lease Date], AS AMENDED (COLLECTIVELY, THE "LEASE"), WHICH FILING HAS NOT BEEN DISMISSED AT THE TIME OF THIS DRAWING."

OR

"THE UNDERSIGNED HEREBY CERTIFIES THAT BENEFICIARY IS ENTITLED TO DRAW DOWN THE FULL AMOUNT OF LETTER OF CREDIT NO. _____ AS THE RESULT OF AN INVOLUNTARY PETITION HAVING BEEN FILED UNDER THE U.S. BANKRUPTCY CODE OR A STATE BANKRUPTCY CODE AGAINST THE TENANT

UNDER THAT CERTAIN OFFICE LEASE DATED [Insert Lease Date], AS AMENDED (COLLECTIVELY, THE "LEASE"), WHICH FILING HAS NOT BEEN DISMISSED AT THE TIME OF THIS DRAWING."

SPECIAL CONDITIONS:

PARTIAL DRAWINGS AND MULTIPLE PRESENTATIONS MAY BE MADE UNDER THIS STANDBY LETTER OF CREDIT, PROVIDED, HOWEVER, THAT EACH SUCH DEMAND THAT IS PAID BY US SHALL REDUCE THE AMOUNT AVAILABLE UNDER THIS STANDBY LETTER OF CREDIT.

ALL INFORMATION REQUIRED WHETHER INDICATED BY BLANKS, BRACKETS OR OTHERWISE, MUST BE COMPLETED AT THE TIME OF DRAWING. [Please Provide The Required Forms For Review, And Attach As Schedules To The Letter Of Credit.]

ALL SIGNATURES MUST BE MANUALLY EXECUTED IN ORIGINALS.

ALL BANKING CHARGES ARE FOR THE APPLICANT'S ACCOUNT.

IT IS A CONDITION OF THIS STANDBY LETTER OF CREDIT THAT IT SHALL BE DEEMED AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR A PERIOD OF ONE YEAR FROM THE PRESENT OR ANY FUTURE EXPIRATION DATE, UNLESS AT LEAST SIXTY (60) DAYS PRIOR TO THE EXPIRATION DATE WE SEND YOU NOTICE BY NATIONALLY RECOGNIZED OVERNIGHT COURIER SERVICE THAT WE ELECT NOT TO EXTEND THIS CREDIT FOR ANY SUCH ADDITIONAL PERIOD. SAID NOTICE WILL BE SENT TO THE ADDRESS INDICATED ABOVE, UNLESS A CHANGE OF ADDRESS IS OTHERWISE NOTIFIED BY YOU TO US IN WRITING BY RECEIPTED MAIL OR COURIER. ANY NOTICE TO US WILL BE DEEMED EFFECTIVE ONLY UPON ACTUAL RECEIPT BY US AT OUR DESIGNATED OFFICE. IN NO EVENT, AND WITHOUT FURTHER NOTICE FROM OURSELVES, SHALL THE EXPIRATION DATE BE EXTENDED BEYOND A FINAL EXPIRATION DATE OF ___(Expiration Date)___.

THIS LETTER OF CREDIT IS TRANSFERABLE ONE OR MORE TIMES, BUT IN EACH INSTANCE TO A SINGLE TRANSFEREE ("TRANSFEREE") AND ONLY IN THE FULL AMOUNT AVAILABLE TO BE DRAWN UNDER THE LETTER OF CREDIT AT THE TIME OF SUCH TRANSFER, ASSUMING SUCH TRANSFER TO SUCH TRANSFEREE IS IN COMPLIANCE WITH ALL APPLICABLE U.S. LAWS AND REGULATIONS. AT THE TIME OF TRANSFER, THE ORIGINAL LETTER OF CREDIT AND ORIGINAL AMENDMENT(S) IF ANY, MUST BE SURRENDERED TO US TOGETHER WITH OUR TRANSFER FORM (AVAILABLE UPON REQUEST) AND PAYMENT OF OUR CUSTOMARY TRANSFER FEES BY APPLICANT. IN CASE OF ANY TRANSFER UNDER THIS LETTER OF CREDIT, THE DRAFT AND ANY REQUIRED STATEMENT MUST BE EXECUTED BY THE TRANSFEREE AND WHERE THE BENEFICIARY'S NAME APPEARS WITHIN THIS STANDBY LETTER OF CREDIT, THE TRANSFEREE'S NAME IS AUTOMATICALLY SUBSTITUTED THEREFOR.

ALL DRAFTS REQUIRED UNDER THIS STANDBY LETTER OF CREDIT MUST BE MARKED: "DRAWN UNDER [Insert Bank Name] STANDBY LETTER OF CREDIT NO. _____."

WE HEREBY AGREE WITH YOU THAT IF DRAFTS ARE PRESENTED TO [Insert Bank Name] UNDER THIS LETTER OF CREDIT AT OR PRIOR TO [Insert Time – (*e.g.*, 11:00 AM)], ON A BUSINESS DAY, AND PROVIDED THAT SUCH DRAFTS PRESENTED CONFORM TO THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT, PAYMENT SHALL BE INITIATED BY US IN IMMEDIATELY AVAILABLE FUNDS BY OUR CLOSE OF BUSINESS ON THE SUCCEEDING BUSINESS DAY. IF DRAFTS ARE PRESENTED TO [Insert Bank Name] UNDER THIS LETTER OF CREDIT AFTER [Insert Time – (*e.g.*, 11:00 AM)], ON A BUSINESS DAY, AND PROVIDED THAT SUCH DRAFTS CONFORM WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT, PAYMENT SHALL BE INITIATED BY US IN IMMEDIATELY AVAILABLE FUNDS BY OUR CLOSE OF BUSINESS ON THE SECOND SUCCEEDING BUSINESS DAY. AS USED IN THIS LETTER OF CREDIT, "BUSINESS DAY" SHALL MEAN ANY DAY OTHER THAN A SATURDAY, SUNDAY OR A DAY ON WHICH BANKING INSTITUTIONS IN THE STATE OF UTAH ARE AUTHORIZED OR REQUIRED BY LAW TO CLOSE. IF THE EXPIRATION DATE FOR THIS LETTER OF CREDIT SHALL EVER FALL ON A DAY WHICH IS NOT A BUSINESS DAY THEN SUCH EXPIRATION DATE SHALL AUTOMATICALLY BE EXTENDED TO THE DATE WHICH IS THE NEXT BUSINESS DAY.

PRESENTATION OF A DRAWING UNDER THIS LETTER OF CREDIT MAY BE MADE ON OR PRIOR TO THE THEN CURRENT EXPIRATION DATE HEREOF BY HAND DELIVERY, COURIER SERVICE, OVERNIGHT MAIL, OR FACSIMILE. PRESENTATION BY FACSIMILE TRANSMISSION SHALL BE BY TRANSMISSION OF THE ABOVE REQUIRED SIGHT DRAFT DRAWN ON US TOGETHER WITH THIS LETTER OF CREDIT TO OUR FACSIMILE NUMBER, [Insert Fax Number – (___) ___-____], ATTENTION: [Insert Appropriate Recipient], WITH TELEPHONIC CONFIRMATION OF OUR RECEIPT OF SUCH FACSIMILE TRANSMISSION AT OUR TELEPHONE NUMBER [Insert Telephone Number – (___) ___-____] OR TO SUCH OTHER FACSIMILE OR TELEPHONE NUMBERS, AS TO WHICH YOU HAVE RECEIVED WRITTEN NOTICE FROM US AS BEING THE APPLICABLE SUCH NUMBER. WE AGREE TO NOTIFY YOU IN WRITING, BY NATIONALLY RECOGNIZED OVERNIGHT COURIER SERVICE, OF ANY CHANGE IN SUCH DIRECTION. ANY FACSIMILE PRESENTATION PURSUANT TO THIS PARAGRAPH SHALL ALSO STATE THEREON THAT THE ORIGINAL OF SUCH SIGHT DRAFT AND LETTER OF CREDIT ARE BEING REMITTED, FOR DELIVERY ON THE NEXT BUSINESS DAY, TO [Insert Bank Name]

AT THE APPLICABLE ADDRESS FOR PRESENTMENT PURSUANT TO THE PARAGRAPH FOLLOWING THIS ONE.

WE HEREBY ENGAGE WITH YOU THAT ALL DOCUMENT(S) DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS STANDBY LETTER OF CREDIT WILL BE DULY HONORED IF DRAWN AND PRESENTED FOR PAYMENT AT OUR OFFICE LOCATED AT [Insert Bank Name], [Insert Bank Address], ATTN: [Insert Appropriate Recipient], ON OR BEFORE THE EXPIRATION DATE OF THIS CREDIT, ___(Expiration Date)___.

[Insert Name of Issuing Bank] SHALL REPLACE THE ORIGINAL OF THIS LETTER OF CREDIT WITH A REPLACEMENT LETTER OF CREDIT IF SUCH ORIGINAL IS LOST, STOLEN, MUTILATED, OR DESTROYED PRIOR TO FULL DRAWING UPON PRIOR RECEIPT BY [Insert Name of Issuing Bank] OF ANY FEES CHARGED BY IT AND AN AFFIDAVIT OF LOST LETTER OF CREDIT AND INDEMNITY, EXECUTED BY BENEFICIARY, ACCEPTABLE TO [Insert Name of Issuing Bank] IN ITS SOLE DISCRETION. ANY BANK CHARGES FOR SUCH REPLACEMENT SHALL BE PAYABLE BY THE BENEFICIARY.

EXCEPT SO FAR AS OTHERWISE EXPRESSLY STATED HEREIN, THIS STANDBY LETTER OF CREDIT IS SUBJECT TO THE "INTERNATIONAL STANDBY PRACTICES" (ISP 98) INTERNATIONAL CHAMBER OF COMMERCE (PUBLICATION NO. 590).

Very truly yours,

(Name of Issuing Bank)

By: _____

EXHIBIT F

EXTERIOR BUILDING SIGNAGE

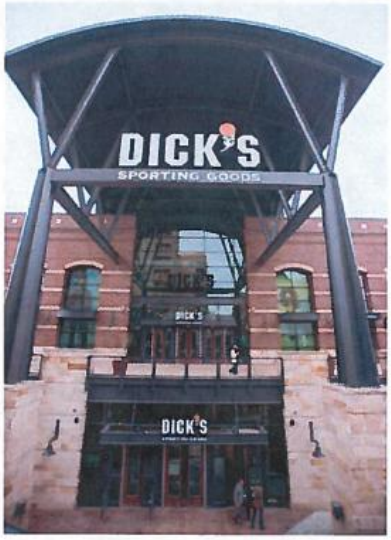


EXHIBIT G

DECLARATION

The term **"Declarations"** as used in this Lease shall mean, together, the following:

(i) Notice Of Adoption Of Redevelopment plan Entitled "Depot District Redevelopment Project Area Plan", dated October 15, 1998, recorded October 22, 1998 as Entry No. 7127194 in Book 8133 at Page 1835 of the Official Records, as amended and affected by an Amended Notice Of Adoption Of Redevelopment Plan Entitled "Depot District Redevelopment Project Area Plan", dated October 15, 1998, recorded May 6, 1999 as Entry No. 7345726 in Book 8275 at Page 1402 of the Official Records;

(ii) Easement Agreement (With Boundary Agreement), dated January 3, 2000, recorded January 13, 2000 as Entry No. 7553961, in Book 8336, at Page 1170 of the Official Records, as amended and/or otherwise affected by that certain Omnibus Amendment To City Project Agreements, recorded April 22, 2013 as Entry No. 11622650, in Book 10129, at Page 5755 of the Official Records, as amended and/or otherwise affected by that certain Affidavit, dated February 21, 2001, executed by BRIAN GOCHNOUR, recorded February 26, 2001 as Entry No.7828965, in Book 8427, at Page 4667 of the Official Records;

(iii) Amended And Restated Participation And Reimbursement Agreement, dated as of May 30, 2006, recorded June 8, 2006 as Entry No. 9747342, in Book 9305, at Page 5127 of the Official Records, as amended and/or otherwise affected by that certain First Amendment To Amended And Restated Participation And Reimbursement Agreement, recorded April 22, 2013 as Entry No. 11622649, in Book 10129, at Page 5750 of the Official Records;

(iv) Rio Grande Street Grant Of Easement, dated January 3, 2000, recorded January 13, 2000 as Entry No. 7553963, in Book 8336, at Page 1217 of the Official Records, as corrected by an Affidavit recorded August 7, 2000 as Entry No. 7693049, in Book 8379 at Page 5484 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Rio Grande Street Grant Of Easement, recorded May 6, 2005 as Entry No. 9370280, in Book 9128, at Page 481 of the Official Records, and by that certain Second Amendment to Rio Grande Street Grant Of Easement, recorded December 20, 2007 as Entry No. 10305320, in Book 9550, at Page 5547 of the Official Records, and by that certain Joint Omnibus Amendment To Project Agreements, recorded April 22, 2013 as Entry No. 11622651, in Book 10129, at Page 5760 of the Official Records;

(v) Plaza Pedestrian And Public Use Easement And Programming Agreement, dated December 23, 1999, recorded January 13, 2000 as Entry No. 7553964, in Book 8336, at Page 1240 of the Official Records, as corrected by an Affidavit recorded August 7, 2000 as Entry No. 7693049, in Book 8379 at Page 5484 of the Official Records, and as amended, supplemented and otherwise affected by that certain First Amendment To Plaza Pedestrian And Public Use Easement And Programming Agreement, recorded May 6, 2005 as Entry No. 9370282, in Book 9128, at Page 506 of the Official Records, and by that certain Joint Omnibus Amendment To Project Agreements, recorded April 22, 2013 as Entry No. 11622651, in Book 10129, at Page 5760 of the Official Records;

(vi) North Temple Frontage Road Grant Of Easement, dated December 23, 1999, recorded January 13, 2000 as Entry No. 7553965, in Book 8336, at Page 1263 of the Official Records, as corrected by an Affidavit recorded August 7, 2000 as Entry No. 7693049, in Book 8379 at Page 5484 of the Official Records, and as amended, supplemented and otherwise affected by that certain First Amendment To North Temple Frontage Road Grant Of Easement, recorded May 6, 2005 as Entry No. 9370279, in Book 9128, at Page 466 of the Official Records, and by that certain Joint Omnibus Amendment To Project Agreements, recorded April 22, 2013 as Entry No. 11622651, in Book 10129, at Page 5760 of the Official Records;

(vii) Depot Pedestrian And Public Use Easement, dated December 23, 1999, recorded January 13, 2000 as Entry No. 7553966, in Book 8336, at Page 1284 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Depot Pedestrian And Public Use Easement, recorded May 6, 2005 as Entry No. 9370281, in Book 9128, at Page 497 of the Official Records;

(viii) Hotel Pedestrian Easement, dated December 23, 1999, recorded January 13, 2000 as Entry No. 7553967, in Book 8336, at Page 1302 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Hotel Pedestrian Easement Now Known As Walkway Easement, recorded May 6, 2005 as Entry No. 9370283, in Book 9128, at Page 525 of the Official Records;

(ix) Parks Blocks Agreement, dated as of July 5, 2000, recorded July 7, 2000 as Entry No. 7674967, in Book 8373, at Page 5614 of the Official Records, as amended and/or otherwise affected by that certain Omnibus Amendment To City Project Agreements, recorded April 22, 2013 as Entry No. 11622650, in Book 10129, at Page 5755 of the Official Records;

(x) Declaration And Establishment Of Protective Covenants, Conditions And Restrictions And Grant Of Easements, dated as of December 15, 2000, recorded December 27, 2000 as Entry No. 7787948, in Book 8410, at Page 8311 of the Official Records, as amended and/or otherwise affected by that certain First Amendment To Declaration And Establishment Of Protective Covenants, Conditions And Restrictions And Grant Of Easements, recorded March 1, 2001 as Entry No. 7833680, in Book 8430, at Page 1766 of the Official Records, and by that certain Second Amendment To Declaration And Establishment Of Protective Covenants, Conditions And Restrictions And Grant Of Easements, recorded May 6, 2005 as Entry No. 9370284, in Book 9128, at Page 536 of the Official Records;

(xi) Amended and Restated Declaration of Condominium Gateway Block C1 Condominium Project, recorded April 27, 2001 as Entry No. 7881708, in Book 8450, at Page 4761 of the Official Records, as said Amended And Restated

Declaration was amended and/or otherwise affected by that certain First Amendment to Amended and Restated Declaration of Condominium Gateway Block C1 Condominium Project, recorded February 15, 2011 as Entry No. 11134756, in Book 9905, at Page 6380 of the Official Records;

(xii) Amended And Restated Declaration Of Condominium Gateway Block C2 Condominium Project, recorded April 27, 2001 as Entry No. 7881709, in Book 8450, at Page 4843 of the Official Records;

(xiii) Declaration Of Condominium Gateway Block A Condominium Project, recorded February 26, 2001 as Entry No. 7828969, in Book 8427, at Page 4676 of the Official Records;

(xiv) Declaration Of Condominium Gateway Block B Condominium Project, recorded February 26, 2001 as Entry No. 7828971, in Book 8427, at Page 4752 of the Official Records, as amended or otherwise affected by that certain First Amendment To Declaration Of Condominium Gateway Block B Condominium Project And Amendment Of Record Of Survey Map, recorded May 16, 2002 as Entry No. 8235748, in Book 8598 at Page 7012, of the Official Records, and by that certain Second Amendment To Declaration Of Condominium Gateway Block B Condominium Project And Amendment Of Record Of Survey Map, recorded July 20, 2004 as Entry No. 9125323, in Book 9016 at Page 2655;

(xv) Declaration Of Covenants, Conditions And Restrictions Re Commercial Shared Maintenance, dated as of February 28, 2001, as evidenced by that certain Memorandum Of Declaration Of Covenants, Conditions And Restrictions Re Commercial Shared Maintenance (Gateway), recorded March 1, 2001 as Entry No. 7833681, in Book 8430, at Page 1770 of the Official Records, and by that certain First Amendment To Memorandum Of Declaration Of Covenants, Conditions And Restrictions Re Commercial Shared Maintenance, recorded May 6, 2005 as Entry No. 9370286, in Book 9128, at Page 563 of the Official Records, and by that certain Consent and Acknowledgment of Inland Western Salt Lake City Gateway, L.L.C., recorded September 25, 2013 as Entry No. 11730200, in Book 10180, at Page 1552 of the Official Records;

(xvi) Declaration Of Easements, dated as of September 1, 2001, recorded April 7, 2003 as Entry No. 8600407, in Book 8772, at Page 5889 of the Official Records;

(xvii) Covenant Agreement, dated as of February 28, 2003, recorded April 7, 2003 as Entry No. 8600408, in Book 8772, at Page 5901 of the Official Records;

(xviii) unrecorded Parking License Agreement dated April 8, 2002, unrecorded First Amendment to Parking License Agreement dated as of July 9, 2002, and unrecorded Central Plant Participation Agreement dated June 1, 2002, each as disclosed by that certain Parking License, Parking Access, Central Plant Participation And Subordination Agreement, dated as of June 16, 2003, recorded June 16, 2003 as Entry No. 8691592, in Book 8818, at Page 5955 of the Official Records;

(xix) Parking License Agreement, dated October 6, 2003, recorded October 10, 2003 as Entry No. 8848851, in Book 8894, at Page 9334 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Parking License Agreement (Gateway Office 3), dated May 5, 2005, recorded May 6, 2005 as Entry No. 9370289, in Book 9128, at Page 580 of the Official Records; (xx) Agreement For Construction And Subsequent Acquisition Of Retail Unit 4, Gateway Block A Condominium, For The Purpose Of Operating A Planetarium And Presenting Large Screen Motion Picture Features, dated February 13, 2002, recorded June 8, 2004 as Entry No. 9084123, in Book 8998, at Page 4901 of the Official Records;

(xxi) Parking License Agreement, dated June 30, 2004, recorded July 20, 2004 as Entry No. 9125321, in Book 9016, at Page 2635 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Parking License Agreement, dated May 5, 2005, recorded May 6, 2005 as Entry No. 9370288, in Book 9128, at Page 573 of the Official Records;

(xxii) Air Space Easement Agreement, dated as of May 5, 2005, recorded May 6, 2005 as Entry No. 9370290, in Book 9128, at Page 586 of the Official Records;

(xxiii) Encroachment Agreement, dated as of May 5, 2005, recorded May 6, 2005 as Entry No. 9370291, in Book 9128, at Page 595 of the Official Records;

(xxiv) Declaration Of Covenants, Restrictions And Easements (The Gateway--Retail Parcels), recorded May 6, 2005 as Entry No. 9370292, in Book 9128, at Page 605 of the Official Records, as amended by that certain Amendment To Declaration Of Covenants, Restrictions And Easements, recorded May 31, 2005 as Entry No. 9390612, in Book 9137, at Page 7862 of the Official Records;

(xxv) Declaration Of Easement (Emergency Ingress & Egress), dated as of January 6, 2006, recorded January 10, 2006 as Entry No. 9606025, in Book 9241, at Page 9418 of the Official Records;

(xxvi) Parking License Agreement, dated December 15, 2006, recorded December 26, 2006 as Entry No. 9951937, in Book 9399, at Page 9815 of the Official Records;

(xxvii) Easement, recorded December 4, 2007 as Entry No. 10291031, in Book 9544, at Page 1216 of the Official Records;

(xxviii) Declaration Of Bridge Covenants And Easements (The Gateway--Retail Parcels), dated October 3, 2007, recorded January 22, 2008 as Entry No. 10328082, in Book 9561, at Page 1129 of the Official Records;

(xxix) Easement, recorded January 22, 2008 as Entry No. 10328083, in Book 9561, at Page 1144 of the Official Records;

(xxx) Parking License Agreement, dated March 20, 2006, the existence of which is disclosed of record by that certain Memorandum Of Parking License Agreement recorded October 22, 2012 as Entry No. 11496303, in Book 10068, at Page 3312 of the Official Records;

(xxxi) Central Plant Participation Agreement, dated October 6, 2003, recorded October 10, 2003 as Entry No. 8848852, in Book 8894, at Page 9344 of the Official Records;

(xxxii) Central Plant Participation Agreement, dated June 30, 2004, recorded July 20, 2004 as Entry No. 9125322 , in Book 9016, at Page 2645 of the Official Records; and

(xxxiii) all amendments, modifications, extensions and renewals and replacements thereof; all of which shall be superior to this Lease, binding upon the Project and run with the land.

EXHIBIT H

FORM OF TENANT'S ESTOPPEL CERTIFICATE

The undersigned as Tenant under that certain Office Lease (the "**Lease**") made and entered into as of _____, 201_ by and between _____ as Landlord, and the undersigned as Tenant, for Premises on the _____ floor(s) of the office building located at _____, certifies as follows:

1. Attached hereto as **Exhibit A** is a true and correct copy of the Lease and all amendments and modifications thereto. The documents contained in **Exhibit A** represent the entire agreement between the parties as to the Premises.

2. The undersigned currently occupies the Premises described in the Lease, the Lease Term commenced on _____, and the Lease Term expires on _____, and, except as set forth in the Lease, the undersigned has no option to terminate or cancel the Lease or to purchase all or any part of the Premises, the Building and/or the Project.

3. Base Rent became payable on _____.

4. The Lease is in full force and effect and has not been modified, supplemented or amended in any way except as provided in **Exhibit A**.

5. Tenant has not transferred, assigned, or sublet any portion of the Premises nor entered into any license or concession agreements with respect thereto except as follows:

6. All monthly installments of Base Rent, all Additional Rent and all monthly installments of estimated Additional Rent have been paid when due through _____. The current monthly installment of Base Rent is $_____.

7. All conditions of the Lease to be performed by Landlord necessary to the enforceability of the Lease have been satisfied and, to the undersigned's actual knowledge, Landlord is not in default thereunder. In addition, the undersigned has not delivered any notice to Landlord regarding a default by Landlord thereunder.

8. No rental has been paid more than thirty (30) days in advance and no security has been deposited with Landlord except as provided in the Lease.

9. As of the date hereof, there are no existing defenses or offsets, or, to the undersigned's actual knowledge, claims or any basis for a claim, that the undersigned has against Landlord.

10. If Tenant is a corporation or partnership, each individual executing this Estoppel Certificate on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in Utah and that Tenant has full right and authority to execute and deliver this Estoppel Certificate and that each person signing on behalf of Tenant is authorized to do so.

11. There are no actions pending against the undersigned under the bankruptcy or similar laws of the United States or any state.

12. Other than in compliance with all applicable laws and incidental to the ordinary course of the use of the Premises, the undersigned has not used or stored any hazardous substances in the Premises.

13. To the undersigned's actual knowledge, all tenant improvement work to be performed by Landlord under the Lease has been completed in accordance with the Lease and has been accepted by the undersigned and all reimbursements and allowances due to the undersigned under the Lease in connection with any tenant improvement work have been paid in full.

The undersigned acknowledges that this Estoppel Certificate may be delivered to Landlord or to a prospective mortgagee or prospective purchaser, and acknowledges that said prospective mortgagee or prospective purchaser will be relying upon the statements contained herein in making the loan or acquiring the property of which the Premises are a part and that receipt by it of this certificate is a condition of making such loan or acquiring such property.

[Remainder of Page Intentionally Blank]

This Estoppel Certificate has been executed by the undersigned on the ____ day of _____, 201_.

"Tenant":

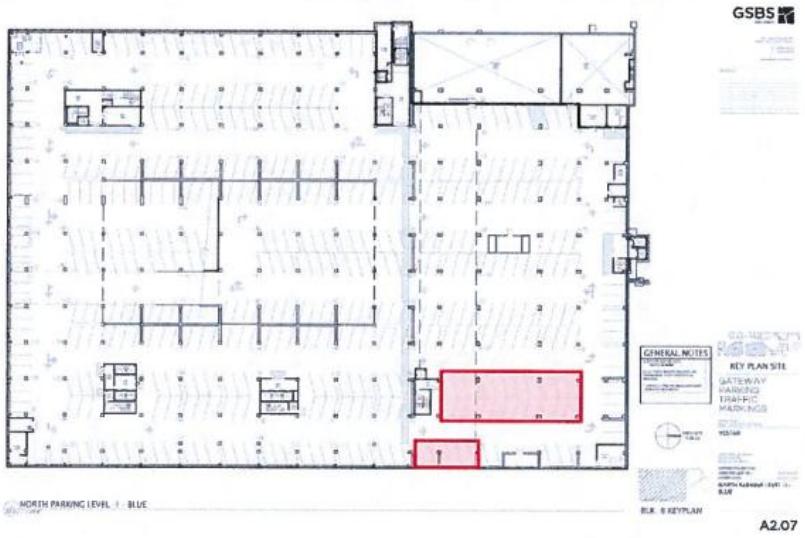
_____,
a _____

By: _____
Its: _____

By: _____
Its: _____

EXHIBIT I

RESERVED PARKING SPACES



OFFICE LEASE

VESTAR GATEWAY, LLC,

a Delaware limited liability company,

as Landlord,

and

RECURSION PHARMACEUTICALS, INC.,

a Delaware corporation,

as Tenant.

TABLE OF CONTENTS

INDEX

Page(s)

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this "**Amendment**") is dated as of September 25, 2018, between VESTAR GATEWAY, LLC, a Delaware limited liability company ("**Landlord**"), and RECURSION PHARMACEUTICALS, INC., a Delaware corporation ("**Tenant**").

RECITALS

A. Landlord and Tenant are parties to a lease dated as of November 13, 2017 (the "**Lease**"), pursuant to which Tenant leases from Landlord certain premises (the "**Premises**") consisting of a two (2) story office building containing approximately 99,172 rentable square feet of space, commonly known as Station 41 at The Gateway, 41 South Rio Grande, Salt Lake City, Utah. Capitalized terms not otherwise defined in this Amendment shall have the meanings given them in the Lease.

B. Pursuant to Section 2.4 of Exhibit B to the Lease, Tenant had the right to increase the Tenant Improvement Allowance by up to $10.00 per rentable square foot of the Premises (i.e., $991,720.00) (the actual amount of such increase being referred to as the "**Additional Allowance**"). The parties agreed that once the actual amount of the Additional Allowance was determined, the monthly Base Rent payable by Tenant for the Premises would be increased by the amortized value of such amount. The actual amount of the Additional Allowance has now been determined and that amount is the entire $10.00 per rentable square foot of the Premises (i.e., $991,720.00). Accordingly, the monthly Base Rent payable by Tenant shall increase by $12,032.30 per month in order to amortize the Additional Allowance over the Lease Term.

C. Landlord and Tenant now desire to amend the Lease to (i) adjust the Base Rent payable by Tenant for the Premises pursuant to the Lease, and (ii) modify the location of Tenant's reserved parking spaces, all upon and subject to the terms and conditions set forth herein

NOW, THEREFORE, in consideration of the foregoing, the parties hereto agree as follows:

1. Base Rent. Effective as of the date of this Amendment, the rental chart set forth in Section 4.1 of the Summary of Basic Lease Information in the Lease is hereby deleted in its entirety and replaced with the following:

Period	Monthly Installment of Base Rent Based on Partial Premises for First Five Years	Monthly Installment of Base Rent Based on Entire Premises
06/01/18 – 05/31/19	$221,110.68	$247,565.80
06/01/19 – 05/31/20	$227,383.03	$254,631.81
06/01/20 – 05/31/21	$233,843.55	$261,909.79
06/01/21 – 05/31/22	$240,497.89	$269,406.12
06/01/22 – 05/31/23	$247,351.85	$277,127.33
06/01/23 – 05/31/24	$285,080.18	$285,080.18
06/01/24 – 05/31/25	$293,271.62	$293,271.62
06/01/25 – 05/31/26	$301,708.80	$301,708.80
06/01/26 – 05/31/27	$310,399.09	$310,399.09

06/01/27 – 05/31/28	$319,350.09	$319,350.09

*During the period from June 1, 2018 through May 31, 2023 (the "**Reduced Rent Period**"), Tenant shall only be required to pay Base Rent on 88,033 rentable square feet of the Premises (rather than on the entire 99,172 rentable square feet), as shown in the second column of the rental chart above. The "**Reduced Rent Amount**" refers to the amount of Base Rent that Tenant is not paying for the entire Premises (i.e., the remaining 11,151 rentable square feet) during the Reduced Rent Period. Landlord shall have the right to purchase the Reduced Rent from Tenant pursuant to Section 3.2 of the Lease, in which case, from and after the date such payment is received, Base Rent shall be payable by Tenant as shown in the third column of the rental chart above.

Within ten (10) days after the execution of this Amendment, Tenant shall pay Landlord such additional increased Base Rent described Recital B above which is applicable for June 2018, July 2018 and August 2018 (and September 2018 if applicable).

2. Reserved Parking Spaces. Exhibit I to the Lease is hereby deleted in its entirety and replaced with Exhibit A attached hereto, it being acknowledged that the Reserved Parking Area is shown highlighted in yellow on Exhibit A attached hereto.

3. No Offer. Submission of this instrument for examination and signature by Tenant does not constitute an offer to amend the Lease or a reservation of or option to amend the Lease, and this instrument is not effective as a lease amendment or otherwise until executed and delivered by both Landlord and Tenant.

4. Lease in Full Force and Effect. Except as provided above, the Lease is unmodified hereby and remains in full force and effect.

5. Counterparts. This Amendment may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same First Amendment.

[Signatures appear on the following page]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date and year first above written.

LANDLORD:

VESTAR GATEWAY, LLC,
a Delaware limited liability company

By: SLC Gateway Retail, LLC,
a Delaware limited liability company,
its Sole Member

By: VGSLM, LLC,
a Delaware limited liability company,
its Managing Member

By: _____
Name: ~~Edward J. Bleading~~
Title: Manager Manager

TENANT:

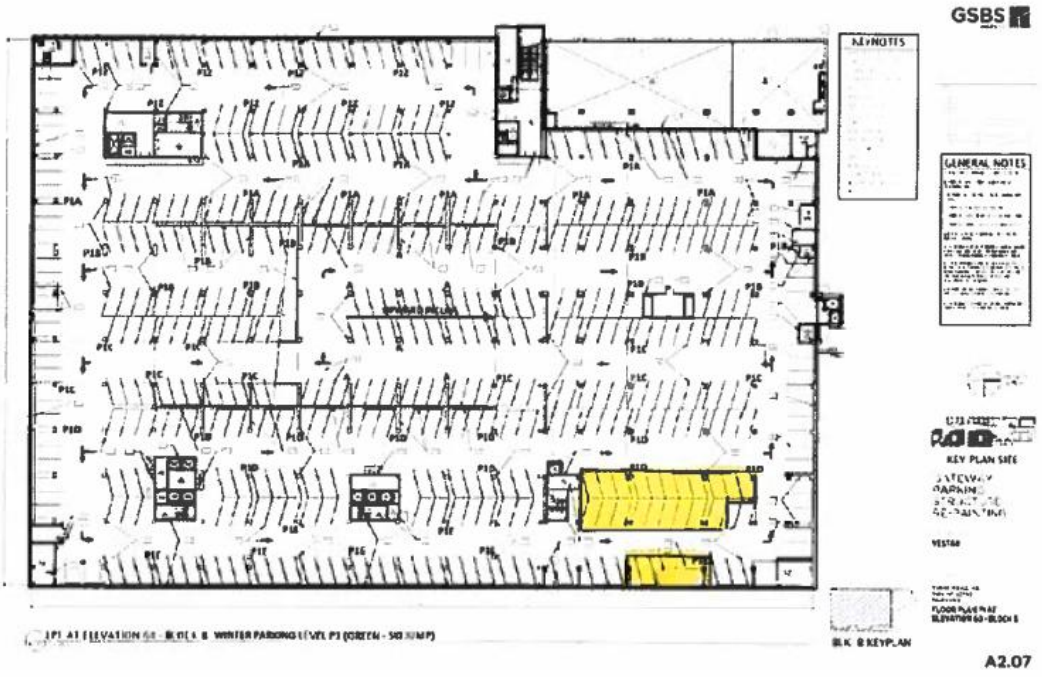
RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation

By: _____
Name: Christopher Gibson
Its: CEO

By: _____
Name: _____
Its: _____

EXHIBIT A

RESERVED PARKING SPACES



SECOND AMENDMENT TO OFFICE LEASE

THIS SECOND AMENDMENT TO OFFICE LEASE (this "Amendment") is made and entered into as of the 13th day of November, 2019 (the "Amendment Effective Date") by and between VESTAR GATEWAY, LLC, a Delaware limited liability company ("Landlord") and RECURSION PHARMACEUTICALS, INC., a Delaware corporation ("Tenant").

RECITALS:

A. Landlord and Tenant have previously executed and delivered that certain Office Lease dated November 13, 2017, as amended by that certain First Amendment to Lease dated September 25, 2018 (collectively, the "Lease") with respect to certain Premises more particularly described therein.

B. Landlord and Tenant have agreed to modify the Lease, subject to and in accordance with the further terms, covenants and provisions of this Amendment.

NOW, THEREFORE, in consideration of the execution and delivery of the Lease, the foregoing Recitals, the mutual agreements, covenants and promises contained in this Amendment and other good and valuable considerations, the receipt, sufficiency and validity of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Definitions. Capitalized terms used in this Amendment without definition shall have the meanings assigned to such terms in the Lease unless the context expressly requires otherwise.

2. Additional Premises.

(a) In addition to and together with the Premises, from and after the Additional Premises Rent Commencement Date (as defined in Paragraph 4 below), Landlord leases to Tenant and Tenant leases from Landlord that certain Additional Premises (herein so called) consisting of approximately five thousand five hundred forty-seven (5,547) square feet of Floor Area and identified as the "Additional Premises" on the Site Plan attached hereto as **Exhibit "A,"** together with the "Outdoor Play Area" identified on the Site Plan attached as "**Exhibit C-1**." From and after the Additional Premises Rent Commencement Date, references in the Lease to the "Premises" shall be deemed to include the "Additional Premises" and Tenant's use, lease and occupancy of the Additional Premises shall be subject to all of the terms, covenants and provisions of the Lease, except as expressly set forth in this Amendment. The term of Tenant's lease of the Additional Premises shall be coterminous with the Lease.

(b) Landlord consents to entry by Tenant in the Additional Premises from and after completion by Landlord of the Sewer Work described in Paragraph 8 hereof for the purposes of readying the Additional Premises for Tenant's business operations. Tenant acknowledges that the (i) indemnification and waiver provisions of Article 10 of the Lease, (ii) the waiver of subrogation provisions of Section 10.5 of the Lease, and the insurance provisions of Article 10 of the Lease, apply to Tenant's entry in the Additional Premises.

3. Use. The Additional Premises shall be used solely for a daycare facility operated by Bright Horizons Family Solutions or its affiliate (or such other licensed day-care provider chosen by Tenant, which may or may not be a third-party); provided, however, the Additional Premises may be used for the purposes expressly set forth in Article 5 of the Lease upon Tenant providing advance written notice to Landlord of such change, and for no other purpose.

4. Base Rent. From and after the earlier of (a) the date the Additional Premises opens for business, and (b) the date that is 180 days after Tenant obtains the necessary building permits for the Additional Tenant Improvements (as defined below) (which date shall be no later than the date that is 270 days after the Amendment Effective Date, subject to Tenant's extension rights set forth below) (the "Additional Premises Rent Commencement Date"), Base Rent shall be payable with respect to the Additional Premises in accordance with the schedule of Base Rent set forth below; provided, however, Tenant may extend the Additional Premises Rent Commencement Date upon written notice to Landlord up to ninety (90) additional days to allow for completion of Tenant's Work (as defined below) so long as Tenant has commenced and continues to diligently prosecute such work to completion. No Rent shall be due or payable with respect to the Outdoor Play Area.

Month of Lease Term	Monthly Rental	Annual Rental	Annual Rental Rate Per Square Foot
Additional Premises Rent Commencement Date - 12	$13,174.13	$158,089.50	$28.5000
13-24	$13,569.35	$162,832.19	$29.3550
25-36	$13,976.43	$167,717.15	$30.2357
37-48	$14,395.72	$172,748.67	$31.1427
49-60	$14,827.59	$177,931.13	$32.0770
61-72	$15,272.42	$183,269.06	$33.0393
73-84*	$15,730.59	$188,767.13	$34.0305

*Tenant acknowledges that the Lease Term expires on May 31, 2028.

5. Termination of Lease. Tenant may terminate the Lease, but only with respect to the Additional Premises, from and after on the date that is three (3) years from the Amendment Effective Date. On the effective date of such termination, and as a condition to such termination, Tenant shall pay to Landlord an amount equal to the unamortized Additional Premises Allowance (as defined in Paragraph 9 hereof) and the unamortized brokerage commissions paid by Landlord in connection with the execution of this Amendment, as of the effective date of such termination amortized in accordance with the terms of Section 2.4 of the Lease.

6. Central Plant Charges. From and after the Additional Premises Rent Commencement Date, Tenant shall pay to Landlord Two and 75/100 Dollars ($2.75) per square foot of floor area of the Additional Premises per annum for costs incurred by Landlord to provide heated and chilled water from the central plant, and which shall be payable in twelve (12) equal monthly installments during each year of the Lease Term, in advance, on the first day of each calendar month, without setoff or deduction, notice or demand, together with Tenant's monthly payments of Base Rent.

7. Operating Expenses, Taxes – Additional Premises. Tenant acknowledges that its obligation for payments for Direct Expenses, Operating Expenses and Tax Expenses with respect to the Additional Premises shall be calculated differently than its obligations for Direct Expenses, Operating Expenses and Tax Expenses with respect to the original Premises (as is set forth in Article 4 of the Lease). Accordingly, Landlord and Tenant hereby agree as follows:

(a) Operating Expenses. Operating Expenses with respect to the Additional Premises shall be prorated in the following manner: A portion of the Project is or will be owned or leased by occupants of buildings having a floor area of ten thousand (10,000) square feet or more (the "Major Tenants"). The contributions of the Major Tenants towards the Operating Expenses shall be credited toward payment of the entirety of the Operating Expenses and the balance of the Operating Expenses shall be prorated in the following manner. From and after the Additional Premises Rent Commencement Date, Tenant shall pay to Landlord, on the first day of each calendar month, an amount estimated by Landlord to be Tenant's share of the Operating Expenses. This estimated monthly charge may be adjusted by Landlord at the end of any calendar quarter on the basis of Landlord's experience and any variation in reasonably anticipated cost (subject, however, to the definitions and limitations set forth in the Lease of Operating Expenses and Operating Expenses Exclusions). Operating Expenses and Operating Expense Exclusions as defined in the Lease shall not be modified by the terms of this Amendment. In addition to Operating Expenses, Tenant shall pay to Landlord a sum for accounting, bookkeeping and collection of the Operating Expenses in an amount equal to three percent (3%) of the Base Rent.

(b) Operating Expenses Statement. Within thirty (30) days following the end of each calendar quarter or, at Landlord's option, within ninety (90) days after the end of each calendar year, Landlord shall furnish Tenant a statement of actual Operating Expenses incurred or accrued for the preceding calendar year or calendar quarter, as applicable, for the Additional Premises, certified as correct by a certified public accountant or an authorized representative of Landlord, showing in reasonable detail the total amount of the Operating Expenses allocated to tenants of the Project, the amount of Tenant's share of the Operating Expenses for such calendar quarter or year and the payments made by Tenant with respect to such period as set forth above. If Tenant's share of the Operating Expenses for the Additional Premises exceeds Tenant's payments, Tenant shall pay Landlord the deficiency within thirty (30) days after receipt of such statement. If Tenant's payments exceed Tenant's share of the Operating Expenses, Tenant shall be entitled to offset the excess against payments next thereafter to become due Landlord as set forth in above (or receive a refund of such excess payments within thirty (30) days of Tenant's written request therefor, which obligation shall survive the expiration of the Lease Term). Tenant's share of the Operating Expenses for the Additional Premises for the previous calendar quarter or year shall be that portion of all Operating Expenses, less the amounts contributed by the Major Tenants multiplied by a fraction, the

numerator of which is the number of square feet of floor area in the Additional Premises and the denominator of which is the total number of square feet of floor area of buildings in the Project (other than the Excluded Components, defined below) as of the commencement of such calendar quarter or year, and excluding those buildings the owners, tenants or occupants of which self-maintain with respect to any particular component of Operating Expenses. There shall be an appropriate adjustment of Tenant's share of the Operating Expenses as of the Additional Premises Rent Commencement Date and at the expiration or earlier termination of Lease Term. Tenant's right to audit Direct Expenses shall be as set forth in Section 4.6 of the Lease (with the terms thereof modified as necessary to conform to the terms and purposes of this Amendment). Excluded Components include those portions of the Project identified on the Project site plan attached as **Exhibit "B"** (the "Project Site Plan") as "**One Gateway**", "**Two Gateway**", "**Three Gateway**", "**Four Gateway**" and "**Five Gateway**" and the portions of the Project utilized for residential purposes and/or lodging purposes.

(c) Estimated Operating Expenses. Landlord estimates that Tenant's share of Operating Expenses (excluding Tax Expenses and insurance premiums) for the Additional Premises during calendar year 2020 shall be Seven and 54/100 Dollars ($7.54) per square foot of the floor area of the Additional Premises. Notwithstanding this estimate, subject to the terms of the Lease and this Amendment, Tenant shall be liable for the actual obligations for Operating Expenses, irrespective of whether the actual obligation for Operating Expenses is greater or less than Landlord's estimate.

(d) Insurance. Tenant shall pay Landlord, commencing on the Additional Premises Rent Commencement Date and for the balance of the Lease Term, on the first day of each calendar month thereafter, as a component of Operating Expenses, one twelfth (1/12th) of the estimated cost to Landlord of the insurance required to be maintained by Landlord under the Lease for each such year or partial year, subject to annual reconciliation in the manner set forth above. Payment shall be made by Tenant together with Tenant's payment of its pro-rata share of Operating Expenses, unless Landlord elects to bill Tenant separately, in which event, payment shall be made within thirty (30) days after delivery to Tenant of a written statement from Landlord setting forth the cost of such insurance and showing in reasonable detail the manner in which it has been computed. In the event the cost to Landlord of the insurance Landlord is required to maintain under the Lease is not separately charged to Landlord by Landlord's insurance carrier, the portion applicable to the Additional Premises of the cost of such insurance (the "pro rata share") shall be that proportion of such cost which the floor area of the Additional Premises bears to the floor area of all the areas available for exclusive use and occupancy by tenants of the Project (other than the Excluded Components) which are occupied and open for business and covered by such insurance.

(e) Estimated Insurance Expenses. Landlord estimates that Tenant's share of insurance premiums for calendar year 2020 shall be seventeen cents (17¢) per square foot of the floor area of the Additional Premises. Subject to the terms of the Lease and this Amendment, Tenant shall be liable for Tenant's actual share of insurance premiums regardless of whether Landlord's estimate is greater or less than Tenant's actual obligation.

(f) Taxes. Tenant shall pay to Landlord, commencing on the Additional Premises Rent Commencement Date, and for the balance of the Lease Term, on the first day of each calendar month, as a component of Operating Expenses, one-twelfth (1/12th) of the estimated amount of Tax Expenses levied and assessed upon the Additional Premises and the underlying realty for each calendar year, subject to reconciliation in accordance with the provisions of Paragraph 7(b) above. Should any levy and/or assessment relate to or be payable over a period of time which encompasses all or a portion of the Lease Term and either precedes or succeeds the Lease Term, Tenant shall pay a pro rata share thereof based upon the portion of such Tax Expenses falling due during the Lease Term.

(g) Estimated Taxes. Landlord estimates that Tenant's share of Tax Expenses for the first year of the Lease Term shall be One and 27/100 Dollars ($1.27) per square foot of the floor area of the Additional Premises. Subject to the terms of the Lease and this Amendment, Tenant shall be liable for Tenant's actual share of Tax Expenses regardless of whether Landlord's estimate is greater or less than Tenant's actual obligation.

8. Delivery of Additional Premises. Landlord shall tender possession of the Additional Premises to Tenant as of the date the work to be performed by Landlord to repair the sewer pipes, lines and related facilities within or adjacent to the Additional Premises (such work being the "Sewer Work") is completed, such Sewer Work to be at Landlord's sole cost and expense. As of the Amendment Effective Date, Landlord represents that the Sewer Work is substantially complete but for repairs to (or replacement of) a few feet of cracked pipe, that Tenant may not use depending on Tenant's plumbing plans for the Additional Premises. If Tenant's plumbing plans for the Additional Premises reflect an abandonment of

the portion of such pipes that are cracked, no further Sewer Work shall be required. If, however, Tenant's plumbing plans for Additional Premises reflect the use of some or all of such cracked pipes, the remaining Sewer Work shall be completed at Landlord's sole cost and expense within ten (10) days following approval by Landlord of Tenant's plumbing plans for the Additional Premises; provided, however, if Landlord's completion of such remaining Sewer Work causes a delay in Tenant's commencement of the Additional Tenant Improvements (and Tenant has obtained all necessary building permits for the Additional Tenant Improvements), the Additional Premises Rent Commencement Date shall be extended day-for-day until such remaining Sewer Work is completed. Tenant shall utilize such early access to ready the Additional Premises for business. Such early access shall not modify the Additional Premises Rent Commencement Date. No representations, inducements, understanding or anything of any nature whatsoever, made, stated or represented by Landlord or anyone acting for or on Landlord's behalf, either orally or in writing, have induced Tenant to enter into this Amendment, and Tenant acknowledges, represents and warrants that Tenant has entered into this Amendment under and by virtue of Tenant's own independent investigation. Except for the Sewer Work and Landlord's representations and warranties in this Amendment, Tenant hereby shall accept the Additional Premises in its current "as is" and "where is" condition without warranty of any kind, express or implied, including, without limitation, any warranty as to title, physical condition or the presence or absence of Hazardous Materials. Subject to Landlord's obligation to complete the Sewer Work at its sole cost and expense, if the Additional Premises are not in all respects entirely suitable for the use or uses to which the Additional Premises or any part thereof will be put, then it is the sole responsibility and obligation of Tenant to take such action as may be necessary to place the Additional Premises in a condition entirely suitable for such use or uses. The work to be performed and improvements made by Tenant at the Additional Premises (which may include fencing and security measures reasonably acceptable to Landlord and Tenant) shall substantially conform to the conceptual plans attached as **Exhibit "C-1"** to this Amendment (the "Additional Tenant Improvements") and shall be performed in accordance with the terms of the Lease. The Additional Premises will be delivered to Tenant in a gray-shell condition described in attached **Exhibit "C-2"** to this Amendment. **IN CONNECTION WITH THE ABOVE, TENANT HEREBY ACKNOWLEDGES AND REPRESENTS TO LANDLORD, AND THE GROUND LESSOR THAT TENANT HAS HAD AMPLE OPPORTUNITY TO INSPECT AND EVALUATE THE ADDITIONAL PREMISES AND THE FEASIBILITY OF THE USES AND ACTIVITIES TENANT IS ENTITLED TO CONDUCT THEREON; THAT TENANT IS EXPERIENCED; THAT TENANT WILL RELY ENTIRELY ON TENANT'S EXPERIENCE, EXPERTISE AND ITS OWN INSPECTION OF THE ADDITIONAL PREMISES IN ITS CURRENT STATE IN PROCEEDING WITH THIS AMENDMENT SUBJECT TO LANDLORD'S OBLIGATION TO COMPLETE THE SEWER WORK AND LANDLORD'S EXPRESS REPRESENTATIONS AND WARRANTIES IN THIS AMENDMENT); TENANT ACCEPTS THE ADDITIONAL PREMISES IN ITS PRESENT CONDITION (SUBJECT TO LANDLORD'S OBLIGATION TO COMPLETE THE SEWER WORK AND LANDLORD'S EXPRESS REPRESENTATIONS AND WARRANTIES IN THIS AMENDMENT), AND THAT, TO THE EXTENT THAT TENANT'S OWN EXPERIENCE WITH RESPECT TO ANY OF THE FOREGOING IS INSUFFICIENT TO ENABLE TENANT TO REACH AND FORM A CONCLUSION, TENANT HAS ENGAGED THE SERVICES OF PERSONS QUALIFIED TO ADVISE TENANT WITH RESPECT TO SUCH MATTERS. TENANT IS NOT RELYING ON ANY EXPRESS OR IMPLIED, ORAL OR WRITTEN REPRESENTATIONS, OR WARRANTIES MADE BY LANDLORD OR ITS REPRESENTATIVES, OTHER THAN THOSE EXPRESSLY SET FORTH IN THE LEASE OR THIS AMENDMENT.**

9. Allowance. If the Lease is in full force and effect and if Tenant is not in breach or default of any of the terms, conditions, covenants and provisions of this Lease, Tenant shall be entitled to a one-time "Additional Premises Allowance" in the amount of Forty and No/100 Dollars ($40.00) gross square foot for partial reimbursement of the cost to ready the Additional Premises for occupancy ("Tenant's Work"). Payment of the Additional Premises Allowance shall be made to Tenant by Landlord within thirty (30) days after the later to occur of (i) Tenant requesting, in writing, disbursement of the Additional Premises Allowance, which request may be made only after Tenant has opened at the Additional Premises for business to the general public in accordance with the terms, covenants and provisions of this Amendment, and (ii) delivery to Landlord of the following: (a) a copy of the Certificate of Occupancy or comparable permit issued by the City of Salt Lake and/or the County of Salt Lake, Utah for the Additional Premises, (b) unconditional lien waivers from Tenant's contractor and all subcontractors and suppliers who furnished labor and/or materials in connection with the construction of the Additional Premises in a form substantially similar to the form previously delivered to Landlord with respect to the original Additional Premises Allowance, and (c) a copy of all permits, licenses or other governmental, quasi-governmental or other licensing authority authorizations required as a prerequisite for Tenant (or the third party operator) conducting business operations at the Additional Premises, and (d) execution and delivery by Tenant to Landlord of an estoppel certificate in the form attached to the Lease as an Exhibit, and (e) copies of invoices and work orders demonstrating the cost of Tenant's Work, and (f) a copy of the "as-built" plans (or record drawings marked to show field changes) for the Additional Premises. Tenant shall deliver the request for the Additional Premises Allowance to Landlord no later than three hundred sixty (360) days after the Additional Premises Rent Commencement Date (the "Allowance Cutoff Date"). In the event Tenant does not submit the request for the Additional Premises Allowance within thirty (30)

days after the Allowance Cutoff Date, Landlord shall not be obligated to fund any portion of the Additional Premises Allowance to Tenant and the Additional Premises Allowance shall be forfeited by Tenant without any reduction or adjustment to the Base Rent, Additional Rent (as defined in the Lease) or other charges payable by Tenant to Landlord under this Lease.

10. Exclusive. So long as the originally named Tenant or an assignee or sublessee pursuant to a Permitted Transfer is continuously and without interruption conducting business operations within the entire Additional Premises for the Permitted Use of the Additional Premises and provided that there has not occurred a Default, except for and any lease, license or concession agreement executed prior to the Amendment Effective Date, and any amendment, modification, extension, expansion, renewal or replacement thereof, Landlord shall not, during the Lease Term, lease or rent any other premises within the portions of the Project presently owned by Landlord to a tenant or occupant who will use such for a daycare facility; provided, however, the foregoing restriction shall not apply to: (a) an office tenant/occupant that provides day-care services for the children of its employees, (b) a children's activity center (e.g. "My Gym"), or (c) a strictly after-care (after normal school hours) children's facility. In the event of a breach by Landlord of its obligations contained in this Paragraph 11, which breach is not cured by Landlord pursuant to the terms of the Lease, Tenant shall have the right, as its sole and exclusive remedy, to bring an action for specific performance and/or obtaining a temporary or permanent injunction against Landlord with respect to such uncured breach. In the event of a violation of the exclusive rights set forth in this Paragraph 10 by a third party within the Project, Landlord shall be deemed to have satisfied its obligations hereunder so long as it uses all commercially reasonable efforts to enforce Tenant's exclusive rights. No breach of this Paragraph 10 shall be deemed to have arisen until such time as Landlord has received written notice from Tenant of an alleged violation and Landlord has failed to remedy the violation in accordance with the terms of the Lease and this Amendment. In the event that any third party and/or governmental body, agency, branch, commission, authority, subdivision, bureau or department commences any action or proceeding against Landlord before any court of competent jurisdiction or administrative tribunal (collectively referred to as an "Action") arising from the restriction set forth in this Paragraph 10, and it is finally determined in such Action that the restriction set forth in this Paragraph 10 is in violation of law, then the restriction set forth in this Paragraph 10 shall be automatically cancelled and revoked. Landlord agrees to notify Tenant of any Action commenced as stated above and shall permit Tenant to defend such Action provided (i) Tenant agrees to hold Landlord and any Landlord's lender harmless and indemnify Landlord and any Landlord's lender for all costs, expenses, damages and judgments which they might incur, expend or be liable for in defending the legality and enforceability of the restriction set forth in Paragraph 10, and (ii) Landlord receives adequate reasonable assurance of Tenant's financial willingness and ability to hold Landlord and any Landlord's lender harmless and indemnify Landlord or any Landlord's lender. Within fourteen (14) days of Landlord notifying Tenant of the institution of the Action, Tenant, at its sole option, may elect in writing by notice to Landlord, to either waive the provisions set forth in the restrictions set forth in this Paragraph 10 with respect to the Action, or to defend the Action. Landlord in its reasonable business judgment shall determine if the aforesaid assurances are satisfactory. It is understood and agreed that Landlord's defense may be undertaken by counsel selected by Tenant, but approved by Landlord, which approval shall not be unreasonably withheld or delayed. Landlord shall have no obligation to enforce the rights granted to Tenant under this Paragraph 10 unless and until Landlord receives written notice of an Action. Landlord shall not be deemed in breach of this Paragraph 10 so long as Landlord has commenced and pursues reasonable efforts to protect Tenant's rights hereunder.

11. Signage. Landlord acknowledges that the signage rights and obligations set forth in the Lease (except for specific free-standing signage, if any) shall apply to the operator of the daycare facility as to the Additional Premises. So long as the Lease is free from default, Landlord shall not install, locate or affix any "for lease" or "for rent" signage within or upon the interior and exterior windows or walls of the Additional Premises or the original Premises.

12. Drop-off Area; Parking. Landlord and Tenant agree to reasonably cooperate to locate pick up/drop off areas for the daycare facility such that traffic flow for patrons of Tenants daycare facility shall not materially disrupt the traffic flow in the Common Area of the Project. Tenant may, at Tenant's option, increase the total number of parking passes rented by Tenant under the Lease by up to 16 additional parking passes for use in connection with the Additional Premises (the "Additional Parking Passes"); provided, however, notwithstanding anything in Article 28 of the Lease to the contrary, parking for the holders of the Additional Parking Passes may be located in garages at the Project owned and/or operated by Landlord and its affiliates, as well as the garage below the Building.

13. Estoppel. Tenant hereby affirms by execution of this Amendment that to the best of Tenant's knowledge the Lease is in full force and effect and Tenant does not have any presently existing claims against Landlord or any offsets against any amounts due under the Lease. To the best of Tenant's knowledge, there are no defaults of Landlord under the Lease and there are no existing circumstances which with the passage of time, notice or both, would give rise to a default under the Lease.

14. Broker. Landlord shall pay the commissions due mountain West Retail pursuant to a separate agreement. Each party hereto shall indemnify the other party against claims by any other broker or finders claiming through the indemnifying party.

15. Full Force and Effect. Except as expressly modified by this Amendment, the Lease remains unmodified and in full force and effect. All references in the Lease to "this Lease" shall be deemed references to the Lease as modified by this Amendment.

16. Counterparts; Electronic Signatures. This Amendment may be executed in one or more counterparts and the signature pages combined to constitute one document. Electronic signatures shall have the same force and effect as original signatures.

17. Landlord's Address for Payments of Rent. Landlord's address for payments of rent under the Lease shall be amended to be: Vestar Gateway, LLC, c/o Vestar, P.O. Box 60051, City of Industry, California 91716.

(signatures on next page)

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date and year first above written.

LANDLORD:

VESTAR GATEWAY, LLC, a Delaware limited liability company

By: SLC Gateway Retail, LLC,
a Delaware limited liability company,
its Sole Member

By: VGSLM, LLC,
a Delaware limited liability company,
its Managing Member

By: _____
Name: David Larcher
Title: Manager Manager

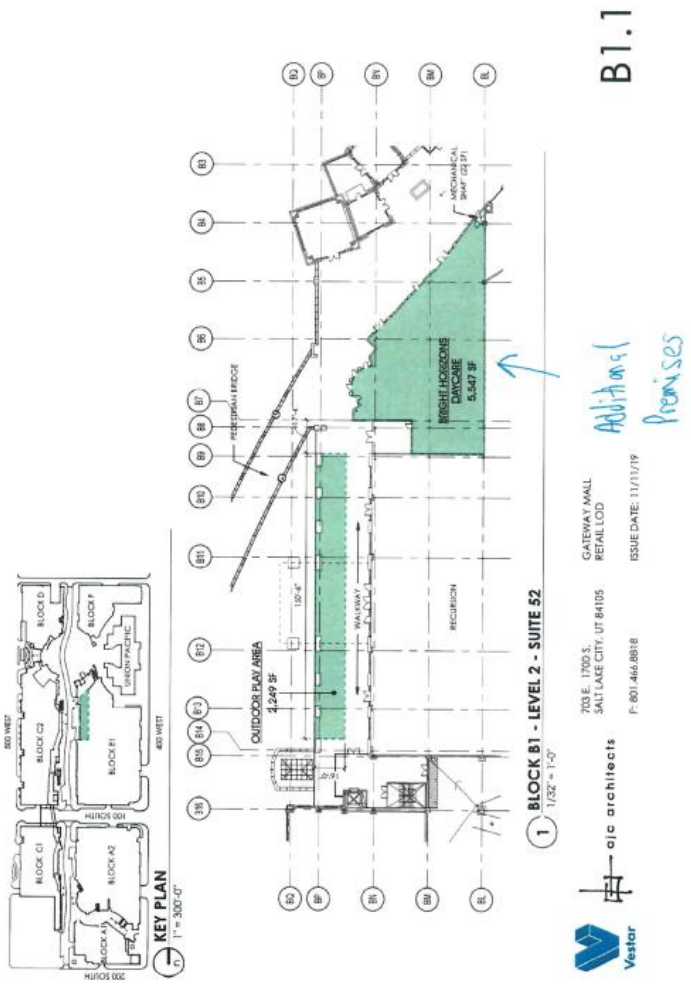
TENANT:

RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation

DocuSigned by:
By: Tina Larson
Name: Tina Larson
Its: Chief Operating Officer

EXHIBIT "A"

SITE PLAN




Vestar
THE GATEWAY
Salt Lake City, Utah
200 SOUTH
100 SOUTH
400 WEST
RIO GRANDE STREET
LOWER LEVEL
MEGAPLEX
vivint.Arena
Cicoro
Blue Line
Green Line
Red Line

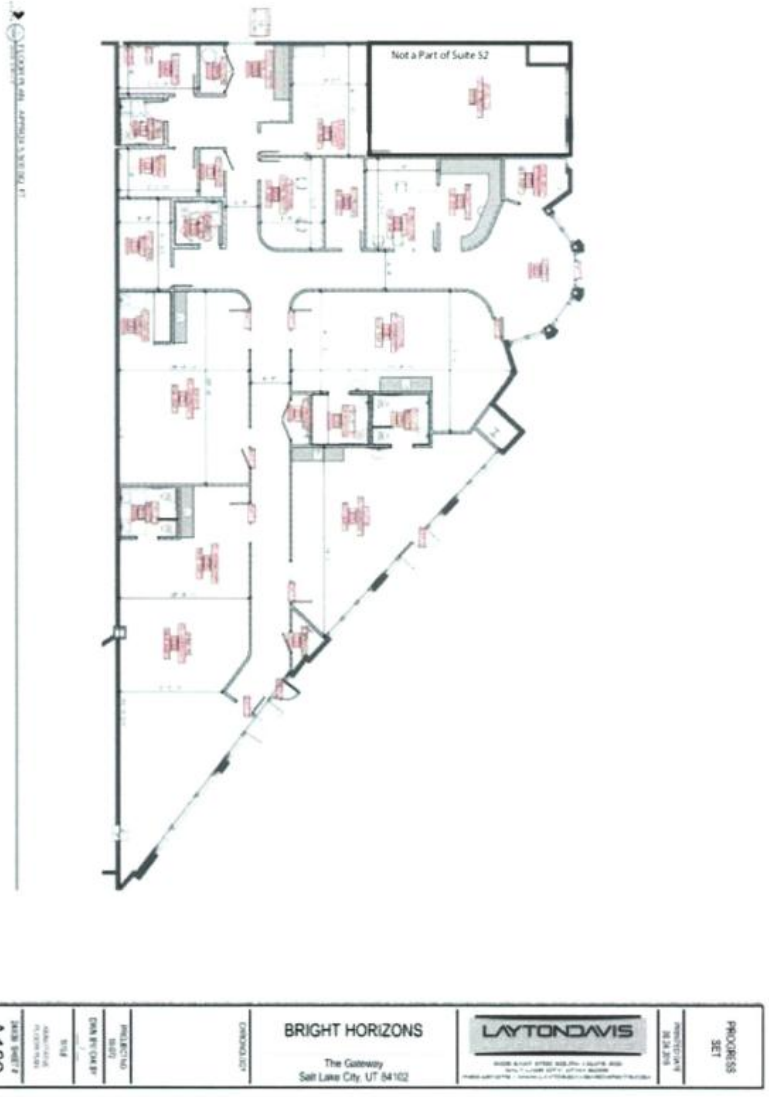

200 SOUTH
100 SOUTH
50 NORTH
400 WEST
500 WEST
RIO GRANDE STREET
WEST TEMPLE
MEGAPLEX
vivint.Arena
Smart Home
PUNCH BOWL
Cicero
Vestar
THE GATEWAY
Salt Lake City, Utah
brr

EXHIBIT "B"

PROJECT SITE PLAN

EXHIBIT "C-1"

TENANT'S CONCEPTUAL PLANS



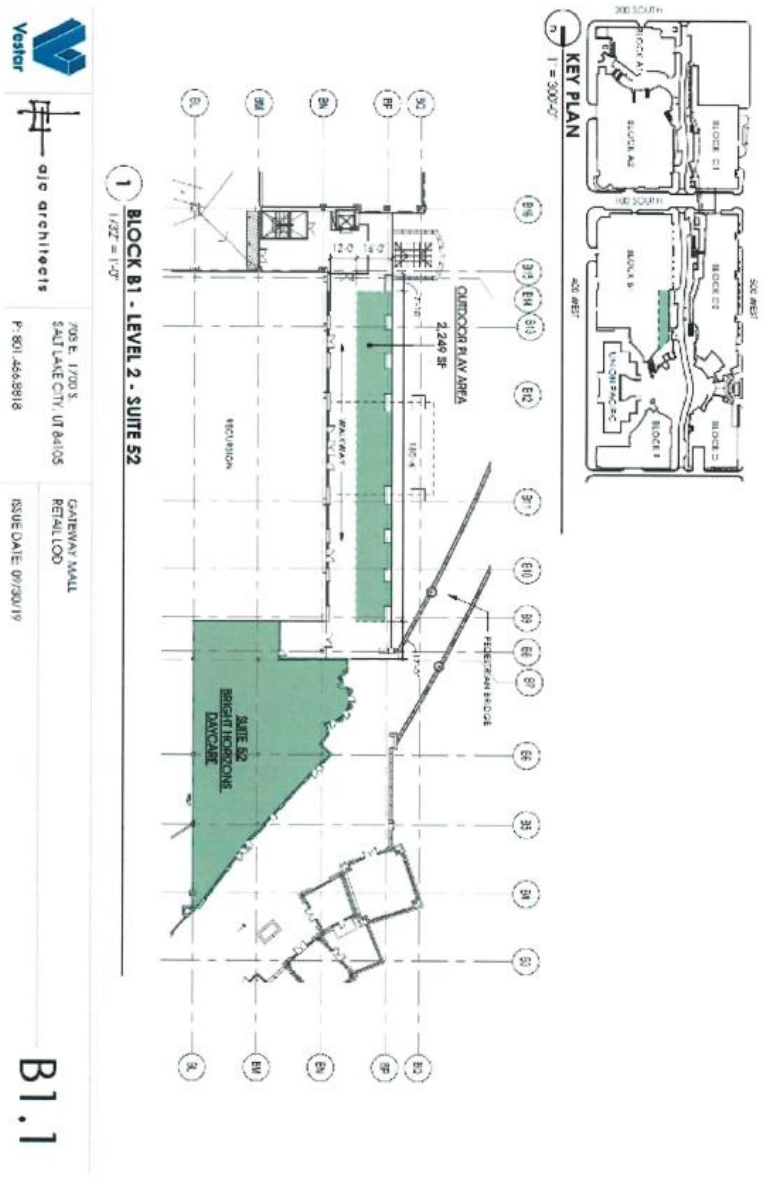

KEY PLAN
1 = 300'-0"
BLOCK B1 - LEVEL 2 - SUITE 52
1/32" = 1'-0"
OUTDOOR PLAY AREA
2,249 SF
SUITE 52
BRIGHT HORIZONS
DAYCARE
PEDESTRIAN BRIDGE
Vestar
alc architects
GATEWAY MALL
RETAIL LOD
ISSUE DATE: 07/30/19
B1.1

EXHIBIT "C-2"

GRAY SHELL SPECIFICATIONS

(ATTACHED)

EXHIBIT "C-2"-GRAY SHELL (RETAIL)

9-16-19

LANDLORD CONSTRUCTION CRITERIA
GATEWAY – SALT LAKE CITY

LANDLORD SHALL PROVIDE THE FOLLOWING GRAY SHELL IMPROVEMENTS TO THE PREMISES HEREINAFTER REFERRED TO AS "**LANDLORD'S WORK**":

A. **STRUCTURES**:

1. **Frame**: The building is constructed of steel frame, reinforced concrete, or masonry bearing wall, as provided within the existing Gateway project.
2. **Exterior Walls**: The exterior wall(s) are of masonry, steel framed, or such other material or materials, as provided within the existing Gateway project.
3. **Ceiling Heights**: Tenant's responsibility as to clear height from floor slab.
4. **Roof**: The roof is of single ply material type, or equal, as provided within the existing Gateway project.
5. **Partitions**: Interior partition walls are Tenant's responsibility.
6. **Door(s) and Frame(s)**: Exterior service door(s) and frame(s) shall be hollow metal.
7. **Storefront Doors**: See Paragraph F.

B. **INTERIOR FINISHES**:

1. **Floors**: Landlord shall furnish a standard four inch (4") thick concrete slab or suspended structural slab throughout the interior of the Premises
2. **Suspended Structural Slab**: The elevated floor slabs of this building are of post-tension concrete construction. Any attachments for mechanical, electrical, or architectural elements shall be limited to a 1" maximum drilled or driven anchor embedment. If deeper embedment or core drilling is required, the slab shall be scanned to locate PT tendons and location adjusted to provide at least 3" clear from any PT tendon. In the event that PT tendons become damaged or cut, they must be repaired to bring the building back to the original design condition. Cost of these repairs shall be the responsibility of the Contactor.
3. **Walls**: Demising wall(s) shall be unpainted masonry or unpainted drywall finish, taped over stud, Tenant shall be responsible for final preparation and finish. Height shall be determined by Project Architect. Any cross partition(s) shall be Tenant's responsibility. Exterior and rear wall(s) shall be unpainted masonry or concrete finish or such other material(s) as selected by Project Architect.
4. **Ceilings**: None provided, Tenant's responsibility.

C. **SANITARY FACILITIES**:

1. **Toilet Room**: None provided, Tenant's responsibility. (Existing toilet rooms can remain if tenant so chooses.)

D. **UTILITIES**:

1. **Water and Sewer**: Landlord shall furnish a minimum of one (1), one inch (1") cold water supply and one (1), four inch (4") waste water line to the Premises per Landlord's plans. Tenant is responsible for stubbing access to both the supply and waste lines.
2. **Electricity**: Landlord shall furnish existing electrical cabinets and breakers, located on the rear of the building, capable of accommodating the following minimum service requirements. All downstream conduit from existing panels to be removed except for power to F.C.U.'s and misc. fire alarm devices.
   (a) Service at gutter shall be a 200A – 120/208V of service, terminated at the gutter.
   (b) Any electrical requirements (step-down transformer, distribution, wiring, convenience outlets, etc.) beyond said service above shall be Tenant's responsibility.

3. **Lighting**: None provided, Tenant's responsibility.

4. **H.V.A.C.**: Landlord shall provide chilled and heating water from the central plant to the space and provide an outside air connection for space ventilation, based on the following:

   (a) Distribution System Design: All air distribution system(s) shall be Tenant's responsibility including providing 4-pipe fan coils, heating and chilled water distribution, outside air distribution and thermostats. Chilled water coils will be designed for 48°F EWT. Heating water coils will be designed for 145°F EWT.

   (aa) Central Plant Deliverable: Hot water and chilled water delivered from the central plant is intended for artificial cooling and heating of the space and for heating domestic hot water. Hot water and chilled water temperature set points change seasonally for efficiencies but are always adequate to maintain 72°F (Cooling Mode) and 70°F (Heating Mode) air temperatures year-round and to maintain 120°F domestic hot water. Tenant is responsible for obtaining Landlord approval for use of the central plant's hot and chilled water which exceed these parameters.

   (b) Capacity: The air conditioning capacity shall not exceed one (1) ton for each three hundred (300) square feet of Floor Area for retail space.

   (c) Special Equipment: In the event that Tenant's use of the Premises requires fresh air and/or exhaust air for special equipment, cooking equipment, additional personnel, stock room areas, or show windows, and the like, Tenant shall provide same at Tenant's sole expense, subject to the prior approval of Landlord. Tenant shall connect to base building systems where available.

5. **Fire Sprinkler System**: Landlord will provide a main fire line stubbed through the Premises and a layout of upright heads for shell construction as required by code.

E. **TELEPHONE**:

1. One (1), one inch (1") conduit, with pull string from the building telephone mounting board to Premises will be provided by the Landlord.

F. **STORE FRONTS:**

1. Design and Installation: A standard minimum of one (1) store front shall be designed by the Project Architect and installed by Landlord consisting of a minimum of one (1) single door with cylinder lock. Landlord may elect to provide a double-entry door, at Landlord's sole discretion, predicated on the square footage of the Premises.

THIRD AMENDMENT TO OFFICE LEASE

THIS THIRD AMENDMENT TO OFFICE LEASE (this "Amendment") is made and entered into as of the 22nd day of January, 2021 (the "Amendment Effective Date") by and between VESTAR GATEWAY, LLC, a Delaware limited liability company ("Landlord") and RECURSION PHARMACEUTICALS, INC., a Delaware corporation ("Tenant").

RECITALS:

A. Landlord and Tenant have previously executed and delivered that certain Office Lease dated November 13, 2017, as amended by that certain First Amendment to Lease dated September 25, 2018, and as amended by that certain Second Amendment to Lease dated November 13, 2019 (collectively, the "Lease") with respect to certain Premises more particularly described therein.

B. Landlord and Tenant have agreed to modify the Lease, subject to and in accordance with the further terms, covenants and provisions of this Amendment.

NOW, THEREFORE, in consideration of the execution and delivery of the Lease, the foregoing Recitals, the mutual agreements, covenants and promises contained in this Amendment and other good and valuable considerations, the receipt, sufficiency and validity of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Definitions. Capitalized terms used in this Amendment without definition shall have the meanings assigned to such terms in the Lease unless the context expressly requires otherwise.

2. Expansion Premises.

(a) In addition to and together with the Premises, from and after the Expansion Premises Rent Commencement Date (as defined in Paragraph 4 below), Landlord leases to Tenant and Tenant leases from Landlord that certain Expansion Premises (herein so called) located, in part, in the building comprising "Block B" (the "Expansion Premises Building") and, in part, in the Building, and consisting of approximately ninety-one thousand seven hundred forty-eight (91,748) rentable square feet (with 37,717 square feet located on the 1st floor and 51,856 square feet located on the 2nd floor of the Expansion Premises Building and 2,175 square feet located on the 1st floor of the Building adjacent to the Premises). The Expansion Premises is identified as the "Expansion Premises" on the Site Plan attached hereto as Exhibit "A-1". From and after the Expansion Premises Rent Commencement Date, references in the Lease to the "Premises" shall be deemed to include the "Expansion Premises" and Tenant's use, lease and occupancy of the Expansion Premises shall be subject to all of the terms, covenants and provisions of the Lease, except as expressly set forth in this Amendment.

(b) Landlord consents to entry by Tenant in the Expansion Premises from and after the date Landlord tenders possession of the Expansion Premises to Tenant as described in Paragraph 8 below (the "Expansion Premises Delivery Date") for the purposes of readying the Expansion Premises for Tenant's business operations and completing the Expansion Premises Work (as defined below). Tenant acknowledges that the (i) indemnification and waiver provisions of Article 10 of the Lease, (ii) the waiver of subrogation provisions of Section 10.5 of the Lease, and the insurance provisions of Article 10 of the Lease, apply to Tenant's early entry in the Expansion Premises.

3. Use. The Expansion Premises shall be used solely for the purposes expressly set forth in Article 5 of the Lease and for no other purpose.

4. Lease Term. The new Lease Term for the Expansion Premises shall be ten (10) years commencing on the Expansion Premises Rent Commencement Date (defined below) (the "Expansion Premises Lease Term"); provided, however, the terms and provisions of this Amendment are effective as of the Amendment Effective Date. The Lease Term for all portions of the Premises and the Additional Premises (except the Expansion Premises) shall not be modified by the terms of this Amendment. References in the Lease to the "Lease Term" shall be deemed to include the Expansion Premises Lease Term to the extent consistent with the terms of this Amendment. Tenant will have the right to extend the Expansion Premises Lease Term for one (1) five (5) year period, provided Tenant gives Landlord written notice of its intent to do so at least twelve (12) months prior to the expiration of the Expansion Premises Lease Term. The Base Rent for the Option Period with respect to the Expansion Premises shall be ninety-five percent (95%) of the then Fair Rental Value (as defined in Article 2 of the Lease) of the Expansion Premises.

5. Base Rent. From and after the date Tenant commences business operation in the Expansion Premises, but no later than March 31, 2022 (the "Expansion Premises Rent Commencement Date"), Base Rent shall be payable with respect to the Expansion Premises in accordance with the schedule of Base Rent set forth below. Notwithstanding the foregoing, if Tenant's completion of the Expansion Premises Work extends beyond March 31, 2022, then Tenant will not be required to pay any Rent for the Expansion Premises until the Expansion Premises Work is substantially complete; however, the initial Expansion Premises Lease Term shall be extended day-for-day for each additional day beyond March 31, 2022 needed to complete such work (however, the Expansion Premises Rent Commencement Date shall not be extended by more than thirty (30) days), in which case, the last year of the initial Expansion Premises Lease Term may contain more than three hundred sixty-five (365) days. The Rent for the first year of the Expansion Premises Lease Term shall be on a modified gross equivalent basis, inclusive of all Operating Expenses. Following the first year of the Expansion Premises Lease Term, with respect to the Expansion Premises, Tenant shall be responsible for paying its pro-rata share (i.e., 28.99%) of the increases in Operating Expenses and Tax Expenses over a calendar year 2022 (the "Expansion Premises Base Year") in accordance with Article 4 of the Lease, the terms of which, modified as necessary to conform to the defined terms and purposes of this Amendment, are incorporated herein by this reference. Tenant shall be responsible for the direct costs of electricity, water, and HVAC maintenance, consistent with Tenant's obligation with respect to the Premises as set forth in the Section 4.7 of the Lease (excluding the Additional Premises).

Year of Lease Term	Monthly Rental	Annual Rental	Annual Rental Rate Per Square Foot
1	$246,572.75	$2,958,873.00	$32.2500
2	$253,969.93	$3,047,639.19	$33.2175
3	$261,589.03	$3,139,068.37	$34.2140
4	$269,436.70	$3,233,240.42	$35.2404
5	$277,519.80	$3,330,237.63	$36.2977
6	$285,845.40	$3,430,144.76	$37.3866
7	$294,420.76	$3,533,049.10	$38.5082
8	$303,253.38	$3,639,040.57	$39.6634
9	$312,350.98	$3,748,211.79	$40.8533
10	$321,721.51	$3,860,658.14	$42.0789

* Tenant shall be allowed to occupy the Expansion Premises Rent-free until the Expansion Premises Rent Commencement Date. In addition, all Rent shall abate for the first six (6) months following the Expansion Premises Commencement Date (the "Rent Abatement Period"). The "Rent Abatement Amount" refers to the amount of Rent that Tenant is not required to pay for the Expansion Premises during the Rent Abatement Period. The Rent Abatement Amount is subject to the following: The parties agree to work cooperatively and in good faith to apply for and obtain a loan to Landlord and/or a tax increment incentive from the Redevelopment Agency of Salt Lake City in an amount equal to or greater than the Rent Abatement Amount (the "City Incentive") upon terms that are otherwise reasonably acceptable to Landlord (and Tenant to the extent Tenant is a party to, or has obligations under, any agreement for the City Incentive). If the total amount of the City Incentive is less than the Rent Abatement Amount, the Rent Abatement Amount shall be reduced to match the total amount of the City Incentive. For the avoidance of doubt, the Rent Abatement Amount shall not be increased even if the City Incentive is increased.

6. Termination of Lease for the Expansion Premises. So long as Tenant is not in material default under the Lease beyond any applicable notice and cure periods, Tenant may terminate the Lease, but only with respect to the Expansion Premises, by delivering written notice to Landlord of its intent to do so prior to May 15, 2021, which termination shall be effective as of May 31, 2021, but only if Tenant reasonably determines (and provides written documentation demonstrating) that the cost of the Expansion Premises Work exceeds the estimated construction budget of Eighteen Million and No/100 Dollars ($18,000,000.00) by more than fifteen percent (15%).

7. Security; Access. During the Expansion Premises Lease Term, Landlord shall continue to operate the Building and the Project in a first-class manner that is consistent with similar buildings in the Salt Lake City downtown area and, at a minimum, consistent with past practices, and shall maintain the level of investment in and expenditures for security services for the Project that were made in calendar year 2020 (the "Minimum Security Investment"). If at any time during the Expansion Premises Lease Term Landlord fails to maintain the Minimum Security Investment, which failure continues for thirty (30) days after written notice thereof by Tenant to Landlord, Tenant may, at its option, separately contract for and/or otherwise engage additional security personnel as Tenant deems necessary to ensure a safe working environment for Tenant's employees, invitees, and guests, at Landlord's sole cost. In the event Tenant incurs such expenses at any time during the Expansion Premises Lease Term, Tenant shall submit an invoice to Landlord for reimbursement of the amount of such expenses, together with reasonable documentation of such expenses, and Landlord shall pay Tenant the amount set forth in each such invoice

within thirty (30) days of receipt thereof. Tenant shall have the same access to the Expansion Premises as provided for the Premises in the Lease.

8. Delivery of Expansion Premises. Landlord shall tender possession of the Expansion Premises to Tenant promptly following the waiver by Tenant of the contingency set forth above in Paragraph 6 (the "Waiver Date"); provided, however such tender of possession of the Expansion Premises shall not include Suites 32, 81, 82, 83 and 84 (the "Exception Suites") within the Expansion Premises Building. Landlord shall tender possession of the Exception Suites to Tenant in grey shell condition as more fully described in Exhibit "D" hereto on or before the date that is one hundred twenty-five (125) days after the Waiver Date. No representations, inducements, understanding or anything of any nature whatsoever, made, stated or represented by Landlord or anyone acting for or on Landlord's behalf, either orally or in writing, have induced Tenant to enter into this Amendment, and Tenant acknowledges, represents and warrants that Tenant has entered into this Amendment under and by virtue of Tenant's own independent investigation. Except for Landlord's representation and warranties in this Amendment or the Lease, Tenant hereby shall accept the Expansion Premises (except the Exception Suites) in its current "as is" and "where is" condition without warranty of any kind, express or implied, including, without limitation, any warranty as to title, physical condition or the presence or absence of Hazardous Materials, and if the Expansion Premises (except the Exception Suites) are not in all respects entirely suitable for the use or uses to which the Expansion Premises or any part thereof will be put, then it is the sole responsibility and obligation of Tenant to take such action as may be necessary to place the Expansion Premises (except the Exception Suites) in a condition entirely suitable for such use or uses. **IN CONNECTION WITH THE ABOVE, TENANT HEREBY ACKNOWLEDGES AND REPRESENTS TO LANDLORD THAT TENANT HAS HAD AMPLE OPPORTUNITY TO INSPECT AND EVALUATE THE EXPANSION PREMISES AND THE FEASIBILITY OF THE USES AND ACTIVITIES TENANT IS ENTITLED TO CONDUCT THEREON; THAT TENANT IS EXPERIENCED; THAT TENANT WILL RELY ENTIRELY ON TENANT'S EXPERIENCE, EXPERTISE AND ITS OWN INSPECTION OF THE EXPANSION PREMISES IN ITS CURRENT STATE IN PROCEEDING WITH THIS AMENDMENT (SUBJECT TO LANDLORD'S REPRESENTATIONS AND WARRANTIES IN THIS AMENDMENT AND THE LEASE AND LANDLORD'S WORK TO BE PERFORMED WITH RESPECT TO THE EXCEPTION SUITES); TENANT ACCEPTS THE EXPANSION PREMISES IN ITS PRESENT CONDITION (SUBJECT TO LANDLORD'S REPRESENTATIONS AND WARRANTIES IN THIS AMENDMENT AND THE LEASE AND LANDLORD'S WORK TO BE PERFORMED WITH RESPECT TO THE EXCEPTION SUITES), AND THAT, TO THE EXTENT THAT TENANT'S OWN EXPERIENCE WITH RESPECT TO ANY OF THE FOREGOING IS INSUFFICIENT TO ENABLE TENANT TO REACH AND FORM A CONCLUSION, TENANT HAS ENGAGED THE SERVICES OF PERSONS QUALIFIED TO ADVISE TENANT WITH RESPECT TO SUCH MATTERS. TENANT IS NOT RELYING ON ANY EXPRESS OR IMPLIED, ORAL OR WRITTEN REPRESENTATIONS, OR WARRANTIES MADE BY LANDLORD OR ITS REPRESENTATIVES, OTHER THAN THOSE EXPRESSLY SET FORTH IN THIS AMENDMENT OR THE LEASE.** In this regard, except as set forth in this Amendment, Tenant shall be responsible, at its sole cost and expense for the Expansion Premises Work in accordance with the provisions of the Lease and this Amendment.

9. Allowance. Tenant shall be entitled to a one-time "Expansion Premises Allowance" in an amount not to exceed One Hundred Ten and No/100 Dollars ($110.00) per rentable square foot of the Expansion Premises for reimbursement of the cost to install certain Tenant Improvements and otherwise ready the Expansion Premises for occupancy (such work is referred to herein as the "Expansion Premises Work"). The terms and conditions relating to the Expansion Premises Work and the payment of the Expansion Premises Allowance are set forth in the Tenant Work Letter (Expansion Premises) attached as Exhibit "B-1" to this Amendment.

10. Signage. Subject to all applicable laws and the sign criteria for the Project, Landlord shall allow Tenant the exclusive right to locate exterior crown signage on the Expansion Premises Building in a mutually acceptable location, subject to Landlord's prior review and approval, which shall not be unreasonably withheld, conditioned or delayed. Tenant shall be responsible for the cost of installation, maintenance, and removal of the exterior signage. Tenant may also install additional signage with respect to the Expansion Premises in accordance with the provisions of Article 23 of the Lease.

11. Letter of Credit. Tenant shall deliver to Landlord within ninety (90) days of the mutual execution of this Amendment an additional L-C (the "Additional L-C") in the amount of Six Million Four Hundred Thousand and No/100 Dollars ($6,400,000.00) which represents sixty-five percent (65%) of the Expansion Premises Allowance. So long as a Default by Tenant has not occurred and remains uncured beyond any required notice and applicable cure period, on the expiration of the 30th full calendar month of the Expansion Premises Lease Term, the amount of the Additional L-C shall reduce by One Million and No/100 Dollars ($1,000,000.00) and thereafter, annually by such amount on each anniversary of the 30th full calendar month of the Expansion Premises Lease Term for the remainder of such term; provided,

however, in no event shall the Additional L-C amount reduce below One Million and No/100 Dollars ($1,000,000.00). The Additional L-C shall be in the form set forth in Exhibit "E" to the Lease.

12. Parking. In addition to Tenant's existing parking rights set forth in the Lease, Tenant shall have the additional right, but not the obligation, to utilize up to three (3) parking passes for every one-thousand (1,000) rentable square feet comprising the Expansion Premises for use on a monthly basis throughout the Expansion Premises Lease Term for use in the north and south parking garages owned by Landlord, of which up to twenty (20) of such parking passes shall be for reserved parking spaces located in the Reserved Parking Area and the remaining passes shall be unreserved and on a first-come, first-served basis. The cost for such parking passes described herein for the Expansion Premises Lease Term shall be Eighty-Five and No/100 Dollars ($85.00) per pass per month; provided, however, that the parking fees for up to one hundred twenty (120) parking passes shall be abated in full during the Expansion Premises Lease Term. All other terms and provisions with respect to parking passes shall be as set forth in Article 28 of the Lease.

13. Power Supply. Tenant may, at its sole cost and expense, at any time during the Expansion Premises Lease Term install an uninterruptible power supply and/or Back-Up Generators for the Expansion Premises sufficient for Tenant's needs at a technically feasible location that is mutually acceptable to Tenant and Landlord.

14. Landlord's Representations. Landlord's representations set forth in Section 29.36 of the Lease with regard to the Premises are incorporated herein by this reference with respect to the Expansion Premises (and modified as necessary to conform to the defined terms and purposes of this Amendment); provided, however, for the purposes of Section 29.36 of the Lease and this Paragraph 14, the term "Master Declaration" shall refer to the instruments identified on Exhibit "C" attached to this Amendment, which have not been amended or modified as of the Amendment Effective Date except to the extent expressly set forth on attached Exhibit "C".

15. Estoppel. Tenant and Landlord each hereby affirms by execution of this Amendment that to the best of such party's knowledge the Lease is in full force and effect and such party does not have any presently existing claims against the other party or any offsets against any amounts due under the Lease. To the best of each party's knowledge, there are no defaults of the other party under the Lease and there are no existing circumstances which with the passage of time, notice or both, would give rise to a default under the Lease.

16. Broker. Landlord shall be solely responsible for and shall pay any and all commissions due to Mountain West Retail with respect to this Amendment pursuant to a separate agreement. In no event shall any commission be paid prior to Tenant waiving its termination right set forth in Paragraph 6 above and any other contingency set forth herein. Each party hereto shall indemnify the other party against claims by any other broker or finders claiming through the indemnifying party.

17. Full Force and Effect. Except as expressly modified by this Amendment, the Lease remains unmodified and in full force and effect. All references in the Lease to "this Lease" shall be deemed references to the Lease as modified by this Amendment.

18. Counterparts; Electronic Signatures. This Amendment may be executed in one or more counterparts and the signature pages combined to constitute one document. Electronic signatures shall have the same force and effect as original signatures.

19. Payments of Rental Obligations. Tenant shall pay all rental obligations under the Lease by ACH or other electronic means in accordance with such written instructions that may be obtained from Landlord from time to time.

(signatures on next page)

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date and year first above written.

LANDLORD:

VESTAR GATEWAY, LLC, a Delaware limited liability company

By: SLC Gateway Retail, LLC,
a Delaware limited liability company,
its Sole Member

By: VGSLM, LLC,
a Delaware limited liability company,
its Managing Member

DocuSigned by:
By: David Larcher
Name: David Larcher
Title: Manager

TENANT:

RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation

DocuSigned by:
By: Tina Larson
Name: Tina Larson
Its: President & COO

EXHIBIT "A-1"

SITE PLAN

15953353_v7
56837\388601\261775737.v2

B1.1
THE GATEWAY
LIFE SCIENCE LOD
ISSUE DATE: 1/6/21
POTENTIAL ADDITIONAL AREA
705 SF
TOTAL GLA 37,717 SF
KEY PLAN
1" = 400'-0"
GLA
37,717 SF
BLOCK B - LEVEL 1
1" = 30'-0"
Vestar

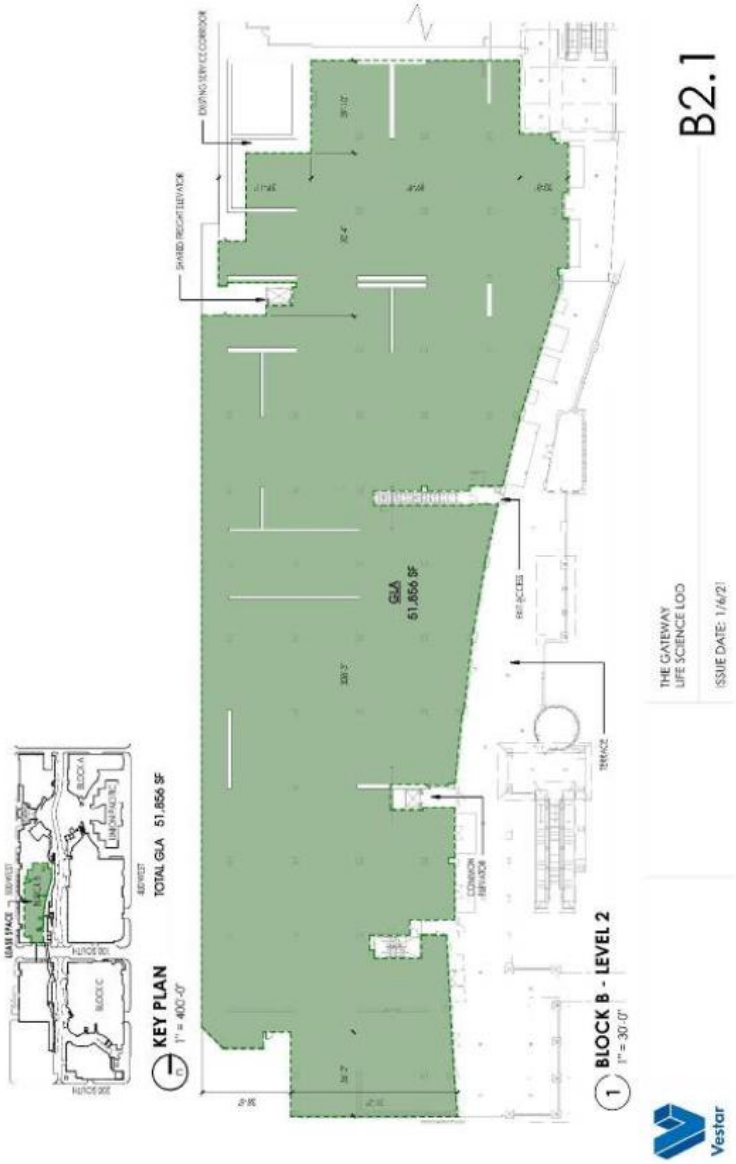

B2.1
THE GATEWAY
LIFE SCIENCE LOD
ISSUE DATE: 1/6/21
GSA
61,856 SF
TOTAL GLA 61,856 SF
KEY PLAN
1" = 400'-0"
1 BLOCK B - LEVEL 2
1" = 30'-0"
Vestar

EXHIBIT "B-1"

TENANT WORK LETTER
(EXPANSION PREMISES)

This Tenant Work Letter shall set forth the terms and conditions relating to the construction of the tenant improvements in the Expansion Premises. This Tenant Work Letter is essentially organized chronologically and addresses the issues of the construction of the Expansion Premises, in sequence, as such issues will arise during the actual construction of the Expansion Premises. All references in this Tenant Work Letter to Articles or Sections of "this Lease" or "this Amendment" shall mean the relevant portion of (a) Articles 1 through 29 of the Office Lease and (b) Paragraphs 1 through 19 of the Third Amendment to Office Lease, to which this Tenant Work Letter is attached as **Exhibit B-1** and of which this Tenant Work Letter forms a part. all references in this Tenant Work Letter to Sections of "this Tenant Work Letter" shall mean the relevant portion of Sections 1 through 6 of this Tenant Work Letter.

SECTION 1

DELIVERY OF THE PREMISES

Tenant acknowledges that Tenant has thoroughly examined the Expansion Premises. Upon the Expansion Premises Delivery Date, Landlord shall deliver the Expansion Premises to Tenant and Tenant shall accept the Premises from Landlord in their presently existing, "as-is" condition as of the date of this Amendment, except as otherwise expressly provided in the Lease and this Amendment. Notwithstanding the foregoing, Landlord and Tenant hereby acknowledge that the Exception Suites portion of the Expansion Premises shall be delivered to Tenant in "grey shell" condition in accordance with the work set forth in Exhibit "D" to this Amendment and not in its presently existing, "as-is" condition as of the date of this Amendment.

SECTION 2

TENANT IMPROVEMENTS

2.1 **Tenant Improvement Allowance**. Tenant shall be entitled to the one-time Expansion Premises Allowance (as defined in Paragraph 9 of this Amendment) for the costs relating to the initial design and construction of Tenant's improvements, which are permanently affixed to the Expansion Premises (the "Tenant Improvements"). In no event shall Landlord be obligated to make disbursements pursuant to this Tenant Work Letter in a total amount which exceeds the Expansion Premises Allowance, except to the extent specifically required by the terms of this Lease and this Tenant Work Letter. All Tenant Improvements for which the Expansion Premises Allowance has been utilized shall be deemed Landlord's property under the terms of the Lease. In the event that Tenant fails to use the entire Expansion Premises Allowance within one (1) year following the Delivery Date, such unused amounts shall be the sole property of Landlord and Tenant shall have no claim to any such unused amounts. Tenant acknowledges that the Expansion Premises Allowance is to be applied to Tenant Improvements covering the entirety of the Expansion Premises such that, following the completion of the Tenant Improvements, the entire Expansion Premises has been built out by Tenant.

2.2 **Disbursement of the Expansion Premises Allowance**.

2.2.1 **Tenant Improvement Allowance Items**. Except as otherwise set forth in this Tenant Work Letter, the Expansion Premises Allowance shall be disbursed by Landlord only for the following items and costs (collectively the "**Tenant Improvement Allowance Items**"):

2.2.1.1 Payment of the fees of the "Architect/Space Planner" and the "Engineers," as those terms are defined in Section 3.1 of this Tenant Work Letter, which payment shall, notwithstanding anything to the contrary contained in this Tenant Work Letter, not exceed an aggregate amount equal to $3.00 per rentable square foot of the Expansion Premises, and payment of the fees incurred by, and the cost of documents and materials supplied by, Landlord and Landlord's consultants in connection with the preparation and review of the "Construction Documents," as that term is defined in Section 3.1 of this Tenant Work Letter;

2.2.1.2 The payment of plan check, permit and license fees relating to construction of the Tenant Improvements;

2.2.1.3 The cost of construction of the Tenant Improvements, including, without limitation, demolition, testing and inspection costs, trash removal costs, parking fees, after-hours utilities usage and contractors' fees and general conditions;

2.2.1.4 The cost of any changes anywhere in the base building or the floor of the Building on which the Expansion Premises is located (referred to herein as the "Building"), when such changes are required by the Construction Documents (including if such changes are due to the fact that such work is prepared on an unoccupied basis) or to comply with applicable governmental regulations or building codes (collectively, the "Code"), such cost to include all direct architectural and/or engineering fees and expenses incurred in connection therewith;

2.2.1.5 The cost of any changes to the Construction Documents or Tenant Improvements required by Code;

2.2.1.6 Sales and use taxes; and

2.2.1.8 the "Landlord Coordination Fee," as that term is defined in Section 4.2.6 of this Tenant Work Letter.

2.2.2 **Disbursement of Expansion Premises Tenant Improvement Allowance**. During the construction of the Tenant Improvements, Landlord shall make monthly disbursements of the Expansion Premises Tenant Improvement Allowance for Tenant Improvement Allowance Items for the benefit of Tenant and shall authorize the release of monies for the benefit of Tenant as follows.

2.2.2.1 **Monthly Disbursements**. On or before the twentieth (20th) day of each calendar month during the construction of the Tenant Improvements (the "Submittal Date") (or such other date as Landlord or Tenant may designate), Tenant shall deliver to Landlord: (i) a request for payment of the "Contractor," as that term is defined in Section 4.1 of this Tenant Work Letter, approved by Tenant showing the schedule, by trade, of percentage of completion of the Tenant Improvements in the Premises; (ii) invoices from all of "Tenant's Agents," as that term is defined in Section 4.1.2 of this Tenant Work Letter, for labor rendered and materials delivered to the Premises (if such invoice is for the Contractor, the Contractor will need to provide an application and certificate for payment [AIA form G702-1992 or equivalent] signed by the Architect/Space Planner, and a breakdown sheet [AIA form G703-1992 or equivalent]); (iii) an original letter from the Tenant approving such invoices and requesting payment from the Tenant Improvement Allowance; (iv) executed mechanic's lien releases, which lien releases shall be conditional with respect to the then-requested payment amounts and unconditional with respect to payment amounts previously disbursed by Landlord or Tenant, from all of Tenant's Agents; and (v) all other information reasonably requested by Landlord. Tenant's request for payment shall be deemed Tenant's acceptance and approval of the work furnished and/or the materials supplied as set forth in Tenant's payment request. On or before the date occurring thirty (30) days after the Submittal Date, and assuming Landlord receives all of the information described in items (i) through (v), above, and subject to Tenant first disbursing any portion of the Over-Allowance Amount (as defined below) in accordance with Section 4.2.1, Landlord shall deliver a check to Tenant made to Tenant's Agent (or to Tenant if such invoices were previously paid by the Tenant) in payment of the lesser of: (A) the amounts so requested by Tenant, as set forth in this Section 2.2.2.1, above, less a ten percent (10%) retention (the aggregate amount of such retentions shall be known as the "Final TI Allowance Reimbursement"), and (B) the balance of any remaining available portion of the Expansion Premises Tenant Improvement Allowance (not including the Final TI Allowance Reimbursement), provided that Landlord does not dispute any request for payment based on non-compliance of any work with the "Approved Construction Documents", as that term is defined in Section 3.4 below, or due to any substandard work, or for any other reason as provided in this Lease. Landlord's payment of such amounts shall not be deemed Landlord's approval or acceptance of the work furnished or materials supplied as set forth in Tenant's payment request.

2.2.2.2 **Final TI Allowance Reimbursement**. Subject to the provisions of this Tenant Work Letter, a check for the Final TI Allowance Reimbursement payable to Tenant shall be delivered by Landlord to Tenant following the completion of construction of the Premises, provided that (i) Tenant delivers to Landlord (a) properly executed, unconditional final mechanic's lien releases from all of Tenant's Agents, showing the amounts paid, in compliance with applicable Laws, (b) Contractor's last application and certificate for payment (AIA form G702 1992 or equivalent) signed by the Architect/Space Planner, (c) a breakdown sheet (AIA form G703 1992 or equivalent), (d) original stamped building permit plans, (e) copy of the building permit, (f) original stamped building permit inspection card with all final sign-offs, (g) full size bond copies and a CD R disk containing electronic files of the "as built" drawings of the Tenant Improvements in both "dwg" and "pdf" formats, from the Architect/Space Planner for architectural drawings, and from the Contractor for all other trades, (h) air balance reports, (i) excess energy use calculations, (j) one year warranty letters from Tenant's Agents, (k) manufacturer's warranties and operating instructions, (l) final punch-list completed and signed off by Tenant and the Architect/Space Planner, (m) letters of compliance from the Engineers stating that the Engineers have inspected the Tenant Improvements and that they complies with the Engineers' drawings and specifications, (n) a copy of the recorded Notice of Completion, and (o) a final list of all contractors/vendors/consultants retained by Tenant in connection with the Tenant Improvements and any other improvements in the Premises pursuant to this Tenant Work Letter, including, but not limited to, the

Contractor, other contractors, subcontractors and the remaining Tenant's Agents, the Architect/Space Planner, the Engineers, systems furniture vendors/ installers, data/telephone cabling/equipment vendors/installers, etc., which final list shall set forth the full legal name, address, contact name (with telephone/fax/e mail addresses) and the total price paid by Tenant for goods and services to each of such contractors/vendors/consultants (collectively, the "Final Close Out Package"), and (ii) Landlord has inspected the Expansion Premises and reasonably determined that no substandard work exists which adversely affects the mechanical, electrical, plumbing, heating, ventilating and air conditioning, life-safety or other systems of the Building, the curtain wall of the Building, the structure or exterior appearance of the Building, or any other tenant's use of such other tenant's leased premises in the Building.

2.2.2.3 **Other Terms**. Landlord shall only be obligated to make disbursements from the Tenant Improvement Allowance to the extent costs are incurred by Tenant for Tenant Improvement Allowance Items. All Tenant Improvement Allowance Items for which the Tenant Improvement Allowance has been made available shall be deemed Landlord's property under the terms of Section 8.5 of this Lease. Tenant shall have no claim to any Tenant Improvement Allowance not expended by Tenant on or before the one (1) year anniversary of the Delivery Date and any such sums shall be the sole property of Landlord.

2.2.2.4. **Allowance Disbursement**. Notwithstanding anything to the contrary contained in this Amendment, Landlord shall not be required to disburse any portion of the Expansion Premises Allowance to Tenant until Tenant has provided to Landlord the Additional L - C described in paragraph 9 of this Amendment.

2.3 **Construction Rules, Requirements, Specifications, Design Criteria and Building Standards**. Landlord has established construction rules, regulation, requirements and procedures, and specifications, design criteria and Building standards with which Tenant, the "Architect/Space Planner," as that term is defined below, and all Tenant's Agents must comply in designing and constructing the Tenant Improvements in the Premises (the "Construction Rules, Requirements, Specifications, Design Criteria and Building Standards").

SECTION 3

CONSTRUCTION DOCUMENTS

3.1 **Selection of Architect/Space Planner/Construction Documents**. Tenant shall retain a licensed, competent, reputable architect/space planner experienced in high-rise office space and Laboratory Use design selected by Tenant and reasonably approved by Landlord (the "Architect/Space Planner") and licensed, competent, reputable engineering consultants selected by Tenant and reasonably approved by Landlord (the "Engineers") to prepare the Construction Documents. The plans and drawings to be prepared by Architect/Space Planner and the Engineers hereunder shall be known collectively as the "Construction Documents." All Construction Documents shall comply with Landlord's drawing format and specifications. Landlord's review of the Construction Documents as set forth in this Section 3, shall be for its sole purpose and shall not imply Landlord's review of the same, or obligate Landlord to review the same, for quality, design, Code compliance or other like matters. Accordingly, notwithstanding that any Construction Documents are reviewed by Landlord or its space planner, architect, engineers and consultants, and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord or Landlord's space planner, architect, engineers, and consultants, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Construction Documents, and Tenant's waiver and indemnity set forth in Section 10.1 of this Lease shall specifically apply to the Construction Documents. Furthermore, Tenant and Architect/Space Planner shall verify, in the field, the dimensions and conditions as shown on the relevant portions of the base building plans, and Tenant and Architect/Space Planner shall be solely responsible for the same, and Landlord shall have no responsibility in connection therewith.

3.2 **Final Space Plan**. Tenant shall supply Landlord with two (2) copies signed by Tenant of its final space plan for the Premises before any architectural Construction Documents or engineering drawings have been commenced. The final space plan (the "Final Space Plan") shall include a layout and designation of all offices, rooms and other partitioning, their intended use, and equipment to be contained therein. Landlord may request clarification or more specific drawings for special use items not included in the Final Space Plan. Landlord shall advise Tenant within five (5) business days after Landlord's receipt of the Final Space Plan for the Premises if the same is unsatisfactory or incomplete in any respect. If Tenant is so advised, Tenant shall promptly cause the Final Space Plan to be revised to correct any deficiencies or other matters Landlord may reasonably require.

3.3 **Final Construction Documents**. After the approval of the Final Space Plan by Landlord and Tenant, Tenant shall promptly cause the Architect/Space Planner and the Engineers to complete the architectural and engineering drawings for the Expansion Premises, and Architect/Space Planner shall

compile a fully coordinated set of architectural, structural, mechanical, electrical and plumbing Construction Documents in a form which is complete to allow subcontractors to bid on the work and to obtain all applicable permits (collectively, the "Final Construction Documents") and shall submit the same to Landlord for Landlord's approval, not to be unreasonably withheld, conditioned, or delayed. Tenant shall supply Landlord with two (2) copies signed by Tenant of such Final Construction Documents. Landlord, acting reasonably and in good faith, shall advise Tenant within ten (10) business days after Landlord's receipt of the Final Construction Documents for the Expansion Premises if the same is unsatisfactory or incomplete in any respect. If Tenant is so advised, Tenant shall immediately revise the Final Construction Documents in accordance with such review and any disapproval of Landlord in connection therewith.

3.4 **Approved Construction Documents**. The Final Construction Documents shall be approved by Landlord (the "Approved Construction Documents") prior to the commencement of construction of the Expansion Premises by Tenant; provided, however, Tenant may commence demolition work prior to Landlord's approval of the Final Construction Documents with Landlord's prior written consent, not to be unreasonably withheld, conditioned, or delayed. After approval by Landlord of the Final Construction Documents Tenant shall cause the Architect/Space Planner to submit the Approved Construction Documents to the appropriate municipal authorities for all architectural and structural permits (the "Permits"), provided that (a) the Architect/Space Planner shall provide Landlord with a copy of the package that it intends to submit prior to such submission, and (b) if there are Base Building modifications required to obtain the Permits, then Tenant shall obtain Landlord's prior written consent to any such Base Building modifications. Tenant hereby agrees that neither Landlord nor Landlord's consultants shall be responsible for obtaining any building permit or certificate of occupancy (or other documentation or approval allowing Tenant to legally occupy the Premises) for the Premises and that obtaining the same shall be Tenant's responsibility; provided, however, that Landlord shall cooperate with Tenant in performing ministerial acts reasonably necessary to enable Tenant to obtain any such permit or certificate of occupancy (or other documentation or approval allowing Tenant to legally occupy the Expansion Premises). No changes, modifications or alterations in the Approved Construction Documents may be made without the prior written consent of Landlord, which consent may not be unreasonably withheld.

SECTION 4

CONSTRUCTION OF THE TENANT IMPROVEMENTS

4.1 **Tenant's Selection of Contractors.**

4.1.1 **The Contractor**. Tenant shall retain a licensed general contractor selected by Tenant and reasonably approved by Landlord (the "Contractor"), as contractor for the construction of the Tenant Improvements, which Contractor shall be a qualified, reputable, general contractor experienced in Comparable Buildings.

4.1.2 **Tenant's Agents**. The Architect/Space Planner, Engineers, consultants, Contractor, other contractors, vendors, subcontractors, laborers, and material suppliers retained and/or used by Tenant shall be known collectively as the "Tenant's Agents." For the following trades, only those contractors, subcontractors, laborers, and material suppliers listed in the Construction Rules, Requirements, Specifications, Design Criteria and Building Standards may be selected by Tenant: Asbestos, Cable Television, Electrical, Elevators, Fire Sprinklers, Fire / Life Safety, HVAC, HVAC Air Balance, Plumbing, Roofing (as listed for each building comprising the Project), and Waste. The Electrical, Fire Sprinklers, Fire / Life Safety, HVAC and Plumbing must be engineered by, and any structural engineering must be conducted by, an engineer or engineers approved by Landlord.

4.2 **Construction of Tenant Improvements by Tenant's Agents**.

4.2.1 **Construction Contract; Cost Budget**. Prior to execution of a construction contract, Tenant shall submit a copy of the proposed contract with the Contractor for the construction of the Tenant Improvements, including the general conditions with Contractor (the "Contract") to Landlord for its approval, which approval shall not be unreasonably withheld, conditioned or delayed. Following execution of the Contract and prior to commencement of construction, Tenant shall provide Landlord with a fully executed copy of the Contract for Landlord's records. Prior to the commencement of the construction of the Tenant Improvements, and after Tenant has accepted all bids and proposals for the Tenant Improvements, Tenant shall provide Landlord with a detailed breakdown, by trade, for all of Tenant's Agents, of the final estimated costs to be incurred or which have been incurred in connection with the design and construction of the Tenant Improvements to be performed by or at the direction of Tenant or the Contractor (the "Construction Budget"), which costs shall include, but not be limited to, the costs of the Architect's and Engineers' fees and the Landlord Coordination Fee. The amount, if any, by which the

total costs set forth in the Construction Budget exceed the amount of the Expansion Premises Tenant Improvement Allowance is referred to herein as the "Over Allowance Amount".

In the event that an Over-Allowance Amount exists, then prior to the commencement of construction of the Tenant Improvements, Tenant shall supply Landlord with cash in an amount equal to the Over-Allowance Amount. The Over-Allowance Amount shall be disbursed by Landlord prior to the disbursement of any of the then remaining portion of the Expansion Premises Improvement Allowance, and such disbursement shall be pursuant to the same procedure as the Expansion Premises Improvement Allowance. In the event that, after the total costs set forth in the Construction Budget have been delivered by Tenant to Landlord, the costs relating to the design and construction of the Tenant Improvements change, any additional costs for such design and construction in excess of the total costs set forth in the Construction Budget shall be added to the Over-Allowance Amount and the total costs set forth in the Construction Budget, and such additional costs shall be paid by Tenant to Landlord immediately as an addition to the Over-Allowance Amount or at Landlord's option, Tenant shall make payments for such additional costs out of its own funds, but Tenant shall continue to provide Landlord with the documents described in items (i), (ii), (iii) and (iv) of Section 2.2.2.1 of this Tenant Work Letter, above, for Landlord's approval, prior to Tenant paying such costs. All Tenant Improvements paid for by the Over-Allowance Amount shall be deemed Landlord's property under the terms of the Lease.

4.2.2 **Tenant's Agents**.

4.2.2.1 **Landlord's General Conditions for Tenant's Agents and Tenant Improvement Work**. Tenant's and Tenant's Agent's construction of the Tenant Improvements shall comply with the following: (i) the Tenant Improvements shall be constructed in strict accordance with the Approved Construction Documents; (ii) Tenant and Tenant's Agents shall not, in any way, interfere with, obstruct, or delay, the work of Landlord's base building contractor and subcontractors with respect to the Base Building or any other work in the Building; (iii) Tenant's Agents shall submit schedules of all work relating to the Tenant Improvements to Landlord and Landlord shall, within five (5) business days of receipt thereof, inform Tenant's Agents of any changes which are necessary thereto, and Tenant's Agents shall adhere to such corrected schedule; and (iv) Tenant shall abide by all rules made by Landlord with respect to the use of parking, freight, loading dock and service elevators, storage of materials, coordination of work with the contractors of other tenants, and any other matter in connection with this Tenant Work Letter, including, without limitation, the construction of the Tenant Improvements and Tenant shall promptly execute all documents including, but not limited to, Landlord's standard contractor's rules and regulations, as Landlord may deem reasonably necessary to evidence or confirm Tenant's agreement to so abide.

4.2.2.2 **Indemnity**. Tenant's indemnity of Landlord as set forth in Section 10.1 of this Lease shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to any act or omission of Tenant or Tenant's Agents, or anyone directly or indirectly employed by any of them, or in connection with Tenant's non-payment of any amount arising out of the Tenant Improvements and/or Tenant's disapproval of all or any portion of any request for payment. Such indemnity by Tenant, as set forth in Section 10.1 of this Lease, shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to Landlord's performance of any ministerial acts reasonably necessary (i) to permit Tenant to complete the Tenant Improvements, and (ii) to enable Tenant to obtain any building permit or certificate of occupancy (or other documentation or approval allowing Tenant to legally occupy the Expansion Premises) for the Expansion Premises.

4.2.2.3 **Requirements of Tenant's Agents**. Each of Tenant's Agents shall guarantee to Tenant and for the benefit of Landlord that the portion of the Tenant Improvements for which it is responsible shall be free from any defects in workmanship and materials for a period of not less than one (1) year from the date of completion thereof. Each of Tenant's Agents shall be responsible for the replacement or repair, without additional charge, of all work done or furnished in accordance with its contract that shall become defective within one (1) year after the later to occur of (i) completion of the work performed by such contractor or subcontractors and (ii) the Expansion Premises Rent Commencement Date. The correction of such work shall include, without additional charge, all additional expenses and damages incurred in connection with such removal or replacement of all or any part of the Tenant Improvements, and/or the Building and/or common areas that may be damaged or disturbed thereby. All such warranties or guarantees as to materials or workmanship of or with respect to the Tenant Improvements shall be contained in the Contract or subcontract and shall be written such that such guarantees or warranties shall inure to the benefit of both Landlord and Tenant, as their respective interests may appear, and can be directly enforced by either. Tenant covenants to give to Landlord any assignment or other assurances which may be necessary to effect such right of direct enforcement.

4.2.2.4 **Insurance Requirements**.

4.2.2.4.1 **General Coverages**. All of Tenant's Agents shall carry worker's compensation insurance covering all of their respective employees, and shall also carry commercial general liability insurance, including property damage, all with limits, in form and with companies as are required to be carried by Tenant as set forth in Article 10 of this Lease, and the policies therefor shall insure Landlord and Tenant, as their interests may appear, as well as the Contractor and subcontractors.

4.2.2.4.2 **Special Coverages**. Tenant or Contractor shall carry "Builder's All Risk" insurance in an amount approved by Landlord, which shall in no event be less than the amount actually carried by Tenant or Contractor, covering the construction of the Tenant Improvements, and such other insurance as Landlord may require, it being understood and agreed that the Tenant Improvements shall be insured by Tenant pursuant to Article 10 of this Lease immediately upon completion thereof. Such insurance shall be in amounts and shall include such extended coverage endorsements as may be reasonably required by Landlord.

4.2.2.4.3 **General Terms**. Certificates for all insurance carried pursuant to this Section 4.2.2.4 shall be delivered to Landlord before the commencement of construction of the Tenant Improvements and before the Contractor's equipment is moved onto the site. All such policies of insurance must contain a provision that the company writing said policy will give Landlord thirty (30) days prior written notice of any cancellation or lapse of the effective date or any reduction in the amounts of such insurance. In the event that the Tenant Improvements are damaged by any cause during the course of the construction thereof, Tenant shall immediately repair the same at Tenant's sole cost and expense. Tenant's Agents shall maintain all of the foregoing insurance coverage in force until the Tenant Improvements are fully completed and accepted by Landlord, except for any Products and Completed Operation Coverage insurance required by Landlord, which is to be maintained for ten (10) years following completion of the work and acceptance by Landlord and Tenant and which shall name Landlord, and any other party that Landlord so specifies, as additional insured as to the full limits required hereunder for such entire ten (10) year period. All insurance, except Workers' Compensation, maintained by Tenant's Agents shall preclude subrogation claims by the insurer against anyone insured thereunder. Such insurance shall provide that it is primary insurance as respects the owner and that any other insurance maintained by owner is excess and noncontributing with the insurance required hereunder. The requirements for the foregoing insurance shall not derogate from the provisions for indemnification of Landlord by Tenant under Section 4.2.2.2 of this Tenant Work Letter. Landlord may, in its discretion, require Tenant to obtain a lien and completion bond or some alternate form of security satisfactory to Landlord in an amount sufficient to ensure the lien-free completion of the Tenant Improvements and naming Landlord as a co-obligee.

4.2.3 **Governmental Compliance**. The Tenant Improvements shall comply in all respects with the following: (i) the Code and other state, federal, city or quasi-governmental laws, codes, ordinances and regulations, as each may apply according to the rulings of the controlling public official, agent or other person; (ii) applicable standards of the American Insurance Association (formerly, the National Board of Fire Underwriters) and the National Electrical Code; and (iii) building material manufacturer's specifications.

4.2.4 **Inspection by Landlord**. Landlord shall have the right to inspect the Tenant Improvements at all times, provided however, that Landlord's failure to inspect the Tenant Improvements shall in no event constitute a waiver of any of Landlord's rights hereunder nor shall Landlord's inspection of the Tenant Improvements constitute Landlord's approval of the same. Should Landlord reasonably disapprove any portion of the Tenant Improvements due to defects or deviations in the completion of such improvements, Landlord shall notify Tenant in writing of such disapproval and shall specify the items disapproved. Any defects or deviations noted in Landlord's disapproval shall be rectified by Tenant at no expense to Landlord, provided however, that in the event Landlord determines that a defect or deviation exists, Landlord may, take such action as Landlord deems necessary, at Tenant's expense and without incurring any liability on Landlord's part, to correct any such defect or deviation, including, without limitation, causing the cessation of performance of the construction of the Tenant Improvements until such time as the defect, deviation and/or matter is corrected to Landlord's satisfaction.

4.2.5 **Meetings**. Commencing upon the execution of this Amendment, Tenant shall hold regular meetings with the Architect/Space Planner and the Contractor regarding the progress of the preparation of Construction Documents and the construction of the Tenant Improvements, which meetings shall be held at the office of the Project, at a time mutually agreed upon by Landlord and Tenant, and, upon Landlord's request, certain of Tenant's Agents shall attend such meetings. In addition, minutes shall be taken at all such meetings, a copy of which minutes shall be promptly delivered to Landlord. One such meeting each month shall include the review of Contractor's current request for payment.

4.2.6 **Landlord Coordination Fee**. Tenant shall pay a construction supervision and management fee (the "Landlord Coordination Fee") to Landlord in an amount equal to one percent (1.0%) of the Expansion Improvement Allowance.

4.3 **Notice of Completion**. Within five (5) days after the final completion of construction of the Tenant Improvements, including, without limitation, the completion of any punch list items, Tenant shall cause a Notice of Completion to be recorded in the office of the Recorder of the County in which the Premises is located pursuant to applicable Law, and shall furnish a copy thereof to Landlord upon such recordation. If Tenant fails to do so, Landlord may execute and file the same on behalf of Tenant as Tenant's agent for such purpose, at Tenant's sole cost and expense. At the conclusion of construction and prior to Landlord's payment of the Final TI Allowance Reimbursement, (i) Tenant shall cause the Contractor and the Architect/Space Planner (A) to update the Approved Construction Documents through annotated changes, as necessary, to reflect all changes made to the Approved Construction Documents during the course of construction, (B) to certify to the best of the Architect/Space Planner's and Contractor's knowledge that such updated Approved Construction Documents are true and correct, which certification shall survive the expiration or termination of this Lease, as hereby amended, and (ii) Tenant shall deliver to Landlord the Final Close Out Package. Landlord shall, at Tenant's expense, update Landlord's "as-built" master plans, for the floor(s) on which the Premises are located, if any, including updated vellums and electronic CAD files, all of which may be modified by Landlord from time to time, and the current version of which shall be made available to Tenant upon Tenant's request.

SECTION 5

MISCELLANEOUS

5.1 **Tenant's Representative**. Tenant has designated Jason Gordon as its sole representative with respect to the matters set forth in this Tenant Work Letter, who shall have full authority and responsibility to act on behalf of the Tenant as required in this Tenant Work Letter.

5.2 **Landlord's Representative**. Landlord has designated Jack Van Kleunen as its sole representative with respect to the matters set forth in this Tenant Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Tenant Work Letter.

5.3 **Time of the Essence in This Tenant Work Letter**. Unless otherwise indicated, all references in this Tenant Work Letter to a "number of days" shall mean and refer to calendar days. If any item requiring approval is timely disapproved by Landlord, the procedure for preparation of the document and approval thereof shall be repeated until the document is approved by Landlord.

5.4 **Tenant's Lease Default**. Notwithstanding any provision to the contrary contained in this Lease, if an event of default as described in Section 19.1 of this Lease or a default by Tenant under this Tenant Work Letter has occurred at any time on or before the substantial completion of the Expansion Premises, then (i) in addition to all other rights and remedies granted to Landlord pursuant to this Lease, Landlord shall have the right to withhold payment of all or any portion of the Expansion Premises Tenant Improvement Allowance and/or Landlord may cause Contractor to cease the construction of the Expansion Premises (in which case, Tenant shall be responsible for any delay in the substantial completion of the Expansion Premises caused by such work stoppage), and (ii) all other obligations of Landlord under the terms of this Tenant Work Letter shall be forgiven until such time as such default is cured pursuant to the terms of this Lease (in which case, Tenant shall be responsible for any delay in the substantial completion of the Expansion Premises caused by such inaction by Landlord).

EXHIBIT "C"

MASTER DECLARATION

(i) Notice Of Adoption Of Redevelopment plan Entitled "Depot District Redevelopment Project Area Plan", dated October 15, 1998, recorded October 22, 1998 as Entry No. 7127194 in Book 8133 at Page 1835 of the Official Records, as amended and affected by an Amended Notice Of Adoption Of Redevelopment Plan Entitled "Depot District Redevelopment Project Area Plan", dated October 15, 1998, recorded May 6, 1999 as Entry No. 7345726 in Book 8275 at Page 1402 of the Official Records;

(ii) Easement Agreement (With Boundary Agreement), dated January 3, 2000, recorded January 13, 2000 as Entry No. 7553961, in Book 8336, at Page 1170 of the Official Records, as amended and/or otherwise affected by that certain Omnibus Amendment To City Project Agreements, recorded April 22, 2013 as Entry No. 11622650, in Book 10129, at Page 5755 of the Official Records, as amended and/or otherwise affected by that certain Affidavit, dated February 21, 2001, executed by BRIAN GOCHNOUR, recorded February 26, 2001 as Entry No.7828965, in Book 8427, at Page 4667 of the Official Records;

(iii) Amended And Restated Participation And Reimbursement Agreement, dated as of May __, 2006, recorded June 8, 2006 as Entry No. 9747342, in Book 9305, at Page 5127 of the Official Records, as amended and/or otherwise affected by that certain First Amendment To Amended And Restated Participation And Reimbursement Agreement, recorded April 22, 2013 as Entry No. 11622649, in Book 10129, at Page 5750 of the Official Records;

(iv) Rio Grande Street Grant Of Easement, dated January 3, 2000, recorded January 13, 2000 as Entry No. 7553963, in Book 8336, at Page 1217 of the Official Records, as corrected by an Affidavit recorded August 7, 2000 as Entry No. 7693049, in Book 8379 at Page 5484 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Rio Grande Street Grant Of Easement, recorded May 6, 2005 as Entry No. 9370280, in Book 9128, at Page 481 of the Official Records, and by that certain Second Amendment to Rio Grande Street Grant Of Easement, recorded December 20, 2007 as Entry No. 10305320, in Book 9550, at Page 5547 of the Official Records, and by that certain Joint Omnibus Amendment To Project Agreements, recorded April 22, 2013 as Entry No. 11622651, in Book 10129, at Page 5760 of the Official Records;

(v) Plaza Pedestrian And Public Use Easement And Programming Agreement, dated December 23, 1999, recorded January 13, 2000 as Entry No. 7553964, in Book 8336, at Page 1240 of the Official Records, as corrected by an Affidavit recorded August 7, 2000 as Entry No. 7693049, in Book 8379 at Page 5484 of the Official Records, and as amended, supplemented and otherwise affected by that certain First Amendment To Plaza Pedestrian And Public Use Easement And Programming Agreement, recorded May 6, 2005 as Entry No. 9370282, in Book 9128, at Page 506 of the Official Records, and by that certain Joint Omnibus Amendment To Project Agreements, recorded April 22, 2013 as Entry No. 11622651, in Book 10129, at Page 5760 of the Official Records;

(vi) North Temple Frontage Road Grant Of Easement, dated December 23, 1999, recorded January 13, 2000 as Entry No. 7553965, in Book 8336, at Page 1263 of the Official Records, as corrected by an Affidavit recorded August 7, 2000 as Entry No. 7693049, in Book 8379 at Page 5484 of the Official Records, and as amended, supplemented and otherwise affected by that certain First Amendment To North Temple Frontage Road Grant Of Easement, recorded May 6, 2005 as Entry No. 9370279, in Book 9128, at Page 466 of the Official Records, and by that certain Joint Omnibus Amendment To Project Agreements, recorded April 22, 2013 as Entry No. 11622651, in Book 10129, at Page 5760 of the Official Records;

(vii) Depot Pedestrian And Public Use Easement, dated December 23, 1999, recorded January 13, 2000 as Entry No. 7553966, in Book 8336, at Page 1284 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Depot Pedestrian And Public Use Easement, recorded May 6, 2005 as Entry No. 9370281, in Book 9128, at Page 497 of the Official Records;

(viii) Hotel Pedestrian Easement, dated December 23, 1999, recorded January 13, 2000 as Entry No. 7553967, in Book 8336, at Page 1302 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Hotel Pedestrian Easement Now Known As Walkway Easement, recorded May 6, 2005 as Entry No. 9370283, in Book 9128, at Page 525 of the Official Records;

(ix) Parks Blocks Agreement, dated as of July 5, 2000, recorded July 7, 2000 as Entry No. 7674967, in Book 8373, at Page 5614 of the Official Records, as amended and/or otherwise affected by that certain Omnibus Amendment To City Project Agreements, recorded April 22, 2013 as Entry No. 11622650, in Book 10129, at Page 5755 of the Official Records;

(x) Declaration And Establishment Of Protective Covenants, Conditions And Restrictions And Grant Of Easements, dated as of December 15, 2000, recorded December 27, 2000 as Entry No. 7787948, in Book

8410, at Page 8311 of the Official Records, as amended and/or otherwise affected by that certain First Amendment To Declaration And Establishment Of Protective Covenants, Conditions And Restrictions And Grant Of Easements, recorded March 1, 2001 as Entry No. 7833680, in Book 8430, at Page 1766 of the Official Records, and by that certain Second Amendment To Declaration And Establishment Of Protective Covenants, Conditions And Restrictions And Grant Of Easements, recorded May 6, 2005 as Entry No. 9370284, in Book 9128, at Page 536 of the Official Records;

(xi) Amended and Restated Declaration of Condominium Gateway Block C1 Condominium Project, recorded April 27, 2001 as Entry No. 7881708, in Book 8450, at Page 4761 of the Official Records, as said Amended And Restated Declaration was amended and/or otherwise affected by that certain First Amendment to Amended and Restated Declaration of Condominium Gateway Block C1 Condominium Project, recorded February 15, 2011 as Entry No. 11134756, in Book 9905, at Page 6380 of the Official Records;

(xii) Amended And Restated Declaration Of Condominium Gateway Block C2 Condominium Project, recorded April 27, 2001 as Entry No. 7881709, in Book 8450, at Page 4843 of the Official Records;

(xiii) Declaration Of Condominium Gateway Block A Condominium Project, recorded February 26, 2001 as Entry No. 7828969, in Book 8427, at Page 4676 of the Official Records;

(xiv) Declaration Of Condominium Gateway Block B Condominium Project, recorded February 26, 2001 as Entry No. 7828971, in Book 8427, at Page 4752 of the Official Records, as amended or otherwise affected by that certain First Amendment To Declaration Of Condominium Gateway Block B Condominium Project And Amendment Of Record Of Survey Map, recorded May 16, 2002 as Entry No. 8235748, in Book 8598 at Page 7012, of the Official Records, and by that certain Second Amendment To Declaration Of Condominium Gateway Block B Condominium Project And Amendment Of Record Of Survey Map, recorded July 20, 2004 as Entry No. 9125323, in Book 9016 at Page 2655;

(xv) Declaration Of Covenants, Conditions And Restrictions Re Commercial Shared Maintenance, dated as of February 28, 2001, as evidenced by that certain Memorandum Of Declaration Of Covenants, Conditions And Restrictions Re Commercial Shared Maintenance (Gateway), recorded March 1, 2001 as Entry No. 7833681, in Book 8430, at Page 1770 of the Official Records, and by that certain First Amendment To Memorandum Of Declaration Of Covenants, Conditions And Restrictions Re Commercial Shared Maintenance, recorded May 6, 2005 as Entry No. 9370286, in Book 9128, at Page 563 of the Official Records, and by that certain Consent and Acknowledgment of Inland Western Salt Lake City Gateway, L.L.C., recorded September 25, 2013 as Entry No. 11730200, in Book 10180, at Page 1552 of the Official Records;

(xvi) Declaration Of Easements, dated as of September 1, 2001, recorded April 7, 2003 as Entry No. 8600407, in Book 8772, at Page 5889 of the Official Records;

(xvii) Covenant Agreement, dated as of February 28, 2003, recorded April 7, 2003 as Entry No. 8600408, in Book 8772, at Page 5901 of the Official Records;

(xviii) unrecorded Parking License Agreement dated April 8, 2002, unrecorded First Amendment to Parking License Agreement dated as of July 9, 2002, and unrecorded Central Plant Participation Agreement dated June 1, 2002, each as disclosed by that certain Parking License, Parking Access, Central Plant Participation And Subordination Agreement, dated as of June 16, 2003, recorded June 16, 2003 as Entry No. 8691592, in Book 8818, at Page 5955 of the Official Records;

(xix) Parking License Agreement, dated October 6, 2003, recorded October 10, 2003 as Entry No. 8848851, in Book 8894, at Page 9334 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Parking License Agreement (Gateway Office 3), dated May 5, 2005, recorded May 6, 2005 as Entry No. 9370289, in Book 9128, at Page 580 of the Official Records;

(xx) Agreement For Construction And Subsequent Acquisition Of Retail Unit 4, Gateway Block A Condominium, For The Purpose Of Operating A Planetarium And Presenting Large Screen Motion Picture Features, dated February 13, 2002, recorded June 8, 2004 as Entry No. 9084123, in Book 8998, at Page 4901 of the Official Records;

(xxi) Parking License Agreement, dated June 30, 2004, recorded July 20, 2004 as Entry No. 9125321, in Book 9016, at Page 2635 of the Official Records, as amended, supplemented and otherwise affected by that certain First Amendment To Parking License Agreement, dated May 5, 2005, recorded May 6, 2005 as Entry No. 9370288, in Book 9128, at Page 573 of the Official Records;

(xxii) Air Space Easement Agreement, dated as of May 5, 2005, recorded May 6, 2005 as Entry No. 9370290, in Book 9128, at Page 586 of the Official Records;

(xxiii) Encroachment Agreement, dated as of May 5, 2005, recorded May 6, 2005 as Entry No. 9370291, in Book 9128, at Page 595 of the Official Records;

(xxiv) Declaration Of Covenants, Restrictions And Easements (The Gateway--Retail Parcels), recorded May 6, 2005 as Entry No. 9370292, in Book 9128, at Page 605 of the Official Records, as amended by that certain Amendment To Declaration Of Covenants, Restrictions And Easements, recorded May 31, 2005 as Entry No. 9390612, in Book 9137, at Page 7862 of the Official Records, as amended by that Second Amendment to Declaration of Covenants, Restrictions and Easements dated June 27, 2019, recorded June 28, 2019, as Entry No. 13019122 in Book 10797, Page 3555;

(xxv) Declaration Of Easement (Emergency Ingress & Egress), dated as of January 6, 2006, recorded January 10, 2006 as Entry No. 9606025, in Book 9241, at Page 9418 of the Official Records;

(xxvi) Parking License Agreement, dated December 15, 2006, recorded December 26, 2006 as Entry No. 9951937, in Book 9399, at Page 9815 of the Official Records;

(xxvii) Easement, recorded December 4, 2007 as Entry No. 10291031, in Book 9544, at Page 1216 of the Official Records;

(xxviii) Declaration Of Bridge Covenants And Easements (The Gateway--Retail Parcels), dated October 3, 2007, recorded January 22, 2008 as Entry No. 10328082, in Book 9561, at Page 1129 of the Official Records;

(xxix) Easement, recorded January 22, 2008 as Entry No. 10328083, in Book 9561, at Page 1144 of the Official Records;

(xxx) Parking License Agreement, dated March 20, 2006, the existence of which is disclosed of record by that certain Memorandum Of Parking License Agreement recorded October 22, 2012 as Entry No. 11496303, in Book 10068, at Page 3312 of the Official Records;

(xxxi) Central Plant Participation Agreement, dated October 6, 2003, recorded October 10, 2003 as Entry No. 8848852, in Book 8894, at Page 9344 of the Official Records;

(xxxii) Central Plant Participation Agreement, dated June 30, 2004, recorded July 20, 2004 as Entry No. 9125322, in Book 9016, at Page 2645 of the Official Records; and

(xxxiii) all amendments, modifications, extensions and renewals and replacements thereof; all of which shall be superior to this Lease, binding upon the Project and run with the land.

EXHIBIT "D"

EXCEPTION SUITES GREY SHELL CRITERIA

LANDLORD SHALL PROVIDE THE FOLLOWING GRAY SHELL IMPROVEMENTS TO THE PREMISES HEREINAFTER REFERRED TO AS "**LANDLORD'S WORK**":

A. **STRUCTURES**:

1. **Frame**: The building is constructed of steel frame, reinforced concrete, or masonry bearing wall, as provided within the existing Gateway project.

2. **Exterior Walls**: The exterior wall(s) are of masonry, steel framed, or such other material or materials, as provided within the existing Gateway project.

3. **Ceiling Heights**: Tenant's responsibility as to clear height from floor slab.

4. **Roof**: The roof is of single ply material type, or equal, as provided within the existing Gateway project.

5. **Partitions**: Interior partition walls are Tenant's responsibility.

6. **Door(s) and Frame(s)**: Exterior service door(s) and frame(s) shall be hollow metal.

7. **Storefront Doors**: See Paragraph F.

B. **INTERIOR FINISHES**:

1. **Floors**: Landlord shall furnish a standard four inch (4") thick concrete slab or suspended structural slab throughout the interior of the Premises

2. **Suspended Structural Slab**: The elevated floor slabs of this building are of post-tension concrete construction. Any attachments for mechanical, electrical, or architectural elements shall be limited to a 1" maximum drilled or driven anchor embedment. If deeper embedment or core drilling is required, the slab shall be scanned to locate PT tendons and location adjusted to provide at least 3" clear from any PT tendon. In the event that PT tendons become damaged or cut, they must be repaired to bring the building back to the original design condition. Cost of these repairs shall be the responsibility of the Contactor.

3. **Walls**: Demising wall(s) shall be unpainted masonry or unpainted drywall finish, taped over stud, Tenant shall be responsible for final preparation and finish. Height shall be determined by Project Architect. Any cross partition(s) shall be Tenant's responsibility. Exterior and rear wall(s) shall be unpainted masonry or concrete finish or such other material(s) as selected by Project Architect.

4. **Ceilings**: None provided, Tenant's responsibility.

C. **SANITARY FACILITIES:**

1. **Toilet Room**: None provided, Tenant's responsibility. (Existing toilet rooms can remain if tenant so chooses.)

D. **UTILITIES:**

1. **Water and Sewer**: Landlord shall furnish a minimum of one (1), one inch (1") cold water supply and one (1), four inch (4") waste water line to the Premises per Landlord's plans. Tenant is responsible for stubbing access to both the supply and waste lines.

2. **Electricity**: Landlord shall furnish existing electrical cabinets and breakers, located on the rear of the building, capable of accommodating the following minimum service requirements. All down stream conduit from existing panels to be removed except for power to F.C.U.'s and misc. fire alarm devices.

   (a) Service at gutter shall be a 200A – 120/208V of service, terminated at the gutter.

(b) Any electrical requirements (step-down transformer, distribution, wiring, convenience outlets, etc.) beyond said service above shall be Tenant's responsibility.

3. **Lighting**: None provided, Tenant's responsibility.

4. **H.V.A.C.**: Landlord shall provide chilled and heating water from the central plant to the space and provide an outside air connection for space ventilation, based on the following:

(a) Distribution System Design: All air distribution system(s) shall be Tenant's responsibility including providing 4-pipe fan coils, heating and chilled water distribution, outside air distribution and thermostats. Chilled water coils will be designed for 48°F EWT. Heating water coils will be designed for 145°F EWT.

(aa) Central Plant Deliverable: Hot water and chilled water delivered from the central plant is intended for artificial cooling and heating of the space and for heating domestic hot water. Hot water and chilled water temperature set points change seasonally for efficiencies but are always adequate to maintain 72°F (Cooling Mode) and 70°F (Heating Mode) air temperatures year-round and to maintain 120°F domestic hot water. Tenant is responsible for obtaining Landlord approval for use of the central plant's hot and chilled water which exceed these parameters.

(b) Capacity: The air conditioning capacity shall not exceed one (1) ton for each three hundred (300) square feet of Floor Area for retail space.

(c) Special Equipment: In the event that Tenant's use of the Premises requires fresh air and/or exhaust air for special equipment, cooking equipment, additional personnel, stock room areas, or show windows, and the like, Tenant shall provide same at Tenant's sole expense, subject to the prior approval of Landlord. Tenant shall connect to base building systems where available.

5. **Fire Sprinkler System**: Landlord will provide a main fire line stubbed through the Premises and a layout of upright heads for shell construction as required by code.

E. TELEPHONE:

1. One (1), one inch (1") conduit, with pull string from the building telephone mounting board to Premises will be provided by the Landlord.

F. STORE FRONTS:

1. Design and Installation: A standard minimum of one (1) store front shall be designed by the Project Architect and installed by Landlord consisting of a minimum of one (1) single door with cylinder lock. Landlord may elect to provide a double-entry door, at Landlord's sole discretion, predicated on the square footage of the Premises.

FOURTH AMENDMENT TO OFFICE LEASE

THIS FOURTH AMENDMENT TO OFFICE LEASE (this "Amendment") is made and entered into as of the 25th day of February, 2021 (the "Amendment Effective Date") by and between VESTAR GATEWAY, LLC, a Delaware limited liability company ("Landlord") and RECURSION PHARMACEUTICALS, INC., a Delaware corporation ("Tenant").

RECITALS:

A. Landlord and Tenant have previously executed and delivered that certain Office Lease dated November 13, 2017, as amended by that certain First Amendment to Lease dated September 25, 2018, as amended by that certain Second Amendment to Lease dated November 13, 2019, as amended by that certain Third Amendment to Lease dated January 22, 2021 (collectively, the "Lease") with respect to certain Premises more particularly described therein.

B. Landlord and Tenant have agreed to modify the Lease, subject to and in accordance with the further terms, covenants and provisions of this Amendment.

NOW, THEREFORE, in consideration of the execution and delivery of the Lease, the foregoing Recitals, the mutual agreements, covenants and promises contained in this Amendment and other good and valuable considerations, the receipt, sufficiency and validity of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Definitions. Capitalized terms used in this Amendment without definition shall have the meanings assigned to such terms in the Lease unless the context expressly requires otherwise.

2. Additional Premises Rent Commencement Date. Landlord and Tenant hereby agree that the Additional Premises Rent Commencement Date (as defined in the Second Amendment) is hereby amended to be March 1, 2021. The expiration date of the Lease Term (only with respect to the Additional Premises) shall be extended by six (6) months and twenty-two (22) days and shall expire on December 22, 2028.

3. Estoppel. Tenant and Landlord each hereby affirms by execution of this Amendment that to the best of such party's knowledge the Lease is in full force and effect and such party does not have any presently existing claims against the other party or any offsets against any amounts due under the Lease. To the best of each party's knowledge, there are no defaults of the other party under the Lease and there are no existing circumstances which with the passage of time, notice or both, would give rise to a default under the Lease.

4. Full Force and Effect. Except as expressly modified by this Amendment, the Lease remains unmodified and in full force and effect. All references in the Lease to "this Lease" shall be deemed references to the Lease as modified by this Amendment.

5. Counterparts; Electronic Signatures. This Amendment may be executed in one or more counterparts and the signature pages combined to constitute one document. Electronic signatures shall have the same force and effect as original signatures.

(signatures on next page)

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date and year first above written.

LANDLORD:

VESTAR GATEWAY, LLC, a Delaware limited liability company

By: SLC Gateway Retail, LLC,
a Delaware limited liability company,
its Sole Member

By: VGSLM, LLC,
a Delaware limited liability company,
its Managing Member

By: _____
Name: R. Patrick McGinley
Title: Manager

TENANT:

RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation

DocuSigned by:
By: Brackon Curtis
D984B81E1E79425...
Name: Brackon Curtis
Its: Senior Director of People Operations

FIFTH AMENDMENT TO OFFICE LEASE

THIS FIFTH AMENDMENT TO OFFICE LEASE (this "Amendment") is made and entered into as of the 15th day of May, 2021 (the "Amendment Effective Date") by and between VESTAR GATEWAY, LLC, a Delaware limited liability company ("Landlord") and RECURSION PHARMACEUTICALS, INC., a Delaware corporation ("Tenant").

RECITALS:

A. Landlord and Tenant have previously executed and delivered that certain Office Lease dated November 13, 2017, as amended by that certain First Amendment to Lease dated September 25, 2018, as amended by that certain Second Amendment to Lease dated November 13, 2019, as amended by that certain Third Amendment to Lease dated January 22, 2021, and as amended by that certain Fourth Amendment to Lease dated February 25, 2021 (collectively, the "Lease") with respect to certain Premises more particularly described therein.

B. Landlord and Tenant have agreed to modify the Lease, subject to and in accordance with the further terms, covenants and provisions of this Amendment.

NOW, THEREFORE, in consideration of the execution and delivery of the Lease, the foregoing Recitals, the mutual agreements, covenants and promises contained in this Amendment and other good and valuable considerations, the receipt, sufficiency and validity of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Definitions. Capitalized terms used in this Amendment without definition shall have the meanings assigned to such terms in the Lease unless the context expressly requires otherwise.

2. Expansion Premises Termination. Tenant's right to terminate the Lease as set forth in Paragraph 6 of the Third Amendment to Lease is hereby deleted.

3. Access to Adjoining Suites. If Tenant determines during the Expansion Premises Work that Tenant requires access to any one or more of the following three (3) suites that are adjacent to the Expansion Premises: (i.e., the "Sprint" premises (containing 612 square feet), the "Head Gate Studios" premises (containing 654 square feet), or the "Urban Homes" premises (containing 1,115 square feet)), each as depicted on Exhibit "A" to this Amendment (collectively, the "Adjoining Suites", Tenant may provide to Landlord written notice of the need for such access. Within ninety (90) days following receipt of such written notice with respect to the "Urban Homes" premises and the "Head Gate Studios" premises and within one hundred twenty (120) days following receipt of such written notice for the "Sprint" premises, Landlord shall tender to Tenant possession of the Adjoining Suites designated by Tenant free and clear of all occupants thereof and their personal property. In accordance with the terms of the Lease, Tenant shall have the right to install an exhaust system and discharge stack that may include vertical and horizontal ducting, fans, motors, and related facilities and improvements (the "Exhaust System") within the Adjoining Suites in accordance with plans and specifications prepared by Tenant and approved by Landlord, which approval shall not be unreasonably withheld. Landlord acknowledges that the installation of the Exhaust System will require modifications to the roof deck and steel roof structure and agrees not to withhold its consent to such plans and specifications for such reasons. Upon completion of Tenant's Expansion Premises Work in the Adjoining Suites, but in no event later than the Expansion Premises Rent Commencement Date, Tenant shall return to Landlord possession of the Adjoining Suites in broom clean condition. Landlord shall have forty-five (45) days following Tenant returning to Landlord possession of the Adjoining Suites to determine whether the installation of the Exhaust System has rendered the Adjoining Suites unleasable due to lowered ceiling heights, column spacing or other physical limitations within the Adjoining Suites directly attributable to the Exhaust System. If the Adjoining Suites are not in leasable condition solely for the reasons set forth in the preceding sentence, then Landlord shall provide to Tenant notice and the Adjoining Suites will become a portion of the Premises and the rentable square footage of the Premises will be increased by the square footage of the Adjoining Suites retroactive to the Expansion Premises Rent Commencement Date. If, however, the Adjoining Suites are in leasable condition, Tenant's obligation with respect to the Adjoining Suites shall terminate; provided, however, Tenant shall have the right to use and maintain the Exhaust System for the remainder of the Expansion Premises Lease Term for no additional rent.

4. Occupancy of Adjoining Suites. Terminating the existing leases for the Adjoining Suites and relocating the tenants currently occupying the Adjoining Suites shall be at Landlord's sole cost and expense and will not be charged to Tenant. Furthermore, Tenant's right to access the Adjoining Suites or require Landlord to tender possession of the Accessed Suites to Tenant terminates once Tenant completes the Expansion Premises Work. As such, if Tenant does not request that Landlord tender possession of the Accessed Suites, and Tenant then performs the Expansion Premises Work and opens for business within the Expansion Premises, Tenant has no right at a later date to request possession of the Adjoining Suites.

5. Estoppel. Tenant and Landlord each hereby affirms by execution of this Amendment that to the best of such party's knowledge the Lease is in full force and effect and such party does not have any presently existing claims against the other party or any offsets against any amounts due under the Lease. To the best of each party's knowledge, there are no defaults of the other party under the Lease and there are no existing circumstances which with the passage of time, notice or both, would give rise to a default under the Lease.

6. Full Force and Effect. Except as expressly modified by this Amendment, the Lease remains unmodified and in full force and effect. All references in the Lease to "this Lease" shall be deemed references to the Lease as modified by this Amendment.

7. Counterparts; Electronic Signatures. This Amendment may be executed in one or more counterparts and the signature pages combined to constitute one document. Electronic signatures shall have the same force and effect as original signatures.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date and year first above written.

LANDLORD:

VESTAR GATEWAY, LLC, a Delaware limited liability company

By: SLC Gateway Retail, LLC,
a Delaware limited liability company,
its Sole Member

By: VGSLM, LLC,
a Delaware limited liability company,
its Managing Member

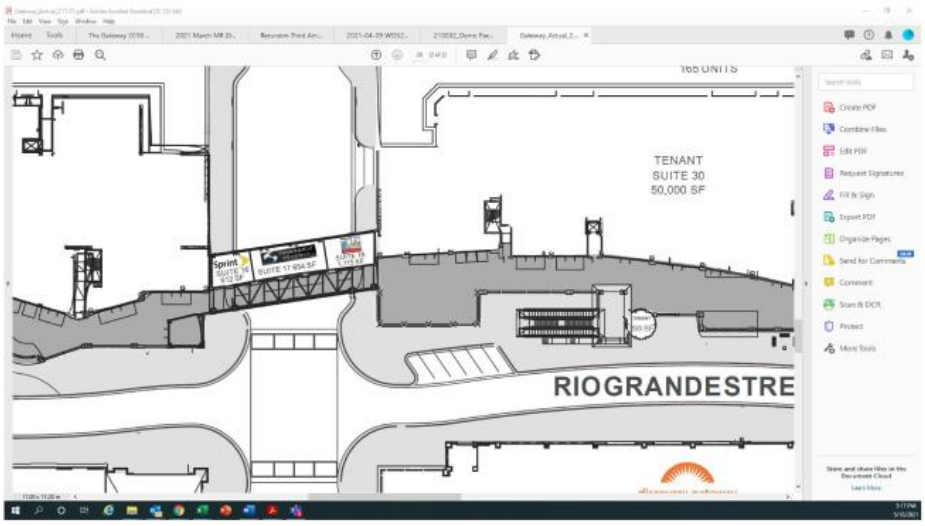
DocuSigned by:
By: David Larcher
7DB52FB4977[illegible]
Name: David Larcher
Title: Manager

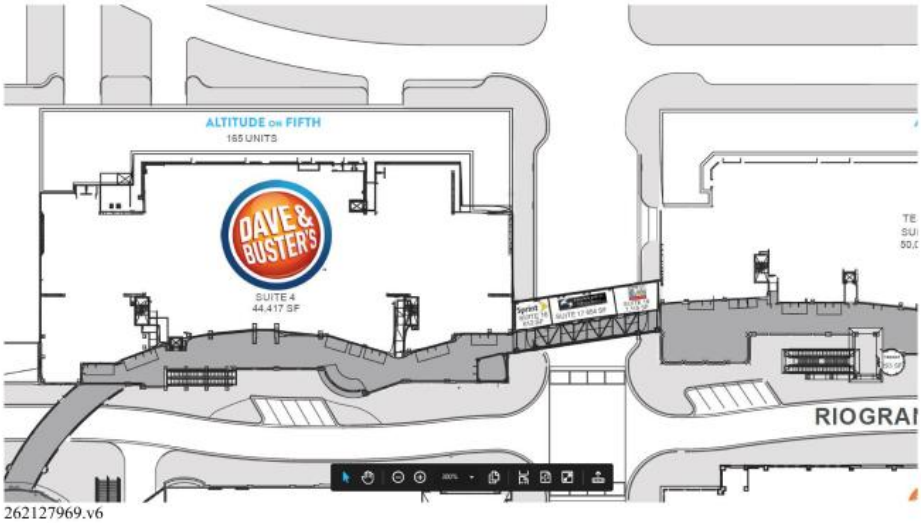
TENANT:

RECURSION PHARMACEUTICALS, INC.,
a Delaware corporation

DocuSigned by:
By: Tina Larson
4CE4C5D49E6[illegible]
Name: Tina Larson
Its: President & COO

EXHIBIT "A"
100 S. BRIDGE AREA ACCESSIBLE TO TENANT





262127969.v6

Exhibit 31.1

Certification of Principal Executive Officer
Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended

I, Christopher Gibson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Recursion Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

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

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

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

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Christopher Gibson
Christopher Gibson, Chief Executive Officer (principal executive officer)

Date: August 13, 2021

Exhibit 31.2

Certification of Principal Financial Officer
Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended

I, Michael Secora, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Recursion Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

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

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

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

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Michael Secora
Michael Secora, Chief Financial Officer (principal financial officer)

Date: August 13, 2021

Exhibit 32.1

Certifications of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Recursion Pharmaceuticals, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Christopher Gibson
Christopher Gibson, Chief Executive Officer (principal executive officer)

/s/ Michael Secora
Michael Secora, Chief Financial Officer (principal financial officer)

Date: August 13, 2021