

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended March 31, 2024

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

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

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

As of April 30, 2024, there were 230,273,797 and 7,389,871 of the registrant's Class A and B common stock outstanding, respectively.

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### Cautionary Note Regarding Forward-Looking Statements

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

- our research and development programs;
- the initiation, timing, progress, results, and cost of our current and future preclinical and clinical studies, including statements regarding the design of, and the timing of initiation and completion of, studies and related preparatory work, as well as the period during which the results of the studies will become available;
- the ability of our clinical trials to demonstrate the safety and efficacy of our drug candidates, and other positive results;
- the ability and willingness of our collaborators to continue research and development activities relating to our development candidates and investigational medicines;
- future agreements with third parties in connection with the commercialization of our investigational medicines and any other approved product;
- the timing, scope, or likelihood of regulatory filings and approvals, including the timing of Investigational New Drug applications and final approval by the U.S. Food and Drug Administration, or FDA, of our current drug candidates and any other future drug candidates, as well as our ability to maintain any such approvals;
- the timing, scope, or likelihood of foreign regulatory filings and approvals, including our ability to maintain any such approvals;
- the size of the potential market opportunity for our drug candidates, including our estimates of the number of patients who suffer from the diseases we are targeting and potential annual sales;
- our ability to identify viable new drug candidates for clinical development and the rate at which we expect to identify such candidates, whether through an inferential approach or otherwise;
- our expectation that the assets that will drive the most value for us are those that we will identify in the future using our datasets and tools;
- our ability to develop and advance our current drug candidates and programs into, and successfully complete, clinical studies;
- our ability to reduce the time or cost or increase the likelihood of success of our research and development relative to the traditional drug discovery paradigm;
- our ability to improve, and the rate of improvement in, our infrastructure, datasets, biology, technology tools and drug discovery platform, and our ability to realize benefits from such improvements;
- our expectations related to the performance and benefits of our BioHive supercomputer, including our planned expansion of the BioHive supercomputer capabilities;
- our ability to realize a return on our investment of resources and cash in our drug discovery collaborations;
- our ability to integrate acquired businesses with our existing programs and platform and realize a return on acquired assets;
- our ability to leverage datasets acquired through licenses with third parties, including with Tempus, into increased machine learning capabilities, novel genetic associations and mechanisms, innovative therapeutics, or other beneficial outcomes;
- our ability to derive value from our Recursion OS by licensing subsets of data and key tools;
- the ability to construct and apply more and increasingly sophisticated foundation models and large language models across biology, chemistry and translation and to use these models to drive new, better programs into clinical development both in our own pipeline and with our current and future partners at scale;
- our ability to scale like a technology company, including scaling our Recursion OS, and to add more programs to our pipeline each year;
- our ability to successfully compete in a highly competitive market;
- our manufacturing, commercialization and marketing capabilities and strategies;
- our plans relating to commercializing our drug candidates, if approved, including the geographic areas of focus and sales strategy;
- our expectations regarding the approval and use of our drug candidates in combination with other drugs;
- the rate and degree of market acceptance and clinical utility of our current drug candidates, if approved, and other drug candidates we may develop;
- our competitive position and the success of competing approaches that are or may become available;

- our estimates of the number of patients that we will enroll in our clinical trials and the timing of their enrollment;
- the beneficial characteristics, safety, efficacy and therapeutic effects of our drug candidates;
- our plans for further development of our drug candidates, including additional indications we may pursue;
- our ability to adequately protect and enforce our intellectual property and proprietary technology, including the scope of protection we are able to establish and maintain for intellectual property rights covering our current drug candidates and other drug candidates we may develop, receipt of patent protection, the extensions of existing patent terms where available, the validity of intellectual property rights held by third parties, the protection of our trade secrets, and our ability not to infringe, misappropriate or otherwise violate any third-party intellectual property rights;
- the impact of any intellectual property disputes and our ability to defend against claims of infringement, misappropriation, or other violations of intellectual property rights;
- our ability to keep pace with new technological developments;
- our ability to utilize third-party open source software and cloud-based infrastructure, on which we are dependent;
- the adequacy of our insurance policies and the scope of their coverage;
- the potential impact of a pandemic, epidemic, or outbreak of an infectious disease, such as COVID-19, or natural disaster, global political instability or warfare, and the effect of such outbreak or natural disaster, global political instability or warfare on our business and financial results;
- our ability to maintain our technical operations infrastructure to avoid errors, delays, or cybersecurity breaches;
- our continued reliance on third parties to conduct additional clinical trials of our drug candidates, and for the manufacture of our drug candidates for preclinical studies and clinical trials;
- our ability to obtain and negotiate favorable terms of, any collaboration, licensing, or other arrangements that may be necessary or desirable to research, develop, manufacture, or commercialize our platform and drug candidates;
- the pricing and reimbursement of our current drug candidates and other drug candidates we may develop, if approved;
- our estimates regarding expenses, future revenue, capital requirements and need for additional financing;
- our financial performance;
- the period over which we estimate our existing cash and cash equivalents will be sufficient to fund our future operating expenses and capital expenditure requirements;
- our ability to raise substantial additional funding;
- the impact of current and future laws and regulations, and our ability to comply with all regulations that we are, or may become, subject to;
- the need to hire additional personnel and our ability to attract and retain such personnel;
- the impact of any current or future litigation, which may arise during the ordinary course of business and be costly to defend;
- the need to raise additional capital may cause dilution to our stockholders, restrict our operations, require us to relinquish rights to our technologies or drug candidates, and divert management's attention from our core business;
- our anticipated use of our existing resources and the net proceeds from our initial public offering; and
- other risks and uncertainties, including those listed in the section titled "Risk Factors."

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

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

potentially available relevant information. These statements are inherently uncertain and you are cautioned not to unduly rely upon them.

**PART I - FINANCIAL INFORMATION**
**Item 1. Financial Statements.**

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

	March 31, 2024	December 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 296,326	\$ 391,565
Restricted cash	3,195	3,231
Other receivables	2,599	3,094
Other current assets	41,495	40,247
<b>Total current assets</b>	<b>343,615</b>	<b>438,137</b>
Restricted cash, non-current	6,629	6,629
Property and equipment, net	86,716	86,510
Operating lease right-of-use assets	35,501	33,663
Intangible assets, net	33,076	36,443
Goodwill	52,056	52,056
Other assets, non-current	254	261
<b>Total assets</b>	<b>\$ 557,847</b>	<b>\$ 653,699</b>
<b>Liabilities and stockholders' equity</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 5,115	\$ 3,953
Accrued expenses and other liabilities	26,070	46,635
Unearned revenue	36,618	36,426
Notes payable	55	41
Operating lease liabilities	6,062	6,116
<b>Total current liabilities</b>	<b>73,920</b>	<b>93,171</b>
Unearned revenue, non-current	37,391	51,238
Notes payable, non-current	1,071	1,101
Operating lease liabilities, non-current	43,786	43,414
Deferred tax liabilities	528	1,339
<b>Total liabilities</b>	<b>156,696</b>	<b>190,263</b>
Commitments and contingencies (Note 7)		
<b>Stockholders' equity</b>		
Common stock, \$ 0.00001 par value; 2,000,000,000 shares (Class A 1,989,032,117 and Class B 10,967,883 ) authorized as of March 31, 2024 and December 31, 2023; 237,508,682 shares (Class A 230,043,061 , Class B 7,464,871 and Exchangeable 750 ) and 234,270,384 shares (Class A 226,264,764 , Class B 7,544,871 and Exchangeable 460,749 ) issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	2	2
Additional paid-in capital	1,460,144	1,431,056
Accumulated deficit	( 1,058,995 )	( 967,622 )
<b>Total stockholders' equity</b>	<b>401,151</b>	<b>463,436</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 557,847</b>	<b>\$ 653,699</b>

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 March 31,	
	2024	2023
<b>Revenue</b>		
Operating revenue	\$ 13,491	\$ 12,134
Grant revenue	303	—
<b>Total revenue</b>	<b>13,794</b>	<b>12,134</b>
<b>Operating costs and expenses</b>		
Cost of revenue	11,166	12,448
Research and development	67,560	46,677
General and administrative	31,408	22,874
<b>Total operating costs and expenses</b>	<b>110,134</b>	<b>81,999</b>
<b>Loss from operations</b>	<b>( 96,340 )</b>	<b>( 69,865 )</b>
Other income, net	4,188	4,538
<b>Loss before income tax benefit</b>	<b>( 92,152 )</b>	<b>( 65,327 )</b>
Income tax benefit	779	—
<b>Net loss and comprehensive loss</b>	<b>\$ ( 91,373 )</b>	<b>\$ ( 65,327 )</b>
<b>Per share data</b>		
<b>Net loss per share of Class A, B and Exchangeable common stock, basic and diluted</b>	<b>\$ ( 0.39 )</b>	<b>\$ ( 0.34 )</b>
<b>Weighted-average shares (Class A, B and Exchangeable) outstanding, basic and diluted</b>	<b>236,019,349</b>	<b>191,618,238</b>

See the accompanying notes to these condensed consolidated financial statements.





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

	Common Stock					
	(Class A, B and Exchangeable)		Additional Paid-in-Capital	Accumulated Deficit	Stockholders' Equity	
	Shares	Amount				
Balance as of December 31, 2023	234,270,384	\$ 2	\$ 1,431,056	\$ ( 967,622 )	\$ 463,436	
Comprehensive loss	—	—	—	( 91,373 )	( 91,373 )	
Stock option exercises and other	2,317,083	—	2,088	—	2,088	
Stock-based compensation	—	—	16,127	—	16,127	
Common stock sales issuances, net of issuance costs	921,215	—	10,873	—	10,873	
Balance as of March 31, 2024	237,508,682	\$ 2	\$ 1,460,144	\$ ( 1,058,995 )	\$ 401,151	

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

See the accompanying notes to these condensed consolidated financial statements.

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

	Three months ended March 31,	
	2024	2023
<b>Cash flows from operating activities</b>		
Net loss	\$ ( 91,373 )	\$ ( 65,327 )
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	7,377	3,728
Stock-based compensation	16,127	8,814
Asset impairment	108	1,169
Lease expense	2,472	1,988
Other, net	( 560 )	716
Changes in operating assets and liabilities:		
Other receivables and assets	( 1,040 )	( 317 )
Unearned revenue	( 13,655 )	( 12,134 )
Accounts payable	1,168	( 339 )
Accrued development expense	( 273 )	676
Accrued expenses and other current liabilities	( 18,857 )	( 9,846 )
Operating lease liabilities	( 3,794 )	( 2,444 )
<b>Net cash used in operating activities</b>	<b>( 102,300 )</b>	<b>( 73,316 )</b>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	( 6,653 )	( 5,175 )
Purchase of an intangible asset	—	( 165 )
<b>Net cash used in investing activities</b>	<b>( 6,653 )</b>	<b>( 5,340 )</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of common shares, net of issuance costs	10,873	—
Proceeds from equity incentive plans	3,050	1,946
Repayment of long-term debt	( 26 )	( 24 )
<b>Net cash provided by financing activities</b>	<b>13,897</b>	<b>1,922</b>
<b>Effect of exchange rate changes on cash, cash equivalents and restricted cash</b>	<b>( 219 )</b>	<b>( 2 )</b>
<b>Net change in cash, cash equivalents and restricted cash</b>	<b>( 95,275 )</b>	<b>( 76,734 )</b>
Cash, cash equivalents and restricted cash, beginning of period	401,425	559,112
<b>Cash, cash equivalents and restricted cash, end of period</b>	<b>\$ 306,150</b>	<b>\$ 482,378</b>
<b>Supplemental schedule of non-cash investing and financing activities</b>		
Accrued property and equipment	\$ 80	\$ 244
Right-of-use asset additions and modifications	3,266	3,520
Financed equipment purchase	—	1,214
<b>Supplemental schedule of cash flow information</b>		
Cash paid for operating leases	\$ 3,955	\$ 2,444

See the accompanying notes to these condensed consolidated financial statements.



**Recursion Pharmaceuticals, Inc.**

**Notes to Condensed Consolidated Financial Statements (unaudited)**

**Note 1. Description of the Business**

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

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

As of March 31, 2024, the Company had an accumulated deficit of \$ 1.1 billion. The Company expects to incur substantial operating losses in future periods and will require additional capital to advance its drug candidates. The Company does not expect to generate significant revenue until the Company successfully completes significant drug development milestones with its subsidiaries or in collaboration with third parties, which the Company expects will take a number of years. In order to commercialize its drug candidates, the Company or its partners need to complete clinical development and comply with comprehensive regulatory requirements. The Company is subject to a number of risks and uncertainties similar to those of other companies of the same size within the biotechnology industry, such as the uncertainty of clinical trial outcomes, uncertainty of additional funding and a history of operating losses.

The Company has funded its operations to date primarily through the issuance of convertible preferred stock and the issuance of Class A common stock (see Note 8, "Common Stock" for additional details). Additionally, the Company has received payments from its strategic partnerships (see Note 9, "Collaborative Development Contracts" for additional details). Recursion will likely be required to raise additional capital. As of March 31, 2024, the Company did not have any unconditional outstanding commitments for additional funding. If the Company is unable to access additional funds when needed, it may not be able to continue the development of its products or the Company could be required to delay, scale back or abandon some or all of its development programs and other operations. The Company's ability to access capital when needed is not assured and, if not achieved on a timely basis, could materially harm its business, financial condition and results of operations.

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

**Note 2. Basis of Presentation**

***Basis of Presentation***

The unaudited interim condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (SEC). Accordingly, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP) have been condensed or omitted. These unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes for the year ended December 31, 2023.

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

***Recent Accounting Pronouncements***

In March 2024, the SEC issued rule 33-11275, *The Enhancement and Standardization of Climate-Related Disclosures for Investors*. The new rule requires Recursion to provide certain disclosures in the footnotes to the

financial statements of climate-related information. These disclosures include the impact of severe weather and other natural conditions on the Company's consolidated balance sheet and statement of operations, to the extent they are material. Recursion will also need to disclose a rollforward of the beginning and ending balances of its carbon offsets and renewable energy credits or certificates (RECs), if they are a material component of meeting the Company's climate-related targets and goals. Additionally, the Company will need to disclose whether and, if so, how severe weather events and other natural conditions and disclosed climate-related targets or transition plans materially affected estimates and assumptions in the financial statements.

The standard's effective dates, if adopted, will be phased in depending on the disclosure requirement starting the annual period ending December 31, 2025. In April 2024, the SEC voluntarily stayed implementation of the new climate-related disclosure requirements pending judicial review. The Company is currently evaluating the impact this rule will have on its consolidated financial statements and related disclosures.

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2023-9, *Income Taxes (Topic 740)*. The new standard updates disclosure requirements for Accounting Standards Codification (ASC) 740 primarily by requiring additional information in the income tax rate reconciliation and additional disclosures about income taxes paid. This standard will be effective for Recursion starting the annual period ending December 31, 2025. Early adoption is permitted for annual financial statements that have not yet been issued. The amendments can be applied on a prospective or retrospective basis. The adoption of this standard will not impact Recursion's consolidated balance sheet and statement of operations.

In November 2023, the FASB issued ASU No. 2023-7, *Segment Reporting (Topic 280)*. The standard requires new disclosures related to ASC 280 including: disclosing significant segment expenses by category; requiring all the ASC 280 disclosures for Companies with a single reportable segment and; requiring an increased frequency of the ASC 280 disclosures. Recursion must apply the amendments retrospectively to each prior reporting period presented. This standard will be effective for Recursion starting the annual period ending December 31, 2024. Early adoption is permitted. The adoption of this standard will not impact Recursion's consolidated balance sheet and statement of operations.

### **Note 3. Supplemental Financial Information**

#### ***Tempus agreement***

In November 2023, Recursion entered into a five -year agreement with Tempus Labs, Inc. (Tempus) to purchase access to their records of patient-centric multimodal oncology data and use rights for therapeutic development purposes. This data will be used to improve the training of Recursion's artificial intelligence and machine learning models and is expected to accelerate Recursion's drug discovery process. Recursion is making annual payments, ranging between \$ 22.0 million and \$ 42.0 million, up to \$ 160.0 million in aggregate, to Tempus in cash or equity at the Company's option. The equity value is determined by using the seven-trading day period dollar volume-weighted average price (VWAP) for Recursion Class A common stock ending on the day immediately preceding the date that is five business days prior to the payment date.

Recursion is expensing the record purchases as "Research and Development" expenses in the Condensed Consolidated Statements of Operations as the records are purchased. To the extent that the Recursion payments to Tempus are greater than or less than the records purchased amount, Recursion records the applicable amount to "Other Current Assets" or "Accrued Expenses and Other Liabilities" on the Condensed Consolidated Balance Sheet, respectively. As of March 31, 2024, Recursion had recorded \$ 16.0 million within "Other Current Assets" on the Consolidated Balance Sheet related to the Tempus agreement.

### Property and Equipment

(in thousands)	March 31, 2024	December 31, 2023
Lab equipment	\$ 61,247	\$ 60,096
Leasehold improvements	46,289	45,929
Office equipment	22,356	22,126
Construction in progress	5,677	3,231
Property and equipment, gross	135,569	131,382
Less: Accumulated depreciation	( 48,853 )	( 44,872 )
Property and equipment, net	\$ 86,716	\$ 86,510

Depreciation expense on property and equipment was \$ 4.0 million and \$ 3.6 million during the three months ended March 31, 2024 and 2023, respectively. The Company recorded an insignificant impairment and an impairment of \$ 1.2 million during the three months ended March 31, 2024 and 2023, respectively, related to construction projects for leasehold improvements as the Company no longer intended to use them. The impairment was recorded in "General and Administrative" in the Condensed Consolidated Statements of Operations.

For the three months ended March 31, 2023, the Company initiated and completed a project to upgrade the BioHive supercomputer for \$ 1.7 million. The supercomputer was classified as office equipment in the above table.

### Accrued Expenses and Other Liabilities

(in thousands)	March 31, 2024	December 31, 2023
Accrued compensation	\$ 10,055	\$ 22,888
Accrued development expenses	5,804	6,077
Accrued early discovery expenses	2,610	2,570
Accrued construction	—	2,439
Materials received not invoiced	1,184	2,432
Accrued other expenses	6,417	10,229
Accrued expense and other liabilities	\$ 26,070	\$ 46,635

### Notes Payable

In January 2023, the Company entered into a financing agreement for borrowing \$ 1.9 million as part of the supercomputer upgrade project. The debt will be repaid over a three-year period at a 7 % interest rate. As of March 31, 2024, the outstanding balance was \$ 616 thousand.

In 2018, the Company borrowed \$ 992 thousand, which was available as part of a lease agreement for use on tenant improvements. The note will be repaid over a 10 -year period at an 8 % interest rate. As of March 31, 2024, the outstanding balance was \$ 510 thousand.

**Interest Income, net**

(in thousands)	Three months ended March 31,	
	2024	2023
Interest income	\$ 4,048	\$ 4,660
Interest expense	( 20 )	( 19 )
Interest income, net	\$ 4,028	\$ 4,641

For the three months ended March 31, 2024 and 2023, interest income primarily related to earnings on cash and cash equivalents in money market funds. Interest income was included in "Other income, net" on the Condensed Consolidated Statements of Operations.

**Note 4. Acquisitions**
**Valence Discovery Inc.**

On May 16, 2023, Recursion acquired all of the outstanding equity interests in Valence Discovery Inc. (Valence), a privately-held machine learning (ML) / artificial intelligence (AI) digital chemistry company. The integration of Valence's AI-based chemistry engine into Recursion's operating system will allow Recursion to expand its technology-enabled drug discovery process. This will accelerate Recursion's digital chemistry capabilities and its drug discovery process.

The acquisition of Valence was accounted for as a business combination using the acquisition method of accounting. The aggregate upfront consideration for the acquisition of Valence consisted of 2.2 million shares of Recursion Class A common stock, 4.4 million shares of a subsidiary of Recursion, exchangeable for shares of Recursion's Class A common stock, 792 thousand shares issuable upon exercise of stock options held by Valence equity award holders and deferred liabilities for additional consideration. An insignificant number of the aforementioned shares of consideration had not yet been issued as of March 31, 2024. The final number of shares to be issued has not yet been finalized and so are subject to change.

The following table summarizes total consideration:

(in thousands)		
Fair value of Recursion Class A common stock	\$	11,096
Fair value of Exchangeable stock		22,473
Fair value of equity awards issued to Valence equity award holders		1,933
Deferred liabilities for additional consideration		396
<b>Total consideration</b>	<b>\$</b>	<b>35,898</b>

The following table summarizes the fair value of assets acquired and liabilities assumed as of the acquisition date:

(in thousands)		
Cash	\$	4,235
Other receivables		536
Intangible asset - technology		15,000
Accounts payable and accrued liabilities		( 872 )
Deferred income taxes		( 3,265 )
Total identifiable net assets		15,634
Goodwill		20,264
Total assets acquired and liabilities assumed	\$	35,898



The intangible asset related to Valence's ML and AI digital chemistry platform. The estimated fair value of the intangible asset was determined using a cost approach. This valuation technique provides the fair value of an asset based on estimates of the total costs to develop the technology. Significant inputs used to determine the total cost includes the length of time required and service hours performed by Company employees. The technology intangible asset is being amortized on a straight-line basis over its four-year useful life.

Goodwill was calculated as the excess of the consideration transferred over the net assets recognized. The goodwill recognized represents the assembled workforce and expected synergies, including the ability to: (i) leverage Valence's digital chemistry platform across Recursion's business; (ii) leverage Valence's ML and AI capabilities; (iii) integrate Recursion's data and operating system into Valence's platform; and (iv) accelerate Recursion's pipeline. Goodwill was also impacted by the establishment of a deferred tax liability for the acquired identifiable intangible assets which have no tax basis. The goodwill is not deductible for tax purposes.

Recursion's condensed consolidated statement of operations during the three months ended March 31, 2024 included no net revenue and a \$ 2.9 million operating loss associated with Valence's operations. As the acquisition occurred in May 2023, the Company is still finalizing the allocation of the purchase price to the individual assets acquired and liabilities assumed. The allocation of the purchase price included in the current period balance sheet is based on the best estimate of management and is preliminary and subject to change. The primary area subject to change relates to the valuation of other receivables. To assist management in the allocation, the Company engaged external specialists. The Company will finalize the amounts recognized as the information necessary to complete the analysis is obtained. The Company expects to finalize these amounts as soon as possible but no later than one year from the acquisition date.

#### ***Cyclica Inc.***

On May 25, 2023, Recursion acquired all of the outstanding equity interests in Cyclica Inc. (Cyclica), a privately-held Company that has built a digital chemistry software suite which enables mechanism of action deconvolution and generative chemistry suggestions based on desired targets. Cyclica's platform is expected to enhance the optimization of Recursion's compounds for efficacy while minimizing liabilities through generative machine learning approaches.

The acquisition of Cyclica was accounted for as a business combination using the acquisition method of accounting. The aggregate upfront consideration for the acquisition of Cyclica consisted of 5.8 million shares of Recursion Class A common stock, cash payments, 1.0 million shares issuable upon exercise of stock options held by Cyclica equity award holders and deferred liabilities for additional consideration. Approximately 182 thousand of the aforementioned shares of Class A common stock consideration had not yet been issued as of March 31, 2024.

The following table summarizes total consideration:

(in thousands)

Fair value of Recursion Class A common stock	\$	49,915
Cash		6,505
Fair value of equity awards issued to Cyclica equity award holders		3,852
Deferred liabilities for additional consideration		344
<b>Total consideration</b>	<b>\$</b>	<b>60,617</b>

The following table summarizes the fair value of assets acquired and liabilities assumed as of the acquisition date:

(in thousands)		
Cash	\$	2,429
Restricted cash		1,685
Other receivables		741
Investments		1,000
Other current assets		385
Intangible assets - technology		28,000
Accounts payable and accrued liabilities		( 579 )
Unearned revenue		( 1,754 )
Deferred income taxes		( 2,075 )
Other liabilities, current		( 66 )
Other liabilities, non-current		( 139 )
Total identifiable net assets		29,627
Goodwill		30,990
Total assets acquired and liabilities assumed	\$	60,617

The intangible assets are related to Cyclica's digital chemistry platforms. The estimated fair value of the intangible assets were determined using a cost approach. This valuation technique provides the fair value of an asset based on estimates of the total costs to develop the technology. Significant inputs used to determine the total cost includes the length of time required and service hours performed by Company employees. The technology intangible assets are being amortized on a straight-line basis over their three-year useful lives.

Goodwill was calculated as the excess of the consideration transferred over the net assets recognized. The goodwill recognized represents the assembled workforce and expected synergies, including the ability to: (i) leverage Cyclica's digital chemistry platform across Recursion's business; (ii) leverage Cyclica's ML and AI capabilities; (iii) integrate Recursion's data and operating system into Cyclica's platform; and (iv) accelerate Recursion's pipeline. Goodwill was also impacted by the establishment of a deferred tax liability for the acquired identifiable intangible assets. The goodwill is not deductible for tax purposes.

Recursion's condensed consolidated statement of operations during the three months ended March 31, 2024 included immaterial net revenue and a \$ 3.8 million operating loss associated with Cyclica's operations. As the acquisition occurred in May 2023, the Company is still finalizing the allocation of the purchase price to the individual assets acquired and liabilities assumed. The allocation of the purchase price included in the current period balance sheet is based on the best estimate of management and is preliminary and subject to change. The primary area subject to change relates to the valuation of the other receivables. To assist management in the allocation, the Company engaged external specialists. The Company will finalize the amounts recognized as the information necessary to complete the analysis is obtained. The Company expects to finalize these amounts as soon as possible but no later than one year from the acquisition date.

#### **Pro forma financial information**

The following table presents the unaudited pro forma combined results of operations of Recursion, Valence and Cyclica as if the acquisitions had occurred on January 1, 2022:

(in thousands)		Three months ended March 31, 2023
Net revenue	\$	12,155
Net loss		( 73,514 )

The unaudited pro forma financial information was prepared using the acquisition method of accounting and was based on the historical financial information of Recursion, Valence and Cyclica. In order to reflect the occurrence of the acquisitions on January 1, 2022 as required, the unaudited pro forma financial information includes adjustments to reflect the incremental amortization expense to be incurred based on the fair values of the identifiable intangible assets acquired and the additional stock compensation expense associated with the issuance of equity compensation related to the acquisitions. The unaudited pro forma financial information is not necessarily indicative of what the consolidated results of operations would have been had the acquisitions been completed on January 1, 2022. In addition, the unaudited pro forma financial information is not a projection of the future results of operations of the combined company nor does it reflect the expected realization of any cost savings or synergies associated with the acquisitions.

#### Note 5. Leases

The Company has entered into various long-term real estate leases primarily related to office, research and development and operating activities. The Company's leases have remaining terms from under 1 to 9 years and some of those leases include options that provide Recursion with the ability to extend the lease term for five years. The options are included in the lease term when it is reasonably certain that the option will be exercised.

For the three months ended March 31, 2024 and 2023, Recursion entered into lease modifications resulting in a decrease to the right-of-use asset and lease liability of \$ 3.1 million and an increase to the right-of-use asset and lease liability \$ 3.5 million, respectively. The modifications had no impact to the Condensed Consolidated Statements of Operations.

In January 2024, the Company entered into a lease agreement for office space in London, England with approximately 6,792 square feet (the "London Lease"). The right of use began January 2024 when the control of the asset was obtained. The London Lease term is 5 years with a five-year renewal option. The London Lease includes provisions for escalating rent payments. Total fixed payments are expected to be approximately \$ 7.9 million, additionally there will be variable expenses including building service charges related to the lease.

In February 2024, the Company entered into a lease agreement for the supercomputer for the exclusive use of physical space in a data center of approximately 1,851 square feet (the "Data Center Lease"). The right of use is expected to begin in the second quarter of 2024 and the Data Center Lease term is 5 years with a five-year renewal option. The lease includes provisions for escalating rent payments. Total fixed lease payments are expected to be approximately \$ 13.0 million with additional variable expenses, including utilities and tax expenses. The Company did not control the space or any of the assets being constructed as of March 31, 2024 and therefore no right of use asset or lease liability was recorded on the Condensed Consolidated Balance Sheet as of March 31, 2024.

The components of the lease cost were:

(in thousands)	Three months ended March 31,	
	2024	2023
Operating lease cost	\$ 2,472	\$ 1,998
Variable lease cost	538	657
Short-term lease cost	40	—
Lease cost	\$ 3,050	\$ 2,655

The remaining lease term and discount rate were:

(in thousands)	March 31, 2024
<b>Operating leases</b>	
Weighted-average remaining lease term (years)	6.4
Weighted-average discount rate	7.7 %

Maturities of operating lease liabilities as of March 31, 2024 were:

(in thousands)	Operating leases
Remainder of 2024	\$ 7,300
2025	10,748
2026	10,882
2027	11,281
2028	8,850
Thereafter	16,948
Total lease payments	66,009
Less: imputed interest	( 16,161 )
Present value of lease liabilities	\$ 49,848

## Note 6. Goodwill and Intangible Assets

### Goodwill

There were no changes to the carrying amount of goodwill during the three months ended March 31, 2024 and 2023. No goodwill impairment was recorded during the three months ended March 31, 2024 and 2023.

### Intangible Assets, Net

The following table summarizes intangible assets:

(in thousands)	March 31, 2024			December 31, 2023		
	Gross carrying amount	Accumulated Amortization	Net carrying amount	Gross carrying amount	Accumulated Amortization	Net carrying amount
Definite-lived intangible assets	\$ 44,426	\$ ( 12,336 )	\$ 32,090	\$ 44,426	\$ ( 8,969 )	\$ 35,457
Indefinite-lived intangible assets	986	—	986	986	—	986
Intangible assets, net	\$ 45,412	\$ ( 12,336 )	\$ 33,076	\$ 45,412	\$ ( 8,969 )	\$ 36,443

Amortization expense was \$ 3.4 million and \$ 152 thousand during the three months ended March 31, 2024 and 2023, respectively. The increase in amortization expense was due to the intangible assets purchased in the acquisitions, (see Note 4, "Acquisitions" for additional details). Amortization expense was included in Research and Development in the Condensed Consolidated Statements of Operations. No indefinite-lived intangible asset impairment charges were recorded during the three months ended March 31, 2024 and 2023.

## Note 7. Commitments and Contingencies

### Contract Obligations

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

### Indemnification

The Company has agreed to indemnify its officers and directors for certain events or occurrences, while the officer or director is or was serving at the Company's request in such capacity. The Company purchases directors and officers liability insurance coverage that provides for reimbursement to the Company for covered obligations and this is intended to limit the Company's exposure and enable it to recover a portion of any amounts it pays under its

indemnification obligations. The Company had no liabilities recorded for these agreements as of March 31, 2024 and December 31, 2023, as no amounts were probable.

#### **Employee Agreements**

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

#### **Legal Matters**

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.

In February 2021, the Company entered into a lease agreement for laboratory and office space (the Industry Lease) with Industry Office SLC, LLC (the landlord). In March 2023, the Company sent a letter to the landlord detailing numerous construction delays and irregularities, deficiencies and deviations from applicable structural drawings and/or non-conforming conditions with applicable building codes. On June 23, 2023, the landlord filed a lawsuit against the Company (*Industry Office SLC, LLC v. Recursion Pharmaceuticals, Inc.*, Case No. 230904627) in the Third District Court for Salt Lake County, State of Utah (the Court), alleging anticipatory repudiation and breach of contract. The Plaintiff seeks monetary damages and attorney's fees. In July 2023, the Company filed a motion to dismiss. In September 2023, Recursion was granted its motion to dismiss, and the Court provided the landlord until October 23, 2023, to amend and re-file the dismissed complaint. On October 23, 2023, the landlord filed an amended complaint again alleging anticipatory repudiation, breach of contract and breach of the implied covenant of good faith and fair dealing (the Amended Complaint) and seeks monetary damages and attorney's fees. In November 2023, the Company filed a motion to dismiss the Amended Complaint. The Court set a hearing on the Company's motion to dismiss in May 2024. As of March 31, 2024, the Company had no liability recorded for these events as an unfavorable outcome was not probable.

In connection with the Industry Lease, in September 2023, the Company filed claims in the Court against the landlord alleging, among other things, breach of contract and fraudulent misrepresentation (the Counterclaims). In October 2023, the landlord filed an answer and denied the Company's allegations asserted in the Counterclaims. The Company and the landlord are currently engaged in discovery. On October 27, 2023, the Company filed a motion for partial judgment on the pleadings, seeking judgment on one of its four counterclaims. The Court set a hearing on the Company's motion for partial judgment on the pleadings in May 2024. The Company is unable to estimate the possible amount or range of amounts associated with the Counterclaims.

#### **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 March 31, 2024 and December 31, 2023, no dividends had been declared.

#### **At-The-Market Offering**

In August 2023, the Company entered into an Open Market Sales Agreement (the "Sales Agreement") with Jefferies LLC (the "Sales Agent"), to provide for the offering, issuance and sale of up to an aggregate amount of \$ 300.0 million of its Class A common stock from time to time in "at-the-market" (ATM) offerings. As of March 31, 2024, an amount of \$ 208.2 million remained available for future sales under the Sales Agreement. For the three months ended March 31, 2024, the Company has sold 921 thousand shares and received net proceeds of \$ 10.9 million under the agreement. Recursion is not required to sell additional shares under the Sales Agreement. The Company will pay the Sales Agent a commission of up to 3 % of the aggregate gross proceeds received from all sales of Class A common stock. The Sales Agreement continues until the earlier of selling all shares available under the Sales Agreement or terminated by written notice from either of the parties. The ATM Offering is being made under a prospectus supplement dated August 8, 2023, and related prospectus filed with the Securities and Exchange

Commission pursuant to our automatically effective shelf registration statement on Form S-3ASR (Registration No. 333-264845).

#### ***NVIDIA Private Placement***

In July 2023, Recursion entered into a Stock Purchase Agreement for a private placement with NVIDIA Corporation (2023 Private Placement), pursuant to which the Company sold an aggregate of 7.7 million shares of the Company's Class A common stock at a price of \$ 6.49 per share for net proceeds of approximately \$ 49.9 million.

#### ***Valence Acquisition Exchangeable Shares***

In May 2023, in connection with the acquisition of Valence, the Company entered into an agreement to issue up to 5.9 million shares of Class A common stock (the "Exchange Shares"), that may be issued upon exchange, retraction or redemption of exchangeable shares of a subsidiary of Recursion. Each exchangeable share of the subsidiary of Recursion entitles the holder to exchange those shares on a one -for-one basis for Recursion's Class A common stock. The shares are entitled to receive dividends economically equivalent to dividends declared by Recursion, are non-voting and are subject to customary adjustments for stock splits or other reorganizations. In addition, the Company may require all outstanding exchangeable shares to be exchanged into an equal number of Class A common stock upon the occurrence of certain events and at any time following the seventh anniversary of the closing of the Valence acquisition. The exchangeable shares are substantially the economic equivalent of the Class A shares and classified as common stock within the Company's stockholders' equity. The Company's calculation of weighted-average shares outstanding includes the exchangeable shares. As of March 31, 2024, 4.2 million Exchangeable shares have been redeemed for Class A shares.

#### ***Registration Rights Agreements***

##### *Tempus agreement*

In November 2023, in connection with the Tempus Agreement, the Company agreed to prepare and file a registration statement (or a prospectus supplement to an effective registration statement on Form S-3ASR that will become automatically effective upon filing with the SEC pursuant to Rule 462(e)) with the SEC, for resale of the shares of Class A common stock issued or issuable under the Tempus Agreement. A prospectus supplement to a registration statement (File No. 333-264845) was subsequently filed in December 2023 to register shares issued to Tempus for the initial license fee under the Tempus Agreement for resale.

After registration of any shares issued to Tempus under the Tempus Agreement, the Company has agreed to use commercially reasonable efforts to keep such registration statement effective until such date that all shares issued to Tempus covered by such registration statement have been sold or are able to be publicly sold by relying on Rule 144 of the Securities Act without registration.

##### *NVIDIA Private Placement*

In July 2023, in connection with the 2023 Private Placement with NVIDIA, the Company entered into a Registration Rights Agreement providing for the registration for resale of the shares of Class A common stock issued in such transaction. A prospectus supplement to a registration statement (File No. 333-264845) was subsequently filed in August 2023 to register the resale of the shares of Class A common stock issued to NVIDIA. The Company has agreed to use commercially reasonable efforts to keep the registration statement continuously effective until such date that all registrable securities under the agreement have been sold. In the event the holders cannot sell their shares due to certain circumstances causing the registration statement to be ineffective, the Company must pay each holder of shares outstanding on the date and each month thereafter 1 % of the aggregate purchase price with the maximum payable amount of 5 % of the aggregate purchase price. As of March 31, 2024, there was no accrued liability related to this agreement, as it was not probable that a payment would be required.

##### *Acquisitions*

In May 2023, in connection with the acquisition of Valence, the Company entered into a Registration Agreement providing for the registration for resale of the shares of Class A common stock and Exchange Shares issued or issuable in such transaction. A registration statement on Form S-3ASR (File No. 333-272281) was filed to register

the shares for resale by the holders. The registration statement must remain effective for a period of not less than three years .

In May 2023, in connection with the acquisition of Cyclica, the Company entered into a Registration Agreement providing for the registration for resale of the shares of Class A common stock issued in such transaction. A prospectus supplement to a registration statement (File No. 333-264845) was subsequently filed in June 2023 to register the shares for resale by the holders. The registration statement must be continuously effective until the earlier of the date that all shares have been sold thereunder or are able to be publicly sold by relying on Rule 144 of the Securities Act without registration.

#### 2022 Private Placement

In October 2022, in connection with the 2022 Private Placement, the Company entered into a Registration Rights Agreement providing for the registration for resale of the shares of Class A common stock issued in such transaction. A prospectus supplement to a registration statement (File No. 333-264845) was subsequently filed in October 2022 to register the resale of the shares of Class A common stock by the Purchasers. The agreement must remain effective until registrable securities covered by the agreement have been publicly sold by the holders or all shares cease to be registrable securities. In the event the holders cannot sell their shares due to certain circumstances causing the agreement to be ineffective, the Company must pay each holder of shares outstanding on the date and each month thereafter 1 % of the aggregate purchase price paid by the holder without limit until the agreement is cured. As of March 31, 2024, there was no accrued liability related to this agreement, as it was not probable that a payment would be required.

#### **Class A and B Common Shares Authorization**

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

All Class B common stock is held by Christopher Gibson, Ph.D., the Company's Chief Executive Officer (CEO), or his affiliates. As of March 31, 2024, Dr. Gibson and his affiliates held outstanding shares of Class B common stock representing approximately 25 % of the voting power of the Company's outstanding shares. This voting power may increase over time as Dr. Gibson vests in and exercises equity awards outstanding. If all the exchangeable equity awards held by Dr. Gibson had been fully vested, exercised and exchanged for shares of Class B common stock as of March 31, 2024, Dr. Gibson and his affiliates would hold approximately 26 % 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 Development Contracts**

##### ***Roche and Genentech***

##### Description

In December 2021, Recursion entered into a collaboration and license agreement with Roche and Genentech (collectively referred to as Roche). Recursion is constructing, using the Company's imaging technology and proprietary machine-learning algorithms, unique maps of the inferred relationships amongst perturbation phenotypes in a given cellular context with the goal to discover and develop therapeutic small molecule programs in a gastrointestinal cancer indication and in key areas of neuroscience. Roche and Recursion will collaborate to select certain novel inferences with respect to small molecules or targets generated from the Phenomaps for further validation and optimization as collaboration programs. Roche and Recursion may also combine sequencing datasets from Roche with Recursion's Phenomaps and collaborate to generate new algorithms to produce multi-modal maps from which additional collaboration programs may be initiated. For every collaboration program that successfully identifies potential therapeutic small molecules or validates a target, Roche will have an option to obtain an exclusive license to develop and commercialize such potential therapeutic small molecules or to exploit such target in the applicable exclusive field.

### Pricing

In January 2022, Recursion received a \$ 150.0 million non-refundable upfront payment from the Company's collaboration with Roche. Recursion is eligible for additional milestone payments based on performance progress of the collaboration. Each of the Phenomaps requested by Roche and created by Recursion may be subject to either an initiation fee, acceptance fee or both. Such fees could exceed \$ 250.0 million for 16 accepted Phenomaps. In addition, for a period of time after Roche's acceptance of certain Phenomaps, Roche will have the option to obtain, subject to payment of an exercise fee, rights to use outside the collaboration the raw images generated in the course of creating those Phenomaps. If Roche exercises its external use option for all 12 eligible Phenomaps, Roche's associated exercise fee payments to Recursion could exceed \$ 250.0 million. Under the collaboration, Roche may initiate up to 40 programs, each of which, if successfully developed and commercialized, could yield more than \$ 300.0 million in development, commercialization and net revenue milestones for Recursion, as well as tiered royalties on net revenue.

### Accounting

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

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

The transaction price was allocated to the performance obligations based on the estimated relative stand-alone selling price of each performance obligation as determined using an expected cost plus margin approach. The Company recognizes revenue over time based on costs incurred relative to total expected costs to perform the research and development services. Recursion determined that this method provides a faithful depiction of the transfer of control to the customer. This method of recognizing revenue requires the Company to make estimates of total costs to provide the services required under the performance obligations. Significant inputs used to determine the total costs included the length of time required, service hours performed by Company employees and materials costs. A significant change in these estimates could have a material effect on the timing and amount of revenue recognized in future periods. Recursion has estimated the completion of the performance obligations by 2026.

### **Additional Revenue Disclosures**

Of the revenue recognized during the three months ended March 31, 2024 and 2023, primarily all of it was included in the unearned revenue balance as of December 31, 2023 and 2022, respectively. Revenue recognized was from upfront payments received at the inception of the related contracts, which decreased the initial unearned revenue recognized. As of March 31, 2024, the Company had \$ 6.5 million of costs incurred to fulfill a contract on its Condensed Consolidated Balance Sheet within "Other Current Assets."

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

### **Note 10. Stock-Based Compensation**

In April 2021, the Board of Directors and the stockholders of the Company adopted the 2021 Equity Incentive Plan (the 2021 Plan). The Company may grant stock options, restricted stock units (RSUs), stock appreciation rights, restricted stock awards and other forms of stock-based compensation. As of March 31, 2024, 18.9 million shares of Class A common stock were available for grant.



The following table presents the classification of stock-based compensation expense for employees and non-employees within the Condensed Consolidated Statements of Operations:

(in thousands)	Three months ended March 31,	
	2024	2023
Cost of revenue	\$ 766	\$ 1,011
Research and development	7,666	2,683
General and administrative	7,077	4,578
Total	\$ 15,509	\$ 8,272

### Stock Options

Stock options are primarily granted to executive leaders at the Company, generally vest over four years and expire no later than 10 years from the date of grant.

Stock option activity during the three months ended March 31, 2024 was as follows:

(in thousands except share and per share amounts)	Shares	Weighted-Average	Weighted-Average	Aggregate Intrinsic
		Exercise Price	Remaining Contractual Life (in years)	Value
Outstanding as of December 31, 2023	14,957,617	\$ 6.13	7.0	\$ 72,416
Granted	2,558,102	10.09		
Cancelled	( 178,609 )	12.70		
Exercised	( 1,303,878 )	2.80		11,575
Outstanding as of March 31, 2024	16,033,232	\$ 6.99	7.3	\$ 64,131
Exercisable as of March 31, 2024	8,909,647	\$ 5.49	6.2	\$ 51,959

The fair value of options granted to employees is calculated on the grant date using the Black-Scholes option valuation model. The weighted-average grant-date fair values of stock options granted during the three months ended March 31, 2024 and 2023 were \$ 6.41 and \$ 5.32 , respectively.

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

	Three months ended March 31,	
	2024	2023
Expected term (in years)	6.3	6.3
Expected volatility	65 %	64 %
Expected dividend yield	—	—
Risk-free interest rate	4.2 %	3.5 %

As of March 31, 2024, \$ 43.9 million of unrecognized compensation cost related to stock options is expected to be recognized as expense over approximately the next three years .

### RSUs

Equity awards granted to employees primarily consist of RSUs and generally vest over four years . The weighted-average grant-date fair value of RSUs generally is determined based on the number of units granted and the quoted price of Recursion's common stock on the date of grant.

The following table summarizes Recursion's RSU activity during the three months ended March 31, 2024:

	Stock units	Weighted-average grant date fair value
Outstanding as of December 31, 2023	15,223,764	\$ 8.39
Granted	1,840,877	10.46
Vested	( 1,023,464 )	8.60
Forfeited	( 409,634 )	7.99
Outstanding as of March 31, 2024	15,631,543	\$ 8.63

The fair market value of RSUs vested was \$ 13.0 million during the three months ended March 31, 2024. As of March 31, 2024, \$ 124.8 million of unrecognized compensation cost related to RSUs is expected to be recognized as expense over approximately the next three years .

#### Note 11. Income Taxes

The Company did not record any U.S. income tax expense during the three months ended March 31, 2024 and 2023. The Company has historically incurred operating losses and maintains a full valuation allowance against its U.S. net deferred tax assets. Foreign taxes were insignificant during the three months ended March 31, 2024 and 2023.

Net operating losses (NOLs) and tax credit carry-forwards are subject to review and possible adjustment by the Internal Revenue Service ("IRS") and may become subject to annual limitation due to ownership changes that occur under Section 382 of the Internal Revenue Code, as amended and similar state provisions. These ownership changes may limit the amount of carryforwards that can be utilized annually to offset future taxable income. In general, an ownership change, as defined by Section 382, results from transactions increasing the ownership of certain shareholders or public groups in the stock of a corporation by more than 50% over a three-year period. As of March 31, 2024, the Company was not limited on its NOLs and tax credit carry-forwards. The Company will continue to monitor future ownership changes for potential Section 382 limitations.

The Company files income tax returns in the United States, Canada, United Kingdom, Utah, California and Massachusetts. The Company is not currently under examination in any of these jurisdictions. The Company is subject to income tax examinations on all federal returns since the 2017 tax return.

#### Note 12. Net Loss Per Share

For the three months ended March 31, 2024 and 2023, Recursion calculated net loss per share of Class A, Class B and Exchangeable common stock using the two-class method. Basic net loss per share is computed using the weighted-average number of shares outstanding during the period. Diluted net loss per share is computed using the weighted-average number of shares and the effect of potentially dilutive securities outstanding during the period. Potentially dilutive securities consist of stock options and other contingently issuable shares. For periods presented in which the Company reports a net loss, all potentially dilutive shares are anti-dilutive and as such are excluded from the calculation. For the three months ended March 31, 2024 and 2023, the Company reported a net loss and therefore basic and diluted loss per share were the same.

The rights, including the liquidation and dividend rights, of the holders of the Company's Class A, Class B and the Exchangeable 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, Class B and the Exchangeable common stock 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, Class B and the Exchangeable common stock was the same during the three months ended March 31, 2024 and 2023.

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

(in thousands, except share amounts)	Three months ended March 31,	
	2024	2023
Numerator:		
Net loss	\$ ( 91,373 )	\$ ( 65,327 )
Denominator:		
Weighted average common shares outstanding	236,019,349	191,618,238
Net loss per share, basic and diluted	\$ ( 0.39 )	\$ ( 0.34 )

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

	Three months ended March 31,	
	2024	2023
Stock based compensation	11,159,250	8,534,876
Tempus agreement	5,143,690	—
Total	16,302,940	8,534,876

### Note 13. Fair Value Measurements

The fair value hierarchy consists of the following three levels:

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

The Company is required to maintain a cash balance in a collateralized account to secure the Company's credit cards. Additionally, the Company holds restricted cash related to an outstanding letter of credit issued by J.P. Morgan, which was obtained to secure certain Company obligations relating to tenant improvements. Recursion also holds restricted cash related to a Bill and Melinda Gates Foundation grant.

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

(in thousands)	March 31, 2024	Basis of fair value measurement			
		Level 1	Level 2	Level 3	
Assets					
Cash equivalents:					
Money market funds	\$ 276,697	\$ 276,697	\$ —	\$ —	
Restricted cash	9,824	9,824	—	—	
Total assets	\$ 286,521	\$ 286,521	\$ —	\$ —	

(in thousands)	December 31, 2023	Basis of fair value measurement			
		Level 1	Level 2	Level 3	
Assets					
Cash equivalents:					
Money market funds	\$ 322,653	\$ 322,653	\$ —	\$ —	
Restricted cash	9,860	9,860	—	—	
Total assets	\$ 332,513	\$ 332,513	\$ —	\$ —	

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

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

(in thousands)	Book values		Fair values	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
<b>Liabilities</b>				
Current portion of notes payable	\$ 55	\$ 41	\$ 55	\$ 41
Notes payable, net of current portion	1,071	1,101	1,071	1,101
<b>Total liabilities</b>	<b>\$ 1,126</b>	<b>\$ 1,142</b>	<b>\$ 1,126</b>	<b>\$ 1,142</b>

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

*The following is a discussion and analysis of the financial condition of Recursion Pharmaceuticals, Inc. (Recursion, the Company, we, us or our) and the results of operations. This commentary should be read in conjunction with the unaudited Condensed Consolidated Financial Statements and accompanying notes appearing in Item 1, "Financial Statements" and the Company's audited consolidated financial statements and accompanying notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Annual Report on Form 10-K for the year ended December 31, 2023. This discussion, particularly information with respect to our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, includes forward-looking statements that involve risks and uncertainties as described under the heading "Note About Forward-Looking Statements" in this Quarterly Report on Form 10-Q. You should review the disclosure under the heading "Risk Factors" in the Annual Report on Form 10-K for a discussion of important factors that could cause our actual results to differ materially from those anticipated in these forward-looking statements. We assume no obligation to revise or publicly release any revision to any forward-looking statements contained in this Quarterly Report on Form 10-Q, unless required by law.*

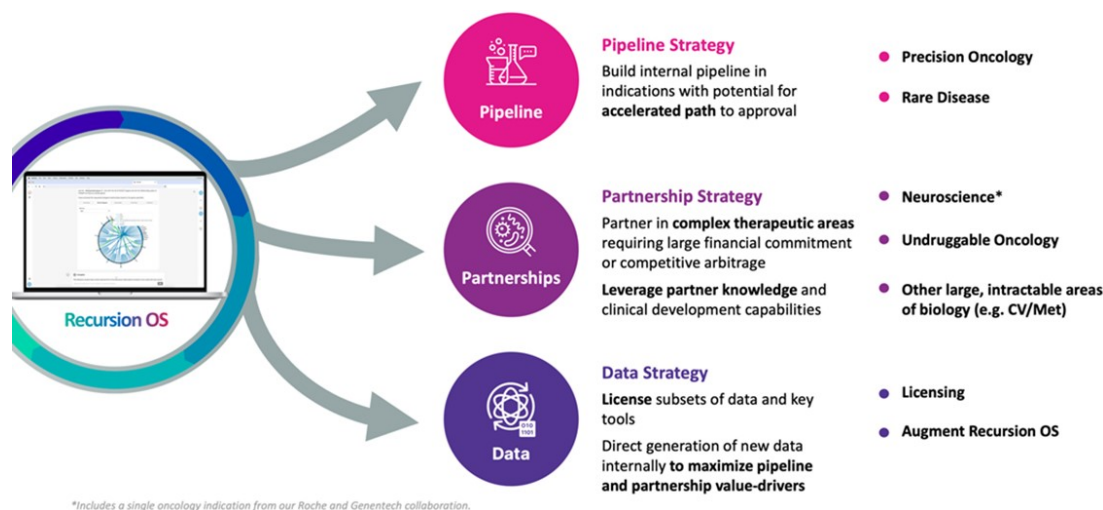
*Investors and others should note that we announce material financial and other information to our investors using our investor relations website (<https://ir.recursion.com/>), SEC filings, press releases, public conference calls and webcasts. We use these channels as well as social media and blogs to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

### Overview

Recursion is a leading clinical stage TechBio company decoding biology to industrialize drug discovery. Central to our mission is the Recursion Operating System (OS), a platform built across diverse technologies that enables us to map and navigate trillions of biological, chemical and patient-centric relationships across over 50 petabytes of proprietary data. We frame this integration of the physical and digital components as iterative loops, where scaled 'wet-lab' biology, chemistry and patient-centric experimental data are organized by 'dry-lab' computational tools in order to identify, validate and translate therapeutic insights. We believe Recursion's unbiased, data-driven approach to understanding biology will bring more, new and better medicines at higher scale and lower cost to patients.

There are three key value-drivers at Recursion:

- An expansive **pipeline** of internally developed clinical and preclinical programs focused on precision oncology and genetically driven rare diseases with significant unmet need and market opportunities that could potentially exceed \$1 billion in annual sales in some cases
- Transformational **partnerships** with leading biopharma and technology companies to map and navigate intractable areas of biology, identify novel targets and develop potential new medicines by using advanced computational and data resources
- An industry-leading **dataset** intentionally designed to capitalize on computational tools and accelerate value created through our pipeline, partnerships and technology products



We drive value by scaling and leveraging the Recursion OS to generate, aggregate and integrate over 50 petabytes of data spanning large language model derived disease relevance and target-compound relationships, predicted protein-ligand binding interactions for ~36 billion compounds, over 250 million total staining and multi-timepoint live-cell (brightfield) phenomics experiments, over 1 million whole transcriptomics experiments, tens of thousands of ADME experiments using our automated DMPK module, InVivomics and multimodal precision oncology patient data. This dataset has been curated using over 50 human cell types, our cell manufacturing facility which has produced over 1 trillion hiPSC-derived neuronal cells since 2022, our in-house chemical library of over 1.7 million compounds, an *in silico* library of over 1 trillion small molecules and other capabilities. We have built proprietary software applications and AI/ML models within the Recursion OS which predict and navigate over 6 trillion biological and chemical relationships. With our approach and our team of over 500 Recursionauts that is balanced between life scientists and computational and technical experts, we endeavor to turn drug discovery into a search problem, where we map and navigate biology in an unbiased manner in order to translate insights into more, new and better medicines at higher scale and lower cost to patients.

	Program	Indication	Target	Patient Population	Preclinical	Phase 1	Phase 2	Phase 3	Near-Term Milestones
Rare & Other	REC-994	Cerebral Cavernous Malformation	Superoxide	~ 360K <sup>1</sup>	SYCAMORE				* Topline readout in Q3 2024
	REC-2282	Neurofibromatosis Type 2	HDAC	~ 33K <sup>2</sup>	POPLAR				* Preliminary data readout in Q4 2024
	REC-4881	Familial Adenomatous Polyposis	MEK	~ 50K <sup>3</sup>	TUPELO				* Preliminary data readout in H1 2025
	REC-3964	<i>Clostridioides difficile</i> Infection	TcdB	~730K					* Phase 2 initiation
	Epsilon	Fibrotic Diseases	Undisclosed	~ 50K <sup>4,5,6</sup>					* IND submission
Oncology	REC-4881	Advanced AXIN1/APC-Mutant Cancers	MEK	~ 104K <sup>7</sup>	LILAC				* Preliminary data readout in H1 2025
	RBM39	Advanced HR-Proficient Cancers	RBM39	~ 220K <sup>8</sup>					* IND submission * Phase 1 initiation

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

All populations defined above are US and EUS incidence unless otherwise noted. EUS is defined as France, Germany, Italy, Spain, and UK. (1) Prevalence for hereditary and sporadic symptomatic population. (2) Annual US and EUS incidence for all *WFS2*-driven meningiomas. (3) Prevalence for adult and pediatric population. (4) Our program has the potential to address several indications. (5) We have not finalized a target product profile for a specific indication. (6) Incidence for US only. (7) 2L+ drug-treatable population. (8) 2L+ drug-treatable population comprising ovarian, prostate, breast, and pancreatic cancers.

## Summary of Business Highlights

### Pipeline

- **Cerebral Cavernous Malformation (CCM) (REC-994):** Our Phase 2 SYCAMORE clinical trial is a randomized, double-blind, placebo-controlled study of two doses of REC-994 in participants with CCM. The primary endpoint of the study is safety and tolerability. Secondary and exploratory endpoints, including clinician measured outcomes, imaging of CCM lesions, patient reported outcomes and selected biomarkers, will be evaluated. This trial was fully enrolled in June 2023 with 62 participants, where the vast majority of participants who completed 12 months of treatment have entered the long-term extension study. We expect to share Phase 2 data in Q3 2024.
- **Neurofibromatosis Type 2 (NF2) (REC-2282):** Our adaptive Phase 2/3 POPLAR clinical trial is a randomized, two part study of REC-2282 in participants with progressive NF2-mutated meningiomas. Part 1 of the study is ongoing and is exploring two doses of REC-2282 in approximately 23 adults and 9 adolescents, with enrollment in adults expected to complete in Q2 2024. We expect to share Phase 2 safety and preliminary efficacy data in Q4 2024.
- **Familial Adenomatous Polyposis (FAP) (REC-4881):** Our Phase 1b/2 TUPELO clinical trial is an open label, multicenter, two part study of REC-4881 in participants with FAP. Part 1 is complete and enrollment in Part 2 has commenced. We expect to share Phase 2 safety and preliminary efficacy data in H1 2025.
- **AXIN1 or APC Mutant Cancers (REC-4881):** Our Phase 2 LILAC clinical trial is an open label, multicenter study of REC-4881 in participants with unresectable, locally advanced or metastatic cancer with *AXIN1* or *APC* mutations. This study was initiated at the end of 2023 with the first participant dosed in Q1 2024. Since that time, multiple participants are now enrolled. We expect to share Phase 2 safety and preliminary efficacy data in H1 2025.
- **Clostridioides difficile Infection (REC-3964):** REC-3964 is a first-in-class *C. difficile* toxin inhibitor and the first new chemical entity developed by Recursion, with promising preclinical efficacy data seen in relevant models (superiority versus bezlotoxumab). Full Phase 1 data from our healthy volunteers study will be presented at the World Congress on Infectious Diseases in Paris in June 2024. We expect to initiate a randomized Phase 2 study in patients at high risk for *C. difficile* infection recurrence in 2024.
- **Advanced HR-Proficient Cancers (RBM39):** RBM39 is a novel CDK12-adjacent target identified by the Recursion OS. We intend to position our lead candidate as a single agent for the potential treatment of advanced HR-proficient cancers including ovarian and other solid tumors. We expect to submit an IND in H2 2024 and anticipate initiating a Phase 1 open label study of our lead candidate in participants with relapsed/refractory cancer. The primary endpoint of the study will be safety and tolerability. Secondary endpoints will explore pharmacokinetics and preliminary signs of anti-tumor activity.
- **Undisclosed Indication in Fibrosis (Target Epsilon):** This program originated under our initial fibrosis collaboration with Bayer and we have since in-licensed from Bayer all rights to this program. We are advancing our lead candidate through IND-enabling studies with IND submission expected in the near-term.

### Platform

- **Supercomputer Expansion:** We worked with our partner NVIDIA to design and build BioHive-2, our next generation supercomputer with over 500 H100 GPUs. We have nearly completed the build out of BioHive-2 and began performance benchmarking tests. We believe that the performance of our supercomputer may place BioHive-2 in the top 50 of the next TOP500 list, making it one of the most powerful supercomputers in the world across any industry and the most powerful supercomputer owned and operated by any biopharma company. These computational resources, paired with Recursion's vast datasets and data generation capabilities, enable the construction of Recursion's large foundation models for biology, chemistry and causal patient outcomes.
- **Whole-Genome Transcriptomics Map:** We continue to focus on key technologies that enhance our ability to generate, extract and validate novel insights for therapeutic advancements. Over the past year, we have scaled our transcriptomics technology in order to validate phenotypic insights and relate to patient-derived RNA sequencing data. In April, we announced sequencing our 1 millionth transcriptome. We believe that we are one of the largest transcriptomics sequencers in the world and are advancing the development of a whole-genome knockout transcriptomics map, which we expect to complete in the coming quarters. Such platform capabilities are important for curating scaled datasets that are relatable and provide a more complete understanding of biology, chemistry and patient outcomes.

- **Active Learning:** We have been applying active learning approaches to predict where our OS should generate and enrich biological and chemical datasets via phenotypic and ADME compound profiling across existing and new cellular contexts. These capabilities enable Recursion to rapidly construct multiomics maps that are enriched for areas of biology and chemistry that may be of high value for translating insights into therapeutic programs. We believe that such approaches enable Recursion to more rapidly expand its data moat and see active learning capabilities as an important step towards autonomous drug discovery.

#### Partnerships

- **Helix Collaboration:** Recursion entered into a multi-year agreement with Helix to access hundreds of thousands of de-identified records including Helix's Exome+(R) genomic data and data from longitudinal health records. Recursion plans to use this data to train causal AI models and design biomarker and patient stratification strategies across broad disease areas. The Helix dataset expands Recursion's integration of real-world patient data and complements Recursion's access to Tempus' oncology data.
- **Transformational Collaborations:** We continue to advance efforts to discover potential new therapeutics with our strategic partners in the areas of undruggable oncology (Bayer) as well as neuroscience and a single indication in gastrointestinal oncology (Roche-Genentech). In the near-term, there is the potential for option exercises associated with partnership programs, option exercises associated with map building initiatives or data sharing and additional partnerships in large, intractable areas of biology or technological innovation.

#### Financing and Operations

We were incorporated in November 2013. In April 2021, we closed our Initial Public Offering (IPO) and issued 27.9 million shares of Class A common stock at a price of \$18.00 per share, raising net proceeds of \$462.4 million. Prior to our IPO, we had raised \$448.9 million in equity financing from investors in addition to \$30.0 million in an upfront payment from our collaboration with Bayer AG (Bayer). In January 2022, we received an upfront payment of \$150.0 million from our collaboration with Roche. See Note 9, "Collaborative Development Contracts" to the Condensed Consolidated Financial Statements for additional information on the collaboration with Roche. In October 2022, we issued 15.3 million shares of our Class A common stock at a purchase price of \$9.80 per share in the 2022 private placement to qualified institutional buyers and institutional accredited investors for net proceeds of \$143.7 million, after deducting fees and offering costs of \$6.6 million. In July 2023, we issued an aggregate of 7.7 million shares of our Class A common stock at a purchase price of \$6.49 per share in the 2023 Private Placement with NVIDIA Corporation for net proceeds of approximately \$49.9 million. In August 2023, we entered into an Open Market Sales Agreement with Jefferies LLC to provide for the offering, issuance and sale of up to an aggregate amount of \$300.0 million of its Class A common stock of which \$208.2 million remain available for future sales. The Company has sold 12.9 million shares and received net proceeds of \$89.1 million under the agreement. See Note 8, "Common Stock" to the Condensed Consolidated Financial Statements for additional information on the Sales Agreement.

We use the capital we have raised to fund operating 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 \$296.3 million as of March 31, 2024. Based on our current operating plan, we believe that our cash and cash equivalents will be sufficient to fund our operations for at least the next twelve months.

Since inception, we have incurred significant operating losses. Our net losses were \$91.4 million and \$65.3 million during the three months ended March 31, 2024 and 2023, respectively. As of March 31, 2024, our accumulated deficit was \$1.1 billion.

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



## Results of Operations

The following table summarizes our results of operations:

(in thousands, except percentages)	Three months ended March 31,		Change	
	2024	2023	\$	%
<b>Revenue</b>				
Operating revenue	\$ 13,491	\$ 12,134	\$ 1,356	11 %
Grant revenue	303	—	303	n/m
<b>Total revenue</b>	<b>13,794</b>	<b>12,134</b>	<b>1,659</b>	<b>14 %</b>
<b>Operating costs and expenses</b>				
Cost of revenue	11,166	12,448	(1,282)	(10)%
Research and development	67,560	46,677	20,883	45 %
General and administrative	31,408	22,874	8,534	37 %
<b>Total operating costs and expenses</b>	<b>110,134</b>	<b>81,999</b>	<b>28,135</b>	<b>34 %</b>
<b>Loss from operations</b>	<b>(96,340)</b>	<b>(69,865)</b>	<b>(26,476)</b>	<b>38 %</b>
Other income, net	4,188	4,538	(351)	(8)%
<b>Loss before income tax benefit</b>	<b>(92,152)</b>	<b>(65,327)</b>	<b>(26,827)</b>	<b>41 %</b>
Income tax benefit	779	—	779	n/m
<b>Net loss</b>	<b>\$ (91,373)</b>	<b>\$ (65,327)</b>	<b>\$ (26,048)</b>	<b>40 %</b>

## Summary

Our financial performance during the three months ended March 31, 2024 compared to the prior period included an increase in research and development costs across all development stages as we continue to expand and upgrade our platform, advance our preclinical pipeline and progress through our various clinical trials.

## Revenue

The following table summarizes our components of revenue:

(in thousands, except percentages)	Three months ended March 31,		Change	
	2024	2023	\$	%
Revenue				
Operating revenue	\$ 13,491	\$ 12,134	\$ 1,356	11 %
Grant revenue	303	—	303	n/m
<b>Total revenue</b>	<b>\$ 13,794</b>	<b>\$ 12,134</b>	<b>\$ 1,659</b>	<b>14 %</b>

Operating revenue is generated through research and development agreements derived from strategic alliances. We are entitled to receive variable consideration as certain milestones are achieved. The timing of revenue recognition is not directly correlated to the timing of cash receipts.

For the three months ended March 31, 2024, the increase in revenue compared to prior period was due to revenue recognized from our partnership with Roche, as our mix of work on the three performance obligations shifted towards higher cost processes including the progression of work related to one of our neuroscience performance obligations.

## Cost of Revenue

The following table summarizes our cost of revenue:

(in thousands, except percentages)	Three months ended March 31,		Change	
	2024	2023	\$	%
Total cost of revenue	\$ 11,166	\$ 12,448	\$ (1,282)	(10)%

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

For the three months ended March 31, 2024, the decrease in cost of revenue compared to prior period was due to our strategic partnership with Bayer which was completed in 2023.

## Research and Development

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

(in thousands, except percentages)	Three months ended March 31,		Change	
	2024	2023	\$	%
Research and development expense				
Platform	\$ 25,914	\$ 18,492	\$ 7,422	40 %
Discovery	16,642	13,505	3,137	23 %
Clinical	16,597	11,522	5,075	44 %
Stock based compensation	7,995	2,833	5,162	>100%
Other	412	325	87	27 %
Total research and development expense	\$ 67,560	\$ 46,677	\$ 20,883	45 %

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

- costs to develop and operate our platform;
- costs of discovery efforts which may lead to development candidates, including research materials and external research;
- costs for clinical development of our investigational products;
- costs for materials and supplies associated with the manufacture of active pharmaceutical ingredients, investigational products for preclinical testing and clinical trials;
- personnel-related expenses, including salaries, benefits, bonuses and stock-based compensation for employees engaged in research and development functions;
- costs associated with operating our digital infrastructure; and
- other direct and allocated expenses incurred as a result of research and development activities, including those for facilities, depreciation, amortization and insurance.

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

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

identification; Discovery, which refers primarily to expenses related to hit identification through development of candidates; and Clinical, which refers primarily to expenses related to development of candidates and beyond.

For the three months ended March 31, 2024, the increase in research and development expenses compared to the prior period was across all development phases as we continue to expand and upgrade our platform, including our chemical technology, machine learning and transcriptomics platform. Our discovery costs increased as we advanced our preclinical pipeline including our work on Target Epsilon. Our clinical costs grew as we continued to progress through our various clinical trials.

### General and Administrative Expense

The following table summarizes our general and administrative expense:

(in thousands, except percentages)	Three months ended March 31,		Change	
	2024	2023	\$	%
Total general and administrative expense	\$ 31,408	\$ 22,874	\$ 8,534	37 %

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

For the three months ended March 31, 2024, the increase in general and administrative expense compared to prior period was primarily driven by an increase in salaries and wages of \$3.9 million and increases in software and depreciation expense.

### Other Income, Net

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

(in thousands, except percentages)	Three months ended March 31,		Change	
	2024	2023	\$	%
Interest income	\$ 4,048	\$ 4,660	\$ (612)	(13.1)%
Interest expense	(20)	(19)	(1)	7.6 %
Other	160	(103)	263	256.1 %
Other income, net	\$ 4,188	\$ 4,538	\$ (350)	(7.7)%

n/m = Not meaningful

For the three months ended March 31, 2024, the decrease in interest income compared to prior period related to a decrease in earnings on cash and cash equivalents in money market funds.

### Liquidity and Capital Resources

#### Sources of Liquidity

We have not yet commercialized any products and do not expect to generate revenue from the sales of any product candidates for at least several years. Cash and cash equivalents totaled \$296.3 million and \$391.6 million as of March 31, 2024 and December 31, 2023, respectively.

We have incurred operating losses and experienced negative operating cash flows and we anticipate that the Company will continue to incur losses for at least the foreseeable future. Our net loss was \$91.4 million and \$65.3 million during the three months ended March 31, 2024 and 2023, respectively. As of March 31, 2024 and December 31, 2023, we had an accumulated deficit of \$1.1 billion and \$967.6 million, respectively.

We have financed our operations through the private placements of preferred stock and Class A common stock issuances. As of March 31, 2024, we have received net proceeds of \$448.9 million from the sale of preferred stock and \$745.0 million from Class A common stock issuances. See Note 8, "Common Stock" to the Condensed Consolidated Financial Statements for additional details on Class A common stock issuances. Additionally, as of March 31, 2024, we have received proceeds of \$183.0 million from our strategic partnerships. See Note 9, "Collaborative Development Contracts" to the Condensed Consolidated Financial Statements for additional details on the Roche partnership.

### Cash Flows

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

(in thousands)	Three months ended March 31,	
	2024	2023
Cash used in operating activities	\$ (102,300)	\$ (73,316)
Cash used in investing activities	(6,653)	(5,340)
Cash provided by financing activities	13,897	1,922

#### Operating Activities

Cash used by operating activities increased during the three months ended March 31, 2024 as a result of higher costs incurred for research and development and general and administrative due to the Company's expansion and upgraded capabilities.

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

#### Investing Activities

Cash used by investing activities during the three months ended March 31, 2024 consisted primarily of property and equipment purchases of \$6.7 million, which included \$2.9 million for a project to upgrade the BioHive supercomputer and \$2.7 million for lab equipment purchases.

Cash used by investing activities during the three months ended March 31, 2023 consisted primarily of property and equipment purchases of \$5.2 million, which included \$1.7 million for a project to upgrade the BioHive supercomputer and \$2.3 million for lab equipment purchases.

#### Financing Activities

Cash provided by financing activities during the three months ended March 31, 2024 primarily included proceeds of \$10.9 million from common stock issuances. Financing inflows also included proceeds from equity incentive plans of \$3.0 million.

Cash provided by financing activities during the three months ended March 31, 2023 primarily included proceeds from equity incentive plans of \$1.9 million.

### 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 2023 Annual Report. There were no significant changes in the Company's application of its critical accounting policies during the three months ended March 31, 2024.

### Recently Issued and Adopted Accounting Pronouncements

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

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

#### ***Interest Rate Risk***

We are exposed to market risk related to changes in interest rates of our cash and cash equivalents. As of March 31, 2024, our cash and cash equivalents primarily consisted of money market funds. Our primary exposure to market risk is interest income sensitivity, which is affected by changes in U.S. interest rates. A hypothetical 100 basis point decrease in interest rates as of as of March 31, 2024, would have an insignificant effect on net loss in the ensuing year.

#### ***Foreign Currency Exchange Risk***

Our employees and our operations are primarily located in the United States and Canada and our expenses are generally denominated in U.S. and Canadian dollars. We also have entered into a limited number of contracts with vendors for research and development services that have underlying payment obligations denominated in foreign currencies. We are subject to foreign currency transaction gains or losses on our contracts denominated in foreign currencies. To date, foreign currency transaction gains and losses have not been material to our financial statements, and we do not have a formal hedging program with respect to foreign currency. A 10% increase or decrease in current exchange rates would have an insignificant effect on our financial results during the three months ended March 31, 2024 and 2023.

### **Item 4. Controls and Procedures.**

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

#### ***Evaluation of Disclosure Controls and Procedures***

Our management has evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives as management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our disclosure controls and procedures have been designed to provide reasonable assurance of achieving their objectives. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2024, our disclosure controls and procedures were ineffective due to the material weakness in internal controls related to our revenue and unearned revenue process including the operating effectiveness of management review controls over the estimated costs and time to completion and controls to validate the completeness and accuracy of information used to calculate revenue and unearned revenue related to its license agreement disclosed in Part II, Item 9A of our Annual Report on Form 10-K for the year ended December 31, 2023.

#### ***Remediation of Material Weakness***

The following remediation actions have been taken as of March 31, 2024:

- Improvement of documentation procedures regarding specific inquiries related to the cost model used for revenue recognition and the resulting responses
- Improvement of documentation for the review of changes in cost model due to responses from inquiries
- Provided additional documentation for internal reports to validate and support completeness and accuracy of reports

- Improvement of documentation of these processes was done with the input of our third-party consultants who continue to be involved in the design and enhancement of the revenue recognition policies and procedures

While significant progress has been made to enhance our internal controls over financial reporting, we are still in the process of implementing and testing these remediated processes, procedures and controls. We believe the above actions will be effective in remediating the material weakness described above. However, the material weakness cannot be considered remediated until controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. As such, we were unable to conclude that the material weakness has been remediated as of March 31, 2024.

#### ***Changes in Internal Control Over Financial Reporting***

As of March 31, 2024, management is in the process of integrating the internal controls of the acquired businesses into Recursion's existing operations as part of planned integration activities. With the exception of the steps taken to remediate the material weakness as described above, there were no other changes in financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended March 31, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **PART II - OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

The Company may, from time to time, be involved in various legal proceedings arising in the normal course of business. An unfavorable resolution of any such matter could materially affect the Company's future financial position, results of operations or cash flows. For more information pertaining to legal proceedings, see Part I, Item 1, Note 7, "Commitments and Contingencies," which is incorporated herein by reference.

### **Item 1A. Risk Factors.**

Investing in our common stock involves a high degree of risk. For a detailed discussion of the risks that affect our business. Please refer to the sections titled "Risk Factors" in Part I, Item 1A. of our 2023 Annual Report.

The risk factors set forth below represent new risk factors or those containing changes to the similarly titled risk factor included in the sections titled "Risk Factors" in Part I, Item 1A. of our 2023 Annual Report.

## **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 CROs, 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, such negotiations could delay product development activities. Termination of our relationships with foreign third parties can also occur if U.S. legislation, sanctions, trade restrictions, or other U.S. and foreign regulatory requirements, prohibitions or restrictions, limit or prevent our ability to enter into arrangements with such foreign third parties. For example, we currently rely on foreign CROs and CDMOs, including an affiliate/subsidiary of WuXi AppTec Co., Ltd. (WuXi AppTec) in China that has been listed as a biotechnology company "of concern" in proposed U.S. legislation known as the BIOSECURE Act (recently introduced in the U.S. House of Representatives as H.R. 7085 and in the U.S. Senate as S.3558). While the BIOSECURE Act as currently proposed would restrict purchasing of services or products from WuXi AppTec and other companies of concern in China, it would only impact U.S. companies that contract with or receive funding from the U.S. government, which means that our company would not be directly impacted by the BIOSECURE Act. However, passage of the BIOSECURE Act could potentially lead the way for further legislation, sanctions, or restrictions that could potentially impact our third-party arrangements with companies such as WuXi AppTec which could delay or impact clinical trials and consequently delay or obstruct regulatory approval of our drug candidates.

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 or the third parties 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 drug candidates.

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

### ***(a) Sales of Unregistered Securities***

#### *Stock Option Exercises*

For the three months ended March 31, 2024, we issued 38 thousand shares of our Class A common stock to our employees, directors, advisors and consultants upon the exercise of stock options under our Key Personnel Incentive Stock Plan for aggregate consideration of approximately \$10 thousand. The shares of Class A common stock issued upon the exercise of stock options were issued pursuant to written compensatory plans or arrangements with our employees, directors, advisors and consultants, in reliance on the exemption provided by Rule 701 promulgated under the Securities Act of 1933, as amended, or pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, relative to transactions by an issuer not involving any public offering, to the extent an exemption from such registration was required. All recipients either received adequate information about our company or had access, through employment or other relationships, to such information.

## **Item 5. Other Information .**

On March 1, 2024, Terry-Ann Burrell, a member of our Board of Directors, adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 211,290 shares of the Company's Class A common stock until May 30, 2025.

On March 1, 2024, Tina Marriott, President and Chief Operating Officer, adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 672,000 shares of the Company's Class A common stock until June 27, 2025.

On March 1, 2024, Michael Secora, Chief Financial Officer, adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 1,259,955 shares of the Company's Class A common stock until June 10, 2025.



**Item 6. Exhibits.**

Exhibit Index:

Exhibit number	Description	Incorporated by Reference				Filed / Furnished Herewith
		Form	File No.	Exhibit No.	Filing Date	
3.1	<a href="#">Amended and Restated Certificate of Incorporation of Recursion Pharmaceuticals, Inc.</a>	8-K	001-40323	3.1	April 21, 2021	
3.2	<a href="#">Amended and Restated Bylaws of Recursion Pharmaceuticals, Inc.</a>	8-K	001-40323	3.1	January 31, 2024	
4.1	<a href="#">Amended and Restated Investors' Rights Agreement by and among the Registrant and certain of its stockholders, dated September 1, 2020.</a>	S-1/A	333-254576	4.1	April 15, 2021	
4.2	<a href="#">Specimen Class A common stock certificate of the Registrant.</a>	S-1/A	333-254576	4.2	April 15, 2021	
10.1*	<a href="#">Advisory Agreement between the Registrant and Shafique Virani</a>					X
10.2*	<a href="#">Transition Agreement between the Registrant and Shafique Virani</a>					X
31.1	<a href="#">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.</a>					X
31.2	<a href="#">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.</a>					X
32.1*	<a href="#">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.</a>					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

+ Indicates a management contract or compensatory plan.

\* 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.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized on May 9, 2024.

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)

## ADVISORY AGREEMENT

This Advisory Agreement (this “**Agreement**”) is made and entered into as of February 6, 2024 (the “**Effective Date**”) by and between Recursion Pharmaceuticals, Inc., (the “**Company**”), and Shafique Virani (“**Advisor**”) (each herein referred to individually as a “**Party**,” or collectively as the “**Parties**”).

## 1. SERVICES AND COMPENSATION

Advisor shall perform the services described in **Exhibit 1** (the “**Services**”) for the Company (or its designee), and the Company agrees to pay Advisor the compensation described in **Exhibit 1** for Advisor's performance of the Services.

## 2. CONFIDENTIALITY

A. **Definition of Confidential Information.** “**Confidential Information**” means any information (including any and all combinations of individual items of information) that relates to the actual or anticipated business and/or products, research or development of the Company, its affiliates or subsidiaries, or to the Company's, its affiliates' or subsidiaries' technical data, trade secrets, or know-how, including, but not limited to, research, product plans, or other information regarding the Company's, its affiliates' or subsidiaries' products or services and markets therefor, customer lists and customers, software, developments, inventions, discoveries, ideas, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances, and other business information disclosed by the Company, its affiliates or subsidiaries, either directly or indirectly, in writing, orally or by drawings or inspection of premises, parts, equipment, or other property of Company, its affiliates or subsidiaries. Notwithstanding the foregoing, Confidential Information shall not include any such information which Advisor can establish (i) was publicly known or made generally available prior to the time of disclosure to Advisor; (ii) becomes publicly known or made generally available after disclosure to Advisor through no wrongful action or inaction of Advisor; or (iii) is in the rightful possession of Advisor, without confidentiality obligations, at the time of disclosure as shown by Advisor's then-contemporaneous written records; provided that any combination of individual items of information shall not be deemed to be within any of the foregoing exceptions merely because one or more of the individual items are within such exception, unless the combination as a whole is within such exception.

B. **Nonuse and Nondisclosure.** During and after the term of this Agreement, Advisor will hold in the strictest confidence, and take all reasonable precautions to prevent any unauthorized use or disclosure of Confidential Information, and Advisor will not (i) use the Confidential Information for any purpose whatsoever other than as necessary for the performance of the Services on behalf of the Company, or (ii) subject to Advisor's right to engage in Protected Activity (as defined below), disclose the Confidential Information to any third party without the prior written consent of an authorized representative of the Company, except that Advisor may disclose Confidential Information to the extent compelled by applicable law; *provided however*, prior to such disclosure, Advisor shall provide prior written notice to Company and seek a protective order or such similar confidential protection as may be available under applicable law. Advisor agrees that no ownership of Confidential Information is conveyed to the Advisor. Without limiting the foregoing, Advisor shall not use or disclose any Company property, intellectual property rights, trade secrets or other proprietary know-how of the Company to invent, author, make, develop, design, or otherwise enable others to invent, author, make, develop, or design identical or substantially similar designs as those developed under this Agreement for any third party. Advisor agrees that Advisor's obligations under this Section 2.B shall continue after the termination of this Agreement.

C. **Other Client Confidential Information.** Advisor agrees that Advisor will not improperly use, disclose, or induce the Company to use any proprietary information or trade secrets of any former or current employer of Advisor or other person or entity with which Advisor has an obligation to keep in confidence. Advisor also agrees that Advisor will not bring onto the Company's premises or transfer onto the Company's technology systems any unpublished document, proprietary information, or trade secrets belonging to any third party unless disclosure to, and use by, the Company has been consented to in writing by such third party.

D. **Third Party Confidential Information.** Advisor recognizes that the Company has received and in the future will receive from third parties their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. Advisor agrees that at all times during the term of this Agreement and thereafter, Advisor owes the Company and such third parties a duty to hold all such confidential or proprietary information in the strictest confidence and not to use it or to disclose it to any person, firm, corporation, or other third party except as necessary in carrying out the Services for the Company consistent with the Company's agreement with such third party.

## 3. OWNERSHIP

A. **Assignment of Inventions.** Advisor agrees that all right, title, and interest in and to any copyrightable material, notes, records, drawings, designs, inventions, improvements, developments, discoveries, ideas and trade secrets conceived, discovered, authored, invented, developed or reduced to practice by Advisor, solely or in collaboration with others, during the term of this Agreement and arising out of, or in connection with, performing the Services under this Agreement and any copyrights, patents, trade secrets, mask work rights or other intellectual property rights relating to the foregoing (collectively, “**Inventions**”), are the sole property of the Company. Advisor also agrees to promptly make full written disclosure to the Company of any Inventions and to deliver and assign (or cause to be assigned) and hereby irrevocably assigns fully to the Company all right, title and interest in and to the Inventions.

B. **Pre-Existing Materials.** Subject to Section 3.A, Advisor will provide the Company with prior written notice if, in the course of performing the Services, Advisor incorporates into any Invention or utilizes in the performance of the Services any invention, discovery, idea, original works of authorship, development, improvements, trade secret, concept, or other proprietary information or intellectual property right owned by Advisor or in which Advisor has an interest, prior to, or separate from, performing the Services under this Agreement (“**Prior Inventions**”), and the Company is hereby granted a nonexclusive, royalty-free, perpetual, irrevocable, transferable, worldwide license (with the right to grant and authorize sublicenses) to make,

have made, use, import, offer for sale, sell, reproduce, distribute, modify, adapt, prepare derivative works of, display, perform, and otherwise exploit such Prior Inventions, without restriction, including, without limitation, as part of or in connection with such Invention, and to practice any method related thereto. Advisor will not incorporate any invention, discovery, idea, original works of authorship, development, improvements, trade secret, concept, or other proprietary information or intellectual property right owned by any third party into any Invention without Company's prior written permission.

C. **Further Assurances.** Advisor agrees to assist Company, or its designee, at the Company's expense, in every proper way to secure the Company's rights in Inventions in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments that the Company may deem necessary in order to apply for, register, obtain, maintain, defend, and enforce such rights, and in order to deliver, assign and convey to the Company, its successors, assigns and nominees the sole and exclusive right, title, and interest in and to all Inventions and testifying in a suit or other proceeding relating to such Inventions. Advisor further agrees that Advisor's obligations under this Section 3.C shall continue after the termination of this Agreement.

#### 4. CONFLICTING OBLIGATIONS

A. Advisor represents and warrants that Advisor has no agreements, relationships, or commitments to any other person or entity that conflict with the provisions of this Agreement, Advisor's obligations to the Company under this Agreement, and/or Advisor's ability to perform the Services. Advisor will not enter into any such conflicting agreement during the term of this Agreement.

B. In light of the unique and specialized nature of Advisor's services, Advisor shall have the right to subcontract or delegate the performance of any Services only with the prior written permission of the Company.

#### 5. RETURN OF COMPANY MATERIALS

Upon the termination of this Agreement, or upon Company's earlier request, Advisor will immediately deliver to the Company, and will not keep in Advisor's possession, recreate, or deliver to anyone else, any and all Company property, including, but not limited to, Confidential Information, tangible embodiments of the Inventions, all devices and equipment belonging to the Company, all electronically-stored information and passwords to access such property, and any reproductions of any of the foregoing items that Advisor may have in Advisor's possession or control.

#### 6. TERM AND TERMINATION

A. **Term.** The term of this Agreement will begin on the Effective Date and will continue until the earlier of i) December 31, 2024, or ii) termination as provided in Section 6.B.

B. **Termination.** Advisor may terminate this Agreement upon giving the Company seven (7) days prior written notice of such termination pursuant to Section 8.G of this Agreement. The Company may terminate this Agreement immediately and without prior notice for any or no reason. For the avoidance of doubt, this Agreement will terminate immediately if Advisor fails to execute, by the deadline specified therein, the Separation Agreement and Release to which this Agreement is attached (the "**Separation Agreement**") or if Advisor revokes the Separation Agreement.

C. **Survival.** Upon any termination, all rights and duties of the Company and Advisor toward each other shall cease except:

(1) The Company will pay, within thirty (30) days after the effective date of termination, all amounts owing to Advisor for Services completed and accepted by the Company prior to the termination date; and

(2) the sections entitled Confidentiality, Ownership, Conflicting Obligations, Return of Company Materials, Term and Termination, Independent Contractor; Benefits, and Miscellaneous will survive termination or expiration of this Agreement in accordance with their terms.

#### 7. INDEPENDENT CONTRACTOR; BENEFITS

A. **Independent Contractor.** It is the express intention of the Company and Advisor that Advisor perform the Services as an independent contractor to the Company. Nothing in this Agreement shall in any way be construed to constitute Advisor as an agent, employee or representative of the Company. Without limiting the generality of the foregoing, Advisor is not authorized to bind the Company to any liability or obligation or to represent that Advisor has any such authority. Advisor agrees to furnish (or reimburse the Company for) all tools and materials necessary to accomplish this Agreement and shall incur all expenses associated with performance. Advisor acknowledges and agrees that Advisor is obligated to report as income all compensation received by Advisor pursuant to this Agreement. Advisor agrees to and acknowledges the obligation to pay all self-employment and other taxes on such income.

B. **Benefits.** The Company and Advisor agree that Advisor will receive no Company-sponsored benefits from the Company where benefits include, but are not limited to, paid vacation, sick leave, medical insurance and 401k participation. If Advisor is reclassified by a state or federal agency or court as the Company's employee, Advisor will become a reclassified employee and will receive no benefits from the Company, except those mandated by state or federal law, even if by the terms of the Company's benefit plans or programs of the Company in effect at the time of such reclassification, Advisor would otherwise be eligible for such benefits.

#### 8. MISCELLANEOUS

A. **Governing Law; Consent to Personal Jurisdiction.** This Agreement shall be governed by the laws of the State of Florida, without regard to the conflicts of law provisions of any jurisdiction.

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B. **Assignability.** This Agreement will be binding upon Advisor's heirs, executors, assigns, administrators, and other legal representatives, and will be for the benefit of the Company, its successors, and its assigns. There are no intended third-party beneficiaries to this Agreement, except as expressly stated. Except as may otherwise be provided in this Agreement, Advisor may not sell, assign or delegate any rights or obligations under this Agreement. Notwithstanding anything to the contrary herein, Company may assign this Agreement and its rights and obligations under this Agreement to any successor to all or substantially all of Company's relevant assets, whether by merger, consolidation, reorganization, reincorporation, sale of assets or stock, change of control or otherwise.

C. **Entire Agreement.** This Agreement constitutes the entire agreement and understanding between the Parties with respect to the subject matter herein and supersedes all prior written and oral agreements, discussions, or representations between the Parties (for the avoidance of doubt, the Separation Agreement and Release between Advisor and the Company and any surviving documents therein will continue in full force and effect). Advisor represents and warrants that Advisor is not relying on any statement or representation not contained in this Agreement. To the extent any terms set forth in any exhibit or schedule conflict with the terms set forth in this Agreement, the terms of this Agreement shall control unless otherwise expressly agreed by the Parties in such exhibit or schedule.

D. **Headings.** Headings are used in this Agreement for reference only and shall not be considered when interpreting this Agreement.

E. **Severability.** If a court or other body of competent jurisdiction finds, or the Parties mutually believe, any provision of this Agreement, or portion thereof, to be invalid or unenforceable, such provision will be enforced to the maximum extent permissible so as to effect the intent of the Parties, and the remainder of this Agreement will continue in full force and effect.

F. **Modification, Waiver.** No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in a writing signed by the Parties. Waiver by the Company of a breach of any provision of this Agreement will not operate as a waiver of any other or subsequent breach.

G. **Notices.** Any notice or other communication required or permitted by this Agreement to be given to a Party shall be in writing and shall be deemed given (i) if delivered personally or by commercial messenger or courier service, (ii) when sent by confirmed facsimile or email, or (iii) if mailed by U.S. registered or certified mail (return receipt requested), to the Party at the Party's address written below or at such other address as the Party may have previously specified by like notice. If by mail, delivery shall be deemed effective three business days after mailing in accordance with this Section 8.G.

(1) If to the Company, to:

Recursion Pharmaceuticals, Inc.  
41 S Rio Grande Street  
Salt Lake City, UT 84101  
Attention: Chief Legal Officer

(2) If to Advisor, to the address for notice on the signature page to this Agreement or, if no such address is provided, to the last address of Advisor provided by Advisor to the Company.

H. **Attorneys' Fees.** In any court action at law or equity that is brought by one of the Parties to this Agreement to enforce or interpret the provisions of this Agreement, the prevailing Party will be entitled to reasonable attorneys' fees, in addition to any other relief to which that Party may be entitled.

I. **Signatures.** This Agreement may be signed in two counterparts, each of which shall be deemed an original, with the same force and effectiveness as though executed in a single document.

J. **Protected Activity Not Prohibited.** Advisor understands that nothing in this Agreement shall in any way limit or prohibit Advisor from engaging in any Protected Activity. For purposes of this Agreement, "**Protected Activity**" shall mean filing and/or pursuing a charge, complaint, or report with, or otherwise communicating, cooperating, or participating in any investigation or proceeding that may be conducted by, any federal, state or local government agency or commission, including the Securities and Exchange Commission ("**Government Agencies**"). Notwithstanding the foregoing, Advisor agrees to take all reasonable precautions to prevent any unauthorized use or disclosure of any information that may constitute Confidential Information to any parties other than the Government Agencies. Advisor further understands that "**Protected Activity**" does not include the disclosure of any Company attorney-client privileged communications or privileged attorney work product. Pursuant to the Defend Trade Secrets Act of 2016, Advisor is notified that an individual will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made in confidence to a federal, state, or local government official (directly or indirectly) or to an attorney *solely* for the purpose of reporting or investigating a suspected violation of law, or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if (and only if) such filing is made under seal. In addition, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the individual's attorney and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order. Advisor understands that nothing in this Agreement, including its definition of Confidential Information, limits Advisor's rights to discuss or disclose Advisor's compensation or the terms or conditions of Advisor's service relationship with the Company to the extent protected by applicable law, or otherwise impairs Advisor from assisting other Company current or former service providers in the exercise of their rights under applicable law..

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**ADVISOR      Recursion Pharmaceuticals, Inc.**

By:  /s/ Shafique Virani    By:  /s/ Christopher Gibson

Name: Shafique Virani    Name: Christopher Gibson

Title: CEO

Address for Notice:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Email Address for Notice

\_\_\_\_\_

\_\_\_\_\_

## EXHIBIT 1

### SERVICES AND COMPENSATION

1. **Contact.** Advisor's principal Company contact:

Name: Christopher Gibson

Title: CEO

2. **Services.** The Services will include, but will not be limited to, the following: Advisor will provide strategic and operational support to the Company's business development function and any other mutually agreed upon transition assistance.

3. **Compensation.**

A. During the period that Advisor provides Services under this Agreement (the "**Advisory Period**"), the Company will pay Advisor the following advisory fees to Advisor: (i) for each month that Advisor provides Services under this Agreement from February 2024 through July 2024, a total of \$25,000 (which constitutes the full advisory fee for the first twenty-five (25) hours of Service performed by Advisor during such month) plus \$1,000 for each hour of Services performed during such month in excess of twenty-five (25) hours if Advisor receives written consent from an authorized agent of the Company prior to performing such Services, and (ii) for each month that Advisor provides Services under this Agreement from August 2024 through December 2024, a total of \$15,000 (which constitutes the full advisory fee for the first fifteen (15) hours of Service performed by Advisor during such month) plus \$1,000 for each hour of Services performed during such month in excess of fifteen (15) hours if Advisor receives written consent from an authorized agent of the Company prior to performing such Services.

B. During the Advisory Period, each outstanding equity award previously granted to Advisor by the Company (each, an "**Equity Award**") shall continue to vest in accordance with the terms and conditions of the equity plan under which such Equity Award was granted and the award agreement between the Company and Employee evidencing such Equity Award. In addition, every three months during the period that Advisor provides Services under this Agreement, the Company's Board of Directors (the "**Board**") will review Advisor's contributions towards the completion of transformative transactions, and based on such assessment, the Board will consider whether to accelerate the vesting of a portion of Advisor's outstanding Equity Awards, as determined by the Board in its discretion.

C. If Advisor elects continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("**COBRA**"), within the time period prescribed pursuant to COBRA for Advisor and Advisor's eligible dependents, if applicable, the Company will pay, by remitting payment directly to the COBRA administrator, the premiums necessary to continue group health insurance benefits for Advisor and Advisor's eligible dependents until the earlier of (i) the date Advisor ceases providing Services under this Agreement or (ii) the date upon which Advisor and/or Advisor's eligible dependents cease(s) to be eligible for coverage under COBRA (such payments, the "**COBRA Payments**"). Notwithstanding anything in this Agreement to the contrary, if the Company determines in its sole discretion that it cannot provide the COBRA Payments without potentially violating, or being subject to an excise tax under, applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company will in lieu thereof provide to Advisor a taxable monthly payment, payable on the last day of a given month (except as provided by the last sentence of this Section 3.C.), in an amount equal to the monthly COBRA premium that Advisor would be required to pay to continue the group health coverage for Advisor and/or Advisor's eligible dependents in effect on the date of the termination of Advisor's employment with the Company (which amount will be based on the premium for the first month of COBRA continuation coverage) (each, a "**COBRA Replacement Payment**"), which COBRA Replacement Payments will be made regardless of whether Advisor and/or Advisor's eligible dependents elect COBRA continuation coverage and will commence on the month following the Separation Date and will end on the earlier of (x) the date upon which Advisor obtains health insurance through other employment or (y) the date Advisor ceases providing Services under this Agreement. For the avoidance of doubt, the COBRA Replacement Payments may be used for any purpose, including, but not limited to continuation coverage under COBRA, and will be subject to all applicable tax withholdings. Notwithstanding anything to the contrary under this Agreement, if the Company determines in its sole discretion at any time that it cannot provide the COBRA Replacement Payments without violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), Advisor will not receive any further COBRA Replacement Payments or COBRA Payments.

D. The Company will reimburse Advisor, in accordance with Company policy, for all reasonable travel expenses incurred by Advisor in performing the Services pursuant to this Agreement, if Advisor receives written consent from an authorized agent of the Company prior to incurring such expenses and submits receipts for such expenses to the Company in accordance with Company policy.

4. **Invoices and Payments.**

Every two weeks, Advisor shall submit to the Company a written invoice for Services and expenses within thirty (30) days after such Services are performed or such expenses are incurred, and such statement shall be subject to the approval of the contact person listed above or other designated agent of the Company. The Company will remit payment for properly submitted and approved invoices within thirty (30) days following invoice submission. In order to help prevent adverse tax consequences to Advisor under Section 409A (as defined below), in no event will any payment under Section 3.A. of this Exhibit be made later than the later of (1) March 15<sup>th</sup> of the calendar year following the calendar year in which such payment was earned, or (2) the 15th day of the third (3<sup>rd</sup>) month following the end of the Company's fiscal year in which such payment was earned.

In addition, any reimbursement under Section 3.D. of this Exhibit shall be subject to Advisor continuing to provide Services to the Company pursuant to this Agreement through the date that the expense to be reimbursed is incurred, and in no event shall any such reimbursement be made later than the later of (i) March 15th of the calendar year following the calendar year in which such expense was approved by the Company; or (ii) the 15th day of the third (3rd) month following the end of the Company's tax year in which such expense was approved by the Company.

In addition, to the extent necessary to comply with Section 409A with respect to any reimbursements under Section 3.D. of this Exhibit that constitute "deferred compensation" within the meaning of Section 409A, the following provisions will apply: (i) the amount eligible for reimbursement in one calendar year may not affect the amount eligible for reimbursement in any other calendar year; (ii) the right to the applicable reimbursement is not subject to liquidation or exchange for another benefit or payment; (iii) to the extent there is any reimbursement of an expense, subject to any shorter time periods provided in this Agreement or in the applicable reimbursement arrangement, any such reimbursement of an expense must be made on or before the last day of Advisor's taxable year following the taxable year of Advisor in which the expense was incurred; and (iv) except as specifically provided herein or in the applicable reimbursement arrangement, reimbursements will be made for expenses incurred only during Advisor's lifetime.

All payments and benefits provided for under this Agreement are intended to be exempt from or otherwise comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance thereunder (together, "**Section 409A**"), so that none of the payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities or ambiguous terms herein will be interpreted to be exempt or so comply. Each payment and benefit payable under this Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations. In no event will the Company (or any of its subsidiaries or affiliates) have any liability, responsibility or obligation to reimburse, indemnify or hold harmless Advisor for any taxes imposed, or other costs incurred, as a result of Section 409A.

This **Exhibit 1** is accepted and agreed upon as of February 6, 2024.

**ADVISOR      RECURSION PHARMACEUTICALS, INC.**

By: /s/ Shafique Virani    By: /s/ Christopher Gibson

Name: Shafique Virani    Name: Christopher Gibson

Title: CEO



## TRANSITION AGREEMENT AND RELEASE

This Transition Agreement and Release ("**Agreement**") is made by and between Shafique Virani ("**Employee**") and Recursion Pharmaceuticals, Inc. (the "**Company**") (collectively referred to as the "**Parties**" or individually referred to as a "**Party**").

### RECITALS

WHEREAS, Employee was employed by the Company;

WHEREAS, Employee signed a confirmatory employment letter with the Company dated March 21, 2021 (the "**Employment Letter**");

WHEREAS, Employee signed a participation agreement (the "**Participation Agreement**"), pursuant to which Employee was a participant in the Company's Executive Change in Control and Severance Plan (the "**Severance Plan**");

WHEREAS, Employee signed an At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement with the Company (the "**Confidentiality Agreement**");

WHEREAS, the Company granted Employee the options to purchase shares of the Company's common stock (each, an "**Option**") and/or awards of restricted stock units (each, an "**RSU Award**") listed in Exhibit A (such Options and/or RSU Awards, the "**Equity Awards**"), each subject to the terms and conditions of the Key Personnel Incentive Plan, the Company's 2016 Equity Incentive Plan or the 2021 Equity Incentive Plan (the "**Plans**") and the applicable award agreement between the Company and Employee applicable to each Option (each, an "**Equity Award Agreement**") (the Plans together with the Equity Award Agreements, the "**Stock Agreements**");

WHEREAS, Employee separated from employment with the Company effective February 6, 2024 (the "**Separation Date**"); and

WHEREAS, the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions, and demands that the Employee may have against the Company and any of the Releasees as defined below, including, but not limited to, any and all claims arising out of or in any way related to Employee's employment with or separation from the Company.

NOW, THEREFORE, in consideration of the mutual promises made herein, the Company and Employee hereby agree as follows:

### COVENANTS

1. Consideration. In consideration of and contingent on Employee's execution of this Agreement, this Agreement going into effect, and Employee's fulfillment of all of its terms and conditions, the Company agrees as follows:

a. Advisory Services Opportunity. The Company agrees to enter into an Advisory Agreement with Employee, attached hereto as Exhibit B (the "**Advisory Agreement**"), pursuant to which Employee will provide advisory services to the Company as an independent contractor immediately following the end of Employee's employment with the Company pursuant to the terms and conditions set forth in the Advisory Agreement (the period that Employee actually provides such services, the "**Advisory Period**"), and will be eligible for the compensation set forth therein. Nothing in this Agreement or the

Advisory Agreement pertaining to Employee's anticipated role as an advisor shall in any way be construed to constitute Employee as agent, officer, employee, or representative of the Company. Notwithstanding anything to the contrary in the Advisory Agreement, the Parties agree that the Advisory Agreement and the related advisory services opportunity shall terminate immediately and without penalty to the Company in the event that Employee (i) does not execute this Agreement within the time period specified herein, or (ii) revokes this Agreement under Sections 6 and 28 below.

b. Supplemental Release. Employee agrees to execute, within twenty-one (21) calendar days after the date the Advisory Period ends, the Supplemental Release attached hereto as Exhibit C (the "**Supplemental Release**"), in exchange for the consideration set forth therein; provided, however, that the Company may modify the Supplemental Release pursuant to or otherwise as may be required by applicable law. Subject to Employee executing the Supplemental Release (along with this Agreement), the Company agrees to provide to Employee the consideration set forth in the Supplemental Release. Employee's failure to sign the Supplemental Release in the specified time period will constitute a material breach of this Agreement.

c. General. Employee acknowledges that without this Agreement, Employee is otherwise not entitled to the consideration listed above and that without the Supplemental Release, Employee is not entitled to the consideration set forth in the Supplemental Release.

2. Equity Awards. During the Advisory Period, the Equity Awards will continue to vest and otherwise continue in accordance with their terms and conditions. In addition, every three months during the Advisory Period, the Company's Board of Directors (the "**Board**") will review Employee's contributions towards the completion of transformative transactions, and based on such assessment, the Board will consider whether to accelerate the vesting of a portion of Employee's outstanding Equity Awards, as determined by the Board in its discretion.

3. Benefits. Employee's Company-sponsored health insurance benefits shall cease on February 29, 2024 (or such earlier date as may be required by applicable plan terms and conditions), subject to Employee's right to continue Employee's health insurance under COBRA. Employee's participation in all benefits and incidents of employment, including, but not limited to, the accrual of bonuses, vacation, and paid time off, ceased as of the Separation Date.

4. Payment of Salary and Receipt of All Benefits and Reimbursements. Employee acknowledges and represents that, other than the consideration set forth in this Agreement, the Company has (as applicable) paid or provided all salary, wages, bonuses, vacation/paid time off, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions, stock, equity awards, vesting, and any and all other benefits and compensation due to Employee. Employee also affirms that Employee has submitted all expense reports in compliance with Employer's policies and procedures and been reimbursed for all expenses necessarily incurred by Employee in following Employer's directions or incurred in performing Employee's duties during Employee's employment with Employer. For the avoidance of doubt, Employee acknowledges and agrees that Employee is not entitled to receive any payments or benefits under the Severance Plan.

5. Release of Claims. Employee agrees that the foregoing consideration represents settlement in full of all outstanding obligations owed to Employee by the Company, its parents, subsidiaries, affiliates, and each of their respective current and former officers, directors, employees, agents, investors, attorneys, shareholders, administrators, benefit plans, plan administrators, professional employer organizations or co-employers, insurers, trustees, divisions, predecessor and successor corporations, and assigns (collectively, the "**Releasees**"). Employee, on Employee's own behalf and on behalf of Employee's respective heirs, family members, executors, agents, and assigns, hereby and forever releases the Releasees from, and agrees

not to sue concerning, or in any manner to institute, prosecute, or pursue, any claim, complaint, charge, duty, obligation, demand, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that Employee may possess against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred up until and including the date Employee signs this Agreement, including, without limitation:

- a. any and all claims relating to or arising from Employee's employment relationship with the Company and the termination of that relationship;
- b. any and all claims relating to, or arising from, Employee's right to purchase, or actual purchase of shares of stock of the Company, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;
- c. any and all claims under the law of any jurisdiction, including, but not limited to, wrongful discharge of employment; constructive discharge from employment; termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied; breach of covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; fraud; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; conversion; and disability benefits;
- d. any and all claims for violation of any federal, state, or municipal statute, including, but not limited to, the following, each as may be amended, and except as prohibited by law: Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Equal Pay Act; the Fair Labor Standards Act; the Fair Credit Reporting Act; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Protection Act; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Family and Medical Leave Act; the Uniformed Services Employment and Reemployment Rights Act; the Immigration Reform and Control Act; the Florida Civil Rights Act of 1992, the Florida Workers' Compensation Retaliation provision, the Florida Minimum Wage Act, the Florida Equal Pay Law, and the Florida Whistleblower Protection Act;
- e. any and all claims for violation of the federal or any state constitution;
- f. any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;
- g. any claim for any loss, cost, damage, or expense arising out of any dispute over the nonwithholding or other tax treatment of any of the proceeds received by Employee from the Company; and
- h. any and all claims for attorneys' fees and costs.

Employee agrees that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not extend to any obligations incurred under this Agreement. This release does not release claims that cannot be released as a matter of law. Any and all disputed wage claims that are released herein shall be subject to binding arbitration in accordance with the "*Arbitration*" section below, except as required by applicable law. This release does not extend to any right Employee may have to unemployment compensation benefits or workers' compensation benefits.

6. Acknowledgment of Waiver of Claims under ADEA. Employee acknowledges that Employee is waiving and releasing any rights Employee may have under the Age Discrimination in Employment Act of 1967 ("**ADEA**"), and that this waiver and release is knowing and voluntary. Employee agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the date Employee signs this Agreement. Employee acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Employee was already entitled. Employee further acknowledges that Employee has been advised by this writing that: (a) Employee should consult with an attorney prior to executing this Agreement; (b) Employee has twenty-one (21) days within which to consider this Agreement; (c) Employee has seven (7) days following Employee's execution of this Agreement to revoke this Agreement; (d) this Agreement shall not be effective until after the revocation period has expired; and (e) nothing in this Agreement prevents or precludes Employee from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law. In the event Employee signs this Agreement and returns it to the Company in less than the twenty-one (21)-day period identified above, Employee hereby acknowledges that Employee has knowingly and voluntarily chosen to waive the time period allotted for considering this Agreement. Employee acknowledges and understands that revocation must be accomplished by a written notification to the person executing this Agreement on the Company's behalf that is received prior to the Effective Date. The Parties agree that changes, whether material or immaterial, do not restart the running of the 21-day period.

7. Unknown Claims. Employee acknowledges that Employee has been advised to consult with legal counsel and that Employee is familiar with the principle that a general release does not extend to claims that the releaser does not know or suspect to exist in Employee's favor at the time of executing the release, which, if known by Employee, must have materially affected Employee's settlement with the Releasees. Employee, being aware of said principle, agrees to expressly waive any rights Employee may have to that effect, as well as under any other statute or common law principles of similar effect.

8. No Pending or Future Lawsuits. Employee represents that Employee has no lawsuits, claims, or actions pending in Employee's name, or on behalf of any other person or entity, against the Company or any of the other Releasees. Employee also represents that Employee does not intend to bring any claims on Employee's own behalf or on behalf of any other person or entity against the Company or any of the other Releasees.

9. No Right to Employment. Employee understands and agrees that, as a condition of this Agreement, Employee shall not be entitled to any employment with the Company, and Employee hereby waives any right, or alleged right, of employment or re-employment with the Company.

10. Confidentiality. Subject to the "*Protected Activity Not Prohibited*" section below (and as applicable, the "*Protected Activity Not Prohibited*" section in the Advisory Agreement), Employee agrees to maintain in complete confidence the existence of this Agreement and the Supplemental Release, the contents and terms of this Agreement and the Supplemental Release, and the consideration for this Agreement and the Supplemental Release (hereinafter collectively referred to as "**Separation Information**"), and Employee agrees that Employee will not publicize, directly or indirectly, any Separation Information. If, however, Employee becomes an advisor to the Company pursuant to the Advisory Agreement, Employee may disclose that he is an advisor to the Company for the time period Employee is a service provider to the Company under such Advisory Agreement. Except as required by law, and subject to the "*Protected Activity Not Prohibited*" section below, Employee may disclose Separation Information only to Employee's immediate family members, the Court in any proceedings to enforce the terms of this Agreement or the Supplemental Release, Employee's counsel, and Employee's accountant and any professional tax advisor to the extent that they need to know the Separation Information in order to provide advice on tax treatment or to prepare tax returns, and must prevent disclosure of any Separation Information to all other third parties.

11. Trade Secrets and Confidential Information/Company Property. Employee reaffirms and agrees to observe and abide by the terms of the Confidentiality Agreement, specifically including the provisions therein regarding nondisclosure of the Company's trade secrets and confidential and proprietary information, and all restrictive covenants. During the Advisory Period, Employee may continue to use his Company-provided laptop computer (the "**Laptop**"), although the Company may require the earlier return of the Laptop in its discretion. Employee's signature below constitutes his certification under penalty of perjury that, other than the Laptop, Employee does not have in his possession, custody, or control, and has returned to the Company, all devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, any other documents, items, or property, or reproductions of any and all aforementioned items (whether in physical or electronic form) provided to him by the Company (with the exception of personnel documents specifically relating to Employee), developed or obtained by Employee in connection with his relationship with the Company or otherwise belonging to the Company, including, but not limited to, all passwords to any software or other programs or data that Employee used in performing services for the Company.

12. No Cooperation. Subject to the "*Protected Activity Not Prohibited*" section below, Employee agrees that Employee will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any of the Releasees, unless under a subpoena or other court order to do so or upon written request from an administrative agency or the legislature or as related directly to the ADEA waiver in this Agreement or the Supplemental Release. Employee agrees both to immediately notify the Company upon receipt of any such subpoena or court order or written request from an administrative agency or the legislature, and to furnish, within three (3) business days of its receipt, a copy of such subpoena or other court order or written request from an administrative agency or the legislature. Subject to the "*Protected Activity Not Prohibited*" section below, if approached by anyone for counsel or assistance in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints against any of the Releasees, Employee shall state no more than that Employee cannot provide counsel or assistance.

13. Nondisparagement. Subject to the "*Protected Activity Not Prohibited*" section below, Employee agrees to refrain from any disparagement, defamation, libel, or slander of any of the Releasees, and agrees to refrain from any tortious interference with the contracts and relationships of any of the Releasees. Employee shall direct any inquiries by potential future employers to the Company's human resources department.

14. Protected Activity Not Prohibited. Employee understands that nothing in this Agreement or the Supplemental Release shall in any way limit or prohibit Employee from engaging in any "**Protected Activity**," which means filing a charge, complaint, or report with, or otherwise communicating, cooperating, or participating in any investigation or proceeding that may be conducted by, any federal, state or local government agency or commission, including the Securities and Exchange Commission, the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, and the National Labor Relations Board ("**Government Agencies**"). Additionally, nothing in this Agreement or the Supplemental Release constitutes a waiver of any rights Employee may have under the Sarbanes-Oxley Act or Section 7 of the National Labor Relations Act ("**NLRA**"). For purposes of clarity, nothing in this Agreement or the Supplemental Release shall be interpreted to impair or limit Employee's participation in any legally protected activities, such as (i) forming, joining, or supporting labor unions, (ii) bargaining collectively through representatives of employees' choosing, (iii) discussing wages, benefits, or terms and conditions of employment, and (iv) discussing, or raising complaints about, working conditions for the purpose of mutual aid or protection of Employee or the Company's other current or former employees, to the extent such activities are protected by Section 7 of the NLRA. When engaging in any of the protected conduct described in this section, Employee agrees to take all reasonable precautions to prevent any unauthorized use or disclosure of any Company confidential information; provided, however, that such

disclosures may be made to Government Agencies in connection with Protected Activity. For the sake of clarity, Company confidential information does not include information regarding working conditions, wages, benefits, or other terms and conditions of employment. Additionally, Employee understands that the protected conduct described herein does not include the disclosure of any Company attorney-client privileged communications or privileged attorney work product. Employee understands that nothing in the Confidentiality Agreement shall limit or prohibit Employee from engaging in any protected conduct set forth in this section. Finally, pursuant to the Defend Trade Secrets Act of 2016, Employee is notified that an individual will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (a) is made in confidence to a federal, state, or local government official (directly or indirectly) or to an attorney *solely* for the purpose of reporting or investigating a suspected violation of law, or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if (and only if) such filing is made under seal. In addition, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the individual's attorney and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

15. Breach. In addition to the rights provided in the "Attorneys' Fees" section below, Employee acknowledges and agrees that any material breach of this Agreement, unless such breach constitutes a legal action by Employee challenging or seeking a determination in good faith of the validity of the waiver in this Agreement or the Supplemental Release under the ADEA, or of any provision of the Confidentiality Agreement or the Advisory Agreement shall entitle the Company immediately to recover and/or cease providing the consideration provided to Employee under this Agreement and the Supplemental Release and to obtain damages, except as provided by law.

16. No Admission of Liability. Employee understands and acknowledges that with respect to all claims released in this Agreement and the Supplemental Release, this Agreement and the Supplemental Release constitute a compromise and settlement of any and all actual or potential disputed claims by Employee. No action taken by the Company hereto, either previously or in connection with this Agreement and the Supplemental Release, shall be deemed or construed to be (a) an admission of the truth or falsity of any actual or potential claims or (b) an acknowledgment or admission by the Company of any fault or liability whatsoever to Employee or to any third party.

17. Costs. The Parties shall each bear their own costs, attorneys' fees, and other fees incurred in connection with the preparation of this Agreement.

18. ARBITRATION. EXCEPT AS PROHIBITED BY LAW, THE PARTIES AGREE THAT ANY AND ALL DISPUTES ARISING OUT OF THE TERMS OF THIS AGREEMENT OR THE SUPPLEMENTAL RELEASE, THEIR INTERPRETATION, EMPLOYEE'S EMPLOYMENT WITH THE COMPANY OR THE TERMS THEREOF, OR ANY OF THE MATTERS HEREIN RELEASED, SHALL BE SUBJECT TO BINDING ARBITRATION UNDER THE FEDERAL ARBITRATION ACT (THE "**FAA**") AND THAT THE FAA SHALL GOVERN AND APPLY TO THIS ARBITRATION AGREEMENT WITH FULL FORCE AND EFFECT; HOWEVER, WITHOUT LIMITING ANY PROVISIONS OF THE FAA, A MOTION OR PETITION OR ACTION TO COMPEL ARBITRATION MAY ALSO BE BROUGHT IN STATE COURT UNDER THE PROCEDURAL PROVISIONS OF SUCH STATE'S LAWS RELATING TO MOTIONS OR PETITIONS OR ACTIONS TO COMPEL ARBITRATION. EMPLOYEE AGREES THAT, TO THE FULLEST EXTENT PERMITTED BY LAW, EMPLOYEE MAY BRING ANY SUCH ARBITRATION PROCEEDING ONLY IN EMPLOYEE'S INDIVIDUAL CAPACITY. ANY ARBITRATION WILL OCCUR IN FLORIDA BEFORE JAMS, PURSUANT TO ITS EMPLOYMENT ARBITRATION RULES & PROCEDURES ("**JAMS RULES**"), EXCEPT AS EXPRESSLY PROVIDED IN THIS SECTION. THE PARTIES AGREE THAT THE ARBITRATOR SHALL HAVE THE POWER TO DECIDE ANY MOTIONS BROUGHT BY ANY

PARTY TO THE ARBITRATION, INCLUDING MOTIONS FOR SUMMARY JUDGMENT AND/OR ADJUDICATION, AND MOTIONS TO DISMISS AND DEMURRERS, APPLYING THE STANDARDS SET FORTH UNDER FLORIDA'S RULES OF CIVIL PROCEDURE. THE PARTIES AGREE THAT THE ARBITRATOR SHALL ISSUE A WRITTEN DECISION ON THE MERITS. THE PARTIES ALSO AGREE THAT THE ARBITRATOR SHALL HAVE THE POWER TO AWARD ANY REMEDIES AVAILABLE UNDER APPLICABLE LAW, AND THAT THE ARBITRATOR MAY AWARD ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY, WHERE PERMITTED BY APPLICABLE LAW. THE ARBITRATOR MAY GRANT INJUNCTIONS AND OTHER RELIEF IN SUCH DISPUTES. THE ARBITRATOR SHALL APPLY SUBSTANTIVE FLORIDA LAW TO ANY DISPUTE OR CLAIM, WITHOUT REFERENCE TO ANY CONFLICT OF LAW PROVISIONS OF ANY JURISDICTION. THE DECISION OF THE ARBITRATOR SHALL BE FINAL, CONCLUSIVE, AND BINDING ON THE PARTIES TO THE ARBITRATION. THE PARTIES AGREE THAT THE PREVAILING PARTY IN ANY ARBITRATION SHALL BE ENTITLED TO INJUNCTIVE RELIEF IN ANY COURT OF COMPETENT JURISDICTION TO ENFORCE THE ARBITRATION AWARD. EMPLOYEE UNDERSTANDS THAT THE PARTIES TO THE ARBITRATION SHALL EACH PAY AN EQUAL SHARE OF THE COSTS AND EXPENSES OF SUCH ARBITRATION, AND EACH PARTY SHALL SEPARATELY PAY FOR ITS RESPECTIVE COUNSEL FEES AND EXPENSES; PROVIDED, HOWEVER, THAT THE ARBITRATOR SHALL AWARD ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY, EXCEPT AS PROHIBITED BY LAW. THE PARTIES HEREBY AGREE TO WAIVE THEIR RIGHT TO HAVE ANY DISPUTE BETWEEN THEM RESOLVED IN A COURT OF LAW BY A JUDGE OR JURY. NOTWITHSTANDING THE FOREGOING, THIS SECTION WILL NOT PREVENT EITHER PARTY FROM SEEKING INJUNCTIVE RELIEF (OR ANY OTHER PROVISIONAL REMEDY) FROM ANY COURT HAVING JURISDICTION OVER THE PARTIES AND THE SUBJECT MATTER OF THEIR DISPUTE RELATING TO THIS AGREEMENT, THE AGREEMENTS INCORPORATED HEREIN BY REFERENCE, AND THE SUPPLEMENTAL RELEASE. SHOULD ANY PART OF THE ARBITRATION AGREEMENT CONTAINED IN THIS SECTION CONFLICT WITH ANY OTHER ARBITRATION AGREEMENT BETWEEN THE PARTIES, THE PARTIES AGREE THAT THIS ARBITRATION AGREEMENT SHALL GOVERN.

19. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the consideration provided to Employee or made on Employee's behalf under the terms of this Agreement or the Supplemental Release. Employee agrees and understands that Employee is responsible for payment, if any, of local, state, and/or federal taxes on the consideration provided under this Agreement or the Supplemental Release by the Company and any penalties or assessments thereon. Employee further agrees to indemnify and hold the Releasees harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against the Company for any amounts claimed due on account of (a) Employee's failure to pay or delayed payment of, federal or state taxes, or (b) damages sustained by the Company by reason of any such claims, including attorneys' fees and costs.

20. No Representations. Employee represents that Employee has had an opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Agreement and the Supplemental Release. Employee has not relied upon any representations or statements made by the Company that are not specifically set forth in this Agreement or the Supplemental Release.

21. Section 409A. It is intended that this Agreement and the Supplemental Release comply with, or be exempt from, Code Section 409A and the final regulations and official guidance thereunder ("**Section 409A**") and any ambiguities in this Agreement and the Supplemental Release will be interpreted to so comply and/or be exempt from Section 409A. Each payment and benefit to be paid or provided under this Agreement or the Supplemental Release is intended to constitute a series of separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations. The Company and Employee will work together in

good faith to consider either (i) amendments to this Agreement or the Supplemental Release; or (ii) revisions to this Agreement or the Supplemental Release with respect to the payment of any awards, which are necessary or appropriate to avoid the imposition of any additional tax or income recognition prior to the actual payment to Employee under Section 409A. In no event will the Releasees reimburse Employee for any taxes that may be imposed on Employee as a result of Section 409A.

22. Authority. The Company represents and warrants that the undersigned has the authority to act on behalf of the Company and to bind the Company and all who may claim through it to the terms and conditions of this Agreement and the Supplemental Release. Employee represents and warrants that Employee has the capacity to act on Employee's own behalf and on behalf of all who might claim through Employee to bind them to the terms and conditions of this Agreement and the Supplemental Release. Each Party warrants and represents that there are no liens or claims of lien or assignments in law or equity or otherwise of or against any of the claims or causes of action released in this Agreement or the Supplemental Release.

23. Severability. In the event that any provision or any portion of any provision hereof (or the Supplemental Release) or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement and the Supplemental Release shall continue in full force and effect without said provision or portion of provision.

24. Attorneys' Fees. Except with regard to a legal action challenging or seeking a determination in good faith of the validity of the waiver in this Agreement or the Supplemental Release under the ADEA, in the event that either Party brings an action to enforce or effect its rights under this Agreement or the Supplemental Release, the prevailing Party shall be entitled to recover its costs and expenses, including the costs of mediation, arbitration, litigation, court fees, and reasonable attorneys' fees incurred in connection with such an action.

25. Entire Agreement. This Agreement (and the Supplemental Release, when entered into and effective) represents the entire agreement and understanding between the Company and Employee concerning the subject matter of this Agreement and the Supplemental Release and Employee's employment with and separation from the Company and the events leading thereto and associated therewith, and supersedes and replaces any and all prior agreements and understandings concerning the subject matter of this Agreement and Employee's relationship with the Company, with the exception of the Confidentiality Agreement and the Stock Agreements.

26. No Oral Modification. This Agreement and the Supplemental Release may only be amended in a writing signed by Employee and the Company's Chief Executive Officer.

27. Governing Law. This Agreement and the Supplemental Release shall be governed by the laws of the State of Florida, without regard for choice-of-law provisions, except that any dispute regarding the enforceability of the "Arbitration" section of this Agreement shall be governed by the FAA. Employee consents to personal and exclusive jurisdiction and venue in the State of Florida.

28. Effective Date. Employee understands that this Agreement shall be null and void if not executed by Employee within twenty-one (21) days. Each Party has seven (7) days after that Party signs this Agreement to revoke it. This Agreement will become effective on the eighth (8th) day after Employee signed this Agreement, so long as it has been signed by the Parties and has not been revoked by either Party before that date (the "**Effective Date**").

29. Counterparts. This Agreement may be executed in counterparts and each counterpart shall be deemed an original and all of which counterparts taken together shall have the same force and effect as an



original and shall constitute an effective, binding agreement on the part of each of the undersigned. The counterparts of this Agreement may be executed and delivered by facsimile, photo, email PDF, or other electronic transmission or signature.

30. Voluntary Execution of Agreement. Employee understands and agrees that Employee executed this Agreement voluntarily and without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all of Employee's claims against the Company and any of the other Releasees. Employee acknowledges that:

- (a) Employee has read this Agreement;
- (b) Employee has had a reasonable period of at least twenty-one (21) days in which to consult with an attorney regarding this Agreement, and has been represented in the preparation, negotiation, and execution of this Agreement by an attorney of Employee's own choice or has elected not to retain an attorney;
- (c) Employee understands the terms and consequences of this Agreement and of the releases it contains;
- (d) Employee is fully aware of the legal and binding effect of this Agreement; and
- (e) Employee has not relied upon any representations or statements made by the Company that are not specifically set forth in this Agreement.

*[The remainder of this page is intentionally left blank; signature page follows]*

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

SHAFIQUE VIRANI, an individual

Dated: 2/6/2024   /s/ Shafique Virani

Shafique Virani

RECURSION PHARMACEUTICALS, INC.

Dated: 2/6/2024   By: /s/ Christopher Gibson  
Christopher Gibson  
CEO

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**Exhibit A**  
**(Equity Awards)**

Grant ID	Grant Date	Type of Equity Award*	Exercise Price Per Share	Original Number of Shares Subject to Equity Award
ES-411	March 4, 2020	ISO	\$2.22	45,045
ES-411N	March 4, 2020	NSO	\$2.22	704,955
FIDLU76EF9O31	February 4, 2022	ISO	\$11.40	38,438
FIDLU76EF9O31	February 4, 2022	NSO	\$11.40	42,012
FIDLP7EHG7CZS	February 4, 2022	NSO	\$11.40	5,436
FIDLP7EHG7DEO	February 4, 2022	RSU	n/a	40,225
FIDLP7EHG7DFH	February 4, 2022	RSU	n/a	2,718
FIDMOFZXOSSEI	February 1, 2023	ISO	\$8.55	16,082
FIDMOFZXOSSEI	February 1, 2023	NSO	\$8.55	196,425
FIDMOFZXOSS2G	February 1, 2023	RSU	n/a	106,253
FIDMOFZXOSS3A	February 1, 2023	RSU	n/a	10,837
Annual Bonus RSUs (yet to be granted)	Yet to be granted Feb. 2024	RSU	n/a	TBD (dollar grant value of \$104,000)
<b>Total:</b>				1,208,426 (prior to Feb. 2024 grant)

**Exhibit B**  
**(Advisory Agreement)**

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## **Exhibit C**

### **SUPPLEMENTAL RELEASE**

This Supplemental Release ("**Supplemental Release**") is made by and between Shafique Virani ("**Advisor**") and Recursion Pharmaceuticals, Inc. (the "**Company**") (collectively referred to as the "**Parties**" or individually referred to as a "**Party**"). Capitalized terms used, but not defined herein, shall have the meanings assigned to such terms in the Transition Agreement and Release to which this Supplemental Release was attached as an exhibit (the "**Transition Agreement**").

1. **Consideration.** In consideration for the Company's payment to Advisor of the amount(s) set forth below in Sections 1.a. and/or 1.b. (as applicable), Advisor hereby extends Advisor's release and waiver of claims in Section 5 of the Transition Agreement to any claims that may have arisen between the date Advisor signed the Transition Agreement and the date Advisor signs this Supplemental Release. Advisor acknowledges that without this Supplemental Release, Advisor is not entitled to such consideration.

a. The Company shall pay to Advisor a lump sum cash payment of \$2,500 within ten (10) business days after the Supplemental Release Effective Date (as defined below).

b. If, prior to August 1, 2024, the Company terminates the Advisory Agreement for any reason other than for Cause (as defined below), the Company shall pay Advisor a lump sum cash payment equal to the following amount within ten (10) business days after the Supplemental Release Effective Date: (a) \$390,000 if such termination occurs in February 2024, (b) \$325,000 if such termination occurs in March 2024, (c) \$260,000 if such termination occurs in April 2024, (d) \$195,000 if such termination occurs in May 2024, (e) \$130,000 if such termination occurs in June 2024, or (f) \$65,000 if such termination occurs in July 2024. For the avoidance of doubt, if the Company terminates the Advisory Agreement after July 2024 for any reason, Advisor will not receive any payment pursuant to this Section 1.b.

For purposes of this Supplemental Release, "Cause" means the following: (i) an act of dishonesty made by Advisor in connection with Advisor's performance of Services under the Advisory Agreement, (ii) Advisor's conviction of, or plea of *nolo contendere* to, a felony or any crime involving fraud, embezzlement or any other act of moral turpitude, (iii) Advisor's gross misconduct, (iv) Advisor's unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom Advisor owes an obligation of nondisclosure as a result of Advisor's relationship with the Company; (v) Advisor's willful breach of any obligations under any written agreement or covenant with the Company; or (vi) Advisor's failure to provide Services under the Advisory Agreement after Advisor has received a written demand of performance from the Company with specifically sets forth the factual basis for the Company's belief that Advisor has not substantially performed Services under the Advisory Agreement and has failed to cure such non-performance to the Company's satisfaction within 10 business days after receiving such notice.

2. **Acknowledgment of Receipt of All Compensation.** Advisor acknowledges and represents that the Company and its agents have paid or provided all compensation, including, without limitation, all advisory fees, stock, stock options, vesting, and any and all other benefits and compensation due to Advisor.

3. **Incorporation of Terms of Transition Agreement.** The Parties further acknowledge that the terms of the Transition Agreement shall apply to this Supplemental Release and are incorporated herein to the extent that they are not inconsistent with the express terms of this Supplemental Release.

4. **Equity.** The Parties agree that for purposes of determining the number of shares of the Company's common stock that Advisor could otherwise be entitled to purchase from the Company, pursuant to the exercise of outstanding Options, and vesting of RSU Awards, Advisor will be considered to have vested only up to the last day of the Advisory Period. Advisor acknowledges that as of the last day of the

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Advisory Period, Advisor has vested in [# OF OPTIONS] and received [# OF SHARES] of the Company's common stock pursuant to any vested RSU Awards (the "**Vested Securities**"). Advisor acknowledges that the total amount of Vested Securities is inclusive of all shares previously acquired by exercising a vested Option and all shares received in settlement of any vested RSU Awards. In addition to the limitations of the Vested Securities, Advisor acknowledges and agrees that Advisor holds no other interest in the Company's equity pursuant to any additional agreements similar to the Stock Agreements nor is Advisor entitled to any further vesting of the Equity Awards pursuant to the Stock Agreements.

5. Company Property. Advisor's signature below constitutes his certification under penalty of perjury that Advisor does not have in his possession, custody, or control, and has returned to the Company, all devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, any other documents, items, or property, or reproductions of any and all aforementioned items (whether in physical or electronic form) provided to him by the Company (with the exception of personnel documents specifically relating to Advisor), developed or obtained by Advisor in connection with his relationship with the Company or otherwise belonging to the Company, including, but not limited to, the Laptop and all passwords to any software or other programs or data that Advisor used in performing services for the Company.

6. Acknowledgment of Waiver of Claims under ADEA. Advisor understands and acknowledges that, to the extent applicable, Advisor is waiving and releasing any rights or claims Advisor may have under the Age Discrimination in Employment Act of 1967 ("**ADEA**"), and that this waiver and release is knowing and voluntary. Advisor understands and agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the date Advisor signs this Supplemental Release. Advisor understands and acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Advisor was already entitled. Advisor further understands and acknowledges that Advisor has been advised by this writing that: (a) Advisor should consult with an attorney prior to executing this Supplemental Release; (b) Advisor has had more than twenty-one (21) days within which to consider this Supplemental Release; (c) Advisor has seven (7) days following Advisor's execution of this Supplemental Release to revoke this Supplemental Release; (d) this Supplemental Release shall not be effective until after the revocation period has expired; and (e) nothing in this Supplemental Release or the Transition Agreement prevents or precludes Advisor from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law. Advisor acknowledges and understands that any revocation of this Supplemental Release must be accomplished by a written notification to the person executing this Supplemental Release on the Company's behalf that is received prior to the Supplemental Release Effective Date. The Parties agree that changes, whether material or immaterial, do not restart the running of the twenty-one (21)-day period.

7. Supplemental Release Effective Date. Advisor understands that this Supplemental Release shall be null and void (i) if executed by Advisor before the termination or expiration of the Advisory Agreement, or (ii) if not executed by Advisor within twenty-one (21) days following termination or expiration of the Advisory Agreement. Each Party has seven (7) days after that Party signs this Supplemental Release to revoke it. This Supplemental Release will become effective on the eighth (8th) day after Advisor signed this Supplemental Release, so long as it has been signed by the Parties on or after the Separation Date and has not been revoked by either Party before that date (the "**Supplemental Release Effective Date**").

8. Entire Agreement. This Supplemental Release and the Transition Agreement represent the entire agreement and understanding between the Company and Advisor concerning the subject matter of this Supplemental Release and the Transition Agreement and Advisor's relationship with and separation from the Company and the events leading thereto and associated therewith, and supersedes and replaces any and all prior agreements and understandings concerning Advisor's relationship with the Company, with the

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exception of the Confidentiality Agreement, and provisions in the Advisory Agreement that survive its termination (as set forth in Section 6(C)(2) therein).

9. Voluntary Execution of Agreement Advisor understands and agrees that Advisor executed this Supplemental Release voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all of Advisor's claims against any of the Releasees. Advisor acknowledges that:

- (a) Advisor has read this Supplemental Release;
- (b) Advisor has been represented in the preparation, negotiation, and execution of this Supplemental Release by legal counsel of Advisor's own choice or has elected not to retain legal counsel;
- (c) Advisor understands the terms and consequences of this Supplemental Release and of the releases it contains;
- (d) Advisor has not relied upon any representations or statements made by the Company that are not specifically set forth in this Supplemental Release or in the Transition Agreement; and
- (e) Advisor is fully aware of the legal and binding effect of this Supplemental Release.

*[The remainder of this page is intentionally left blank; signature page follows]*

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IN WITNESS WHEREOF, the Parties have executed this Supplemental Release on the respective dates set forth below.

SHAFIQUE VIRANI, an individual

Dated: \_\_\_\_\_  
Shafique Virani

RECURSION PHARMACEUTICALS, INC.

Dated: \_\_\_\_\_ By \_\_\_\_\_



**Certification of Principal Executive Officer**  
**Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended**

I, Christopher Gibson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Recursion Pharmaceuticals, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Christopher Gibson

Christopher Gibson, Chief Executive Officer (principal executive officer)

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Date: May 9, 2024

**Certification of Principal Financial Officer**  
**Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended**

I, Michael Secora, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Recursion Pharmaceuticals, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Michael Secora

Michael Secora, Chief Financial Officer (principal financial officer)

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Date: May 9, 2024

**Certifications of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Recursion Pharmaceuticals, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), The undersigned certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Christopher Gibson

Christopher Gibson, Chief Executive Officer (principal executive officer)

/s/ Michael Secora

Michael Secora, Chief Financial Officer (principal financial officer)

Date: May 9, 2024