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

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

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

For the fiscal year ended December 31, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 13(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report

Commission File Number 001-40850

EXSCIENTIA PLC
(Exact name of Registrant as specified in its charter and translation of Registrant's name into English)

England and Wales
(Jurisdiction of incorporation or organization)

The Schrödinger Building
Oxford Science Park
Oxford OX4 4GE
United Kingdom
Tel: +44 (0) 1865 818941

(Address of principal executive offices)

Andrew L. Hopkins
Chief Executive Officer
Exscientia plc
The Schrödinger Building
Oxford Science Park
Oxford OX4 4GE
United Kingdom
Tel: +44 (0) 1865 818941
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
American Depositary Shares, each representing one ordinary share, nominal value £0.0005 per share	**EXAI**	**The Nasdaq Global Select Market**
Ordinary shares, nominal value £0.0005 per share	*****	**The Nasdaq Global Select Market***

** Not for trading, but only in connection with the registration of the American Depositary Shares.*

Securities registered or to be registered pursuant to Section 12(g) of the Act. None.

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. None.

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report. **Ordinary Shares: 122,963,545 outstanding as of December 31, 2022**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ Yes ☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. ☐ Yes ☒ No

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

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

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

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

If an emerging growth company that prepares its financial statements in accordance with IFRS, 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. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. ☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

TABLE OF CONTENTS

INTRODUCTION

Unless otherwise indicated, all references in this Annual Report on Form 20-F, or annual report, to the terms "Exscientia," "Exscientia plc," "the company," "we," "us" and "our" refer to Exscientia plc together with its subsidiaries.

This annual report includes trademarks, trade names and service marks, certain of which belong to us and others that are the property of other organisations. Solely for convenience, trademarks, trade names and service marks referred to in this annual report appear without the ®, ™ and SM symbols, but the absence of those symbols is not intended to indicate, in any way, that we will not assert our rights or that the applicable owner will not assert its rights to these trademarks, trade names and service marks to the fullest extent under applicable law. We do not intend our use or display of other parties' trademarks, trade names or service marks to imply, and such use or display should not be construed to imply a relationship with, or endorsement or sponsorship of us by, these other parties.

PRESENTATION OF FINANCIAL INFORMATION

Our financial statements in this annual report were prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB. None of our financial statements were prepared in accordance with U.S. GAAP.

Our financial information is presented in pounds sterling. For the convenience of the reader, in this annual report, unless otherwise indicated, translations from pounds sterling into U.S. dollars were made at the rate of £1.00 to $1.21, which was the noon buying rate of the Federal Reserve Bank of New York on December 30, 2022. Such U.S. dollar amounts are not necessarily indicative of the amounts of U.S. dollars that could actually have been purchased upon exchange of pounds sterling at the dates indicated or any other date.

All references in this annual report to "$" mean U.S. dollars and all references to "£" and "GBP" mean pounds sterling.

We have made rounding adjustments to some of the figures included in this annual report. Accordingly, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that preceded them.

INDUSTRY AND MARKET DATA

This annual report contains estimates, projections and other information concerning our industry, our business and the markets for our products. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties, and actual events or circumstances may differ materially from events and circumstances that are assumed in this information. Unless otherwise expressly stated, we obtained this industry, business, market and other data from our own internal estimates and research as well as from reports, research surveys, studies and similar data prepared by market research firms and other third parties, industry, medical and general publications, government data and similar sources. While we are responsible for the accuracy of such information and believe our internal company research as to such matters is reliable and the market definitions are appropriate, neither such research nor these definitions have been verified by any independent source.

In addition, assumptions and estimates of our and our industry's future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled "*Item 3.D – Key Information – Risk Factors*." These and other factors could cause our future

performance to differ materially from our assumptions and estimates. See "*Special Note Regarding Forward-Looking Statements.*"

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements that involve substantial risks and uncertainties. In some cases, you can identify forward-looking statements by the words "may," "might," "will," "could," "would," "should," "expect," "intend," "plan," "objective," "anticipate," "believe," "estimate," "predict," "potential," "continue" and "ongoing," or the negative of these terms or other comparable terminology intended to identify statements about the future. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. The forward-looking statements and opinions contained in this annual report are based upon information available to us as of the date of this annual report and, while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. Forward-looking statements include, but are not limited to, statements about:

- the potential advantages of our platform and our drug discovery programmes;
- our research and development efforts for our internal and partnered drug discovery programmes;
- the ability and willingness of our third-party strategic collaborators to continue research and development activities relating to our development candidates and investigational medicines;
- the potential impact of geopolitical uncertainty and global economic developments, such as rising inflation and interest rates, on the willingness of potential partners to enter into new collaboration agreements with us and any related impact on our business, financial condition and operating results;
- the initiation, timing, progress, results and cost of our internal drug discovery programmes or the drug discovery programmes of our collaborators;
- the initiation, timing, progress, results and cost of our current and future preclinical and clinical studies, including statements regarding design of, and the timing of initiation and completion of, studies or trials and related preparatory work;
- the timing and plans for regulatory filings and approvals, including our ability to obtain or maintain any such approvals;
- the rate and degree of market acceptance and clinical utility of our products;
- the size of the market opportunity for our drug candidates, including our estimates of the number of patients who suffer from the diseases we are targeting;
- our ability to identify viable new drug candidates for clinical development and the rate at which we expect to identify such candidates;
- our business strategies and goals;
- our plans to collaborate, or statements regarding any ongoing collaboration;
- the effectiveness and profitability of our collaborations, our ability to maintain our current collaborations and our ability to enter into new collaborations;
- our ability to meet our obligations under our various collaboration arrangements;

- our marketing capabilities and strategy;
- estimates of our expenses, capital requirements and need for additional financing;
- the performance of our third-party suppliers and manufacturers;
- our ability to obtain patent protection and the extension of existing patent terms, to the extent available;
- the protection of our trade secrets; and
- the validity of intellectual property rights held by third parties, and our ability not to infringe, misappropriate or otherwise violate any third-party intellectual property rights

You should refer to the section titled "*Item 3.D – Key Information – Risk Factors*" for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this annual report will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this annual report.

PART I

Item 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

Item 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

Item 3. KEY INFORMATION

A. [Reserved]

B. Capitalisation and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

You should carefully consider all of the information set forth in this annual report and in our other filings with the United States Securities and Exchange Commission, or the SEC, including the following risk factors which we face and which are faced by our industry. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us may also adversely affect our business.

Summary Risk Factors

Our business is subject to a number of risks and uncertainties. If any of the following risks are realized, our business, financial condition and results of operations could be materially and adversely affected. You should carefully review and consider the full discussion of our risk factors in this section of our annual report. Set forth below is a summary list of the principal risk factors as of the date of the filing this annual report:

- We have a history of significant operating losses, and we expect to incur losses over the next several years.
- If we and our present and future collaborators are unable to successfully develop and commercialise drug products, our revenues may be insufficient for us to achieve or maintain profitability.
- Our interim and annual results may fluctuate significantly, which could adversely impact the value of our ADSs.
- We may need additional funding in the future which may not be available on terms acceptable to us, or at all. If we are unable to raise additional capital or to generate cash flows necessary to maintain or expand our operations, we may not be able to compete successfully, which would harm our business, operations, financial condition and prospects.
- We are substantially dependent on our technology platform to identify promising molecules to accelerate drug discovery and development. Our platform technology may fail to discover and design molecules with therapeutic potential or may not result in the discovery and development of commercially viable products for us or our collaborators.
- Unfavourable global economic and geopolitical conditions could adversely affect our business, financial condition or results of operations.
- All of our drug candidates are in early-stage clinical development or in preclinical development. If we are unable to advance our drug candidates through clinical development, to obtain

regulatory approval and ultimately to commercialise our drug candidates, or if we experience significant delays in doing so, our business will be materially harmed.

- Clinical development involves a lengthy and expensive process with uncertain outcomes. If our preclinical studies and clinical trials are not sufficient to support regulatory approval of any of our drug candidates, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development of such drug candidate.
- Our research activities and clinical trials may fail to demonstrate adequately the safety and efficacy of EXS21546, GTAEXS617 or any other drug candidate, which would prevent or delay development, regulatory approval and commercialisation.
- We may not be successful in our efforts to identify or discover drug candidates and may fail to capitalise on programmes, collaborations or drug candidates that may present a greater commercial opportunity or for which there is a greater likelihood of success.
- We face substantial competition, which may result in others discovering, developing or commercialising products before or more successfully than we do.
- We have invested, and expect to continue to invest, in research and development efforts that further enhance our technology platform. If the return on these investments is lower or develops more slowly than we expect, our revenue and results of operations may suffer.
- Our drug discovery collaborators have significant discretion regarding the clinical development of the programmes subject to the collaboration. The failure of our collaborators to perform their obligations under our collaboration agreements could negatively impact our business. We may never realise the return on our investment of resources in our drug discovery collaborations.
- We contract with third parties for the manufacture of our drug candidates for preclinical development and clinical testing, and expect to continue to do so for commercialisation. This reliance on third parties increases the risk that we will not have sufficient quantities of our drug candidates or products or such quantities at an acceptable cost, which could delay, prevent or impair our development or commercialisation efforts.
- We rely on third parties to conduct our clinical trials of EXS21546 and GTAEXS617 and expect to rely on third parties to conduct future clinical trials, as well as investigator-sponsored clinical trials of our other drug candidates. If these third parties do not carry out their contractual duties, comply with regulatory requirements or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialise our drug candidates and our business could be substantially harmed.
- If we fail to comply with our obligations under our existing intellectual property licence agreements or under any future intellectual property licences, or otherwise experience disruptions to our business relationships with our current or any future licensors, we could lose intellectual property rights that are important to our business.
- If we fail to comply with our obligations under our existing or future collaboration agreements, or otherwise experience disruptions to our business relationships with our prior, current, or future collaborators, we could lose intellectual property rights that are important to our business.
- If we are unable to obtain, maintain, enforce and protect patent protection for our technology and drug candidates or if the scope of the patent protection obtained is not sufficiently broad, our

competitors could develop and commercialise technology and products similar or identical to ours, and our ability to successfully develop and commercialise our technology and drug candidates may be adversely affected.

- Our future success depends on our ability to retain key executives and to attract, retain and motivate qualified personnel.
- As a company headquartered and with operations outside of the United States, we are subject to economic, political, regulatory and other risks associated with international operations.
- Compliance with stringent and evolving global privacy and data security requirements could result in additional costs and liabilities to us or inhibit our ability to collect and process data globally, and the failure to comply with such requirements could subject us to significant fines and penalties, which may have a material adverse effect on our business, financial condition or results of operations.

Risks Related to Our Financial Position

We have a history of significant operating losses, and we expect to incur losses over the next several years.

We have a history of significant operating losses. Our net losses before taxation were £140.6 million for the year ended December 31, 2022. As of December 31, 2022, we had accumulated total losses of £203.5 million. We anticipate that our operating expenses will increase substantially in the foreseeable future as we continue to invest in our internal drug discovery programmes, our computational platform and marketing infrastructure. We are still in the early stages of development of our own drug discovery programmes. We have no drug products licensed for commercial sale and have not generated any revenue from our own drug product sales to date. We expect to continue to incur significant expenses and operating losses over the next several years. Our operating expenses and net losses may fluctuate significantly from quarter-to-quarter and year-to-year. We anticipate that our expenses will increase substantially as we:

- continue to invest in and develop our computational platform and software solutions;
- continue our research and development efforts for our internal and joint arrangement drug discovery programmes;
- conduct preclinical studies, submit investigational new drug applications, or INDs, and conduct clinical trials for any of our current or future drug candidates;
- seek marketing approvals for any drug candidates that successfully complete clinical trials;
- establish a sales, marketing and distribution infrastructure and scale-up manufacturing capabilities, whether alone or with third parties, to commercialise any drug candidates for which we may obtain regulatory approval, if any;
- maintain, expand, enforce, defend and protect our intellectual property;
- hire additional software engineers, programmers, sales and marketing and other personnel to support the development of our software solutions;
- hire additional clinical, quality control and other scientific personnel;
- experience any delays or encounter any issues with any of the above, including but not limited to failed studies, complex results, safety issues or other regulatory challenges; and

- acquire and integrate new technologies, businesses or other assets.
- add operational, financial and management information systems and personnel to support our operations as a public company.

Our operating history may make it difficult for you to evaluate the success of our business to date and to assess our future viability.

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

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

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

We have never generated revenue from drug product sales and our most advanced drug candidate is in a Phase 1/2 clinical trial. We currently generate revenue primarily from upfront and milestone payments under our agreements with our collaborators. To achieve and maintain profitability, we must succeed in developing, and eventually commercialising, a drug product or drug products that generate significant revenue. As such, we will be dependent on the ability of our platform to identify promising molecules for preclinical and clinical development. Achieving success in drug development will require us and our collaborators to be effective in a range of challenging activities, including completing preclinical testing and clinical trials of drug candidates, obtaining regulatory approval for these drug candidates and manufacturing, marketing and selling any products for which we or our collaborators may obtain regulatory approval. All our wholly-owned drug candidates and those that we have developed with our collaborators are in the preliminary stages of most of these activities. We and they may never succeed in these activities and, even if we or they do, we may never generate revenues that are significant enough to achieve profitability. Because of the intense competition that our technology platform faces in the market and the numerous risks and uncertainties associated with biopharmaceutical product development, we are unable to accurately predict when, or if, we will be able to achieve or sustain profitability.

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

Our interim and annual results may fluctuate significantly, which could adversely impact the value of our ADSs.

Our results of operations, including our revenues, gross profit, profitability and cash flows, have historically varied from period-to-period, and we expect that they will continue to do so. As a result,

period-to-period comparisons of our operating results may not be meaningful, and our interim and annual results should not be relied upon as an indication of future performance. Our interim and annual financial results may fluctuate as a result of a variety of factors, many of which are outside of our control. Factors that may cause fluctuations in our interim and annual financial results include, without limitation, those listed elsewhere in this "Risk Factors" section and those listed below:

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

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

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

We and our current drug discovery collaborators, from whom we are entitled to receive milestone payments upon achievement of various development, regulatory and commercial milestones as well as royalties on commercial sales, if any, under the collaboration agreements that we have entered into with them, face numerous risks in the development of drugs, including conducting preclinical and clinical tests, obtaining regulatory approval and achieving product sales. In addition, the amounts we are entitled to receive upon the achievement of such milestones tend to be smaller for near-term development milestones and increase if and as a collaborative drug candidate advances through development to commercialisation and will vary depending on regulatory approval and the level of commercial success

achieved, if any. Accordingly, we may need to obtain substantial additional capital to fund our continuing operations.

As of December 31, 2022, we had cash, cash equivalents and short term bank deposits of £505.8 million. We believe that our existing cash, cash equivalents and short term bank deposits will be sufficient to fund our operations and capital expenditure requirements for at least the next twelve months. However, we have based this estimate on assumptions that may prove to be wrong, and our operating plans may change as a result of many factors currently unknown to us. As a result, we could deplete our capital resources sooner than we currently expect.

Our future capital requirements will depend on many factors, including:

- the scope, timing, progress and extent of spending to support research and development efforts of our drug candidates, including preclinical studies and clinical trials;
- the costs, timing and outcome of regulatory review of our drug candidates;
- the development requirements of other drug candidates that we may pursue;
- the costs of acquiring, licensing or investing in drug discovery technologies;
- the timing and receipt of payments from our collaborations;
- our ability to establish additional discovery collaborations on favourable terms, if at all;
- the timing and receipt of any distributions or proceeds we may receive from our equity stakes in companies;
- the costs of preparing, filing and prosecuting patent applications, obtaining, maintaining, enforcing and protecting our intellectual property rights and defending intellectual-property-related claims;
- the costs of expanding our operations, including our sales and marketing efforts to drive market recognition of our platform and address competitive developments;
- the costs of future commercialisation activities, including product sales, marketing, manufacturing and distribution, for any drug candidate for which we receive marketing approval;
- the impacts of the ongoing COVID-19 pandemic, global geopolitical tension, supply chain disruptions, worsening macroeconomic conditions, including rising interest rates and inflation; and
- the costs of operating as a public company.

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

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

Our results of operations could be adversely affected by general conditions in the global economy and in the global financial markets, including inflation and supply disruption. A domestic or global financial crisis can cause extreme volatility and disruptions in the capital and credit markets. While the long-term economic impact of either the COVID-19 pandemic or the Russia-Ukraine war is difficult to assess or predict, each of these events has caused significant disruptions to the global financial markets and contributed to a general global economic slowdown. Furthermore, inflation rates, particularly in the United States and the U.K., have increased recently to levels not seen in decades. Increased inflation may result in increased operating costs (including labour costs) and may affect our operating budgets. In addition, the U.S. Federal Reserve has raised, and may further raise, interest rates in response to concerns about inflation. Increases in interest rates, especially if coupled with reduced government spending and volatility in financial markets, may further increase economic uncertainty and heighten these risks. A weak or declining economy could strain our suppliers, possibly resulting in supply disruption, or cause delays in payments for our services by third-party payors or our collaborators. In addition, our potential collaborators' businesses and cash flows have recently been and may continue to be negatively impacted by the global economic developments and geopolitical uncertainty which has led and may continue to lead to a decreased willingness to enter into new research and development partnerships and collaborations across the life sciences industry. If the disruptions and slowdown deepen or persist, we may not be able to enter into new collaboration agreements or to raise any additional financing on terms acceptable to us or at all. Any of the foregoing could harm our business and we cannot anticipate all of the ways in which the current economic climate and financial market conditions could adversely impact our business.

Risks Related to the Discovery and Development of Our Drug Candidates

We are substantially dependent on our technology platform to identify promising molecules to accelerate drug discovery and development. Our platform technology may fail to discover and design molecules with therapeutic potential or may not result in the discovery and development of commercially viable products for us or our collaborators.

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

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

All of our drug candidates are in early-stage clinical development or in preclinical development. If we are unable to advance our drug candidates through clinical development, to obtain regulatory approval and ultimately to commercialise our drug candidates, or if we experience significant delays in doing so, our business will be materially harmed.

Three drug candidates that we have developed are currently in clinical trials: our wholly owned candidate EXS21546, BMS-licensed EXS4318 and an additional compound that we developed for one of our collaborators and for which we have no economic interest. In addition, we expect the Phase 1/2 clinical trial of GTAEXS-617, our jointly owned candidate with GT Apeiron, to commence in the first half of 2023. Thus far, no approved therapeutics have been developed using AI. There is no assurance that any current or future clinical trials of our drug candidates will be successful or will generate positive clinical data, and we may not receive marketing approval from the U.S. Food and Drug Administration, or FDA, or other regulatory agencies for any of our drug candidates. We have received approvals for the CTAs for EXS21546 and GTAEXS617, but we have never submitted an IND to the FDA. Our other drug candidates are in preclinical development. There can be no assurance that the FDA will permit the INDs for any of our drug candidates to go into effect in a timely manner or at all.

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

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

Many of these factors are beyond our control, including the time needed to adequately complete clinical testing and the regulatory submission process. It is possible that none of our drug candidates will ever obtain regulatory approval, even if we expend substantial time and resources seeking such approval. If we do not achieve one or more of the above-listed requirements in a timely manner or at all, or if any other

factor impacts the successful development of biopharmaceutical products, we could experience significant delays or an inability to successfully develop our drug candidates, which would materially harm our business, financial condition, results of operations and prospects.

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

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

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

The time required to obtain approval from the FDA, European Medicines Agency, or EMA, or other comparable foreign regulatory authorities is unpredictable but typically takes many years following the commencement of clinical trials and depends upon numerous factors, including the substantial discretion of regulatory authorities. Before obtaining marketing approval from regulatory authorities for the sale of any drug candidate, we must complete preclinical development and then conduct extensive clinical trials to demonstrate the safety and efficacy of such drug candidate in humans. We have not yet completed a clinical trial of any of our drug candidates. Clinical trials may fail to demonstrate that our drug candidates are safe and effective for indicated uses. Even if the clinical trials are successful, changes in marketing approval policies during the development period, changes in or the enactment or promulgation of additional statutes, regulations or guidance or changes in regulatory review for each submitted product application may cause delays in the approval or rejection of an application.

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

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

- inability to generate sufficient preclinical, toxicology or other in vivo or in vitro data to support the initiation of clinical trials;
- delays in reaching a consensus with regulatory authorities on trial design;
- delays in reaching agreement on acceptable terms with prospective contract research organisations, or CROs and clinical trial sites;

- delays related to COVID-19 disruptions at CROs, contract development and manufacturing organisations or CDMOs and/or clinical trial sites;
- delays in opening clinical trial sites or obtaining required institutional review board, or IRB, or institutional biosafety committee, or IBC, approval, or that of the equivalent review groups for sites outside the United States, at each clinical trial site;
- imposition of a clinical hold by regulatory authorities, including as a result of a serious adverse event or after an inspection of our clinical trial operations or trial sites;
- failure by us, any CROs we engage or any other third parties to adhere to clinical trial requirements;
- failure to perform in accordance with Good Clinical Practices, or GCPs;
- failure by investigators and clinical sites to adhere to protocols leading to variable results;
- failure of our delivery approach in humans;
- delays in the testing, validation, manufacturing and delivery of our drug candidates to the clinical sites, including delays by third parties with whom we have contracted to perform certain of those functions;
- failure of our third-party contractors to comply with regulatory requirements or to meet their contractual obligations to us in a timely manner, or at all;
- inability to enrol participants or delays in having enrolled participants complete their participation in a trial or return for post-administration follow-up;
- clinical trial sites or participants dropping out of a trial;
- selection of clinical endpoints that require prolonged periods of clinical observation or analysis of the resulting data;
- clinical trials of our drug candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon development programmes;
- occurrence of serious adverse events associated with the drug candidate or administration of the drug candidate that are viewed to outweigh its potential benefits;
- occurrence of serious adverse events or other unexpected events in trials of the same class of agents conducted by other sponsors;
- changes in regulatory requirements and guidance that require amending or submitting new clinical trial protocols;
- changes in the legal or regulatory regimes domestically or internationally related to patient rights and privacy; or
- lack of adequate funding to continue a given clinical trial.

Any inability to successfully complete preclinical studies and clinical trials could result in additional costs to us or impair our ability to generate revenues from product sales, regulatory and commercialisation milestones and royalties. In addition, if we make manufacturing or formulation changes to our drug

candidates, we may need to conduct additional preclinical studies or clinical trials to bridge our modified drug candidates to earlier versions. Clinical trial delays also could shorten any periods during which we may have the exclusive right to commercialise our drug candidates or allow our competitors to bring products to market before we do, which could impair our ability to successfully commercialise our drug candidates and may harm our business, financial condition, results of operations and prospects.

Our research activities and clinical trials may fail to demonstrate adequately the safety and efficacy of EXS21546, GTAEXS617 or any other drug candidate, which would prevent or delay development, regulatory approval and commercialisation.

Before obtaining regulatory approvals for the commercial sale of any drug candidate, including EXS21546 and GTAEXS617, we must demonstrate, through lengthy, complex and expensive research activities and clinical trials, that our drug candidates are both safe and effective for use in each target indication. Research activities and clinical testing is expensive and can take many years to complete and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial processes, and, because both EXS21546 and GTAEXS617 are in early stages of development, there is a high risk of failure and we may never succeed in developing it as a marketable product.

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

We have successfully completed only one clinical trial, and we may be unable to do so again for any drug candidates we develop.

We have successfully completed only one clinical trial, and we have not yet demonstrated our ability to successfully obtain a regulatory approval, manufacture a commercial-scale product or arrange for a third party to do so on our behalf, or conduct sales and marketing activities necessary for successful commercialisation of a drug candidate. In November 2022, we completed our first Phase 1 clinical trial and also announced the initiation of our Phase 1/2 clinical trial of EXS21546. We also received approval of the CTA for our GTAEXS-617 Phase 1/2 clinical trial. We may not be able to file any additional CTA or any INDs for these or any of our other drug candidates on the timelines we expect, if at all. For example, we may experience manufacturing delays with IND-enabling studies. Moreover, we cannot be sure that submission of an IND will result in the FDA allowing further clinical trials to begin, or that, once begun, issues will not arise that require us to suspend or terminate clinical trials. Commencing each of these clinical trials is subject to finalizing the trial design based on discussions with the FDA and other regulatory authorities. Any guidance we receive from regulatory authorities is subject to change. For example, a regulatory authority could change its position, including on the acceptability of our trial designs or the clinical endpoints selected, which may require us to complete additional clinical trials or impose stricter approval conditions than we currently expect.

If we are required to conduct additional preclinical studies or clinical trials or other testing of our drug candidates beyond those that we currently contemplate, if we are unable to successfully complete clinical

trials of our drug candidates or other testing, if the results of these trials or tests are not positive or are only modestly positive or if there are safety concerns, we may:

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

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

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

- we may receive feedback from regulatory authorities that requires us to modify the design or implementation of our preclinical studies or clinical trials;
- regulators, IRBs or ethics committees may not authorise us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- we may experience delays in reaching, or fail to reach, agreement on acceptable terms with prospective trial sites and prospective CROs, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- preclinical studies or clinical trials of our drug candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional preclinical studies or clinical trials or we may decide to abandon product development programmes;
- the number of patients required for clinical trials of our drug candidates may be larger than we anticipate, enrolment in these clinical trials may be slower than we anticipate or participants may drop out of these clinical trials or fail to return for post-treatment follow-up at a higher rate than we anticipate;
- our third-party contractors may fail to comply with regulatory requirements, fail to maintain adequate quality controls, be unable to provide us with sufficient product supply to conduct or complete preclinical studies or clinical trials, or fail to meet their contractual obligations to us in a timely manner, or at all, or may deviate from the clinical trial protocol or drop out of the trial, which may require that we add new clinical trial sites or investigators;
- we may elect to, or regulators, IRBs or ethics committees may require us or our investigators to, suspend or terminate clinical research for various reasons, including noncompliance with regulatory requirements or a finding that the participants are being exposed to unacceptable health risks;

- the cost of clinical trials of our drug candidates may be greater than we anticipate;
- the supply or quality of our drug candidates or other materials necessary to conduct clinical trials of our drug candidates may be insufficient or inadequate;
- our drug candidates may have undesirable side effects or other unexpected characteristics, causing us or our investigators, or regulators, IRBs or ethics committees to suspend or terminate the trials, or reports may arise from preclinical or clinical testing of other cancer therapies that raise safety or efficacy concerns about our drug candidates; and
- regulatory authorities may revise the requirements for approving our drug candidates, or such requirements may not be as we anticipate.

We could encounter delays if a clinical trial is suspended or terminated by us, by the IRBs of the institutions at which such trials are being conducted, by the Data Safety Monitoring Board, or DSMB, for such trials or by the FDA or other regulatory authorities. Such authorities may impose such a suspension or termination or clinical hold due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by the FDA or other regulatory authorities, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a product, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial. Many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our drug candidates. Further, the FDA may disagree with our clinical trial design and our interpretation of data from clinical trials, or may change the requirements for approval even after it has reviewed and commented on the design for our clinical trials.

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

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

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

We may not be able to initiate or continue clinical trials for our drug candidates if we are unable to locate and enrol a sufficient number of eligible patients to participate in these trials as required by the FDA or

similar regulatory authorities outside the United States. In particular, because we are deploying our drug discovery platform across a broad target space, our ability to enrol eligible patients may be limited or may result in slower enrolment than we anticipate. For example, because some of our drug candidates target rare diseases, we may have difficulty enrolling a sufficient number of eligible patients or enrolment may be slower than we anticipate. In addition, some of our competitors have ongoing clinical trials for drug candidates that treat the same indications as our drug candidates, and patients who would otherwise be eligible for our clinical trials may instead enrol in clinical trials of our competitors' drug candidates.

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

- the severity of the disease under investigation;
- the eligibility criteria and overall design of the clinical trial in question;
- the perceived risks and benefits of the drug candidate under study;
- clinicians' and patients' perceptions as to the potential advantages of the drug candidate being studied in relation to other available therapies, including any new drugs that may be approved for the indications we are investigating;
- the ability to obtain and maintain patient consents;
- the efforts to facilitate timely enrolment in clinical trials;
- the patient referral practices of physicians;
- the size and nature of the patient population required for analysis of the trial's primary endpoints;
- the ability to monitor patients adequately during and after treatment;
- the proximity and availability of clinical trial sites for prospective patients;
- the risk that patients enrolled in clinical trials will drop out of the clinical trials before completion of their treatment; and
- factors we may not be able to control, such as the ongoing COVID-19 pandemic or potential future pandemics that may limit patients, principal investigators, staff or clinical site availability.

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

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

Positive results from early preclinical studies and clinical trials of our drug candidates are not necessarily predictive of the results of later preclinical studies and any future clinical trials of our drug candidates. Even if we are able to complete our planned preclinical studies and clinical trials of our drug candidates according to our current development timeline, the results from such preclinical studies and clinical trials

of our drug candidates may not be replicated in subsequent preclinical studies or clinical trial results. If we cannot replicate such positive results in our later preclinical studies and future clinical trials, we may be unable to successfully develop, obtain regulatory approval for and commercialise our drug candidates.

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

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

Interim, "topline," and preliminary data from our clinical trials that we announce or publish from time to time may change as more patient data become available and are subject to audit and verification procedures that could result in material changes in the final data.

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

If the interim, topline, or preliminary data that we report differ from actual results, or if others, including regulatory authorities, disagree with the conclusions reached, our ability to obtain approval for, and

commercialise, our drug candidates may be harmed, which could harm our business, financial condition, results of operations and prospects. In addition, the information we choose to publicly disclose regarding a particular clinical trial is based on what is typically extensive information, and you or others may not agree with what we determine is material or otherwise appropriate information to include in our disclosure.

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

Before obtaining regulatory approvals for the commercial sale of any products, we must demonstrate through lengthy, complex and expensive preclinical studies and clinical trials that our drug candidates are both safe and effective for use in each target indication. Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. There is typically an extremely high rate of attrition for drug candidates proceeding through clinical trials. Drug candidates in later stages of clinical trials also may fail to show the desired safety and efficacy profile despite having progressed through non-clinical studies and initial clinical trials. If the results of our ongoing or future preclinical studies and clinical trials are inconclusive with respect to the safety and efficacy of our drug candidates, if we do not meet the clinical endpoints with statistical and clinically meaningful significance, or if there are safety concerns associated with our drug candidates, we may be prevented from or delayed in obtaining marketing approval for such drug candidates. In some instances, there can be significant variability in safety or efficacy results between different clinical trials of the same drug candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, changes in and adherence to the clinical trial protocols and the rate of dropout among clinical trial participants. While we have not yet initiated clinical trials for certain of our drug candidates and are in early stages of clinical development for EXS21546, it is likely, as is the case with many oncology therapies, that there will be side effects associated with their use. Results of our trials could reveal a high and unacceptable severity and prevalence of side effects. Further, our drug candidates could cause undesirable side effects in clinical trials related to on-target toxicity. If on-target toxicity is observed, or if our drug candidates have characteristics that are unexpected, we may need to abandon their development or limit development to narrower uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective. In addition, our drug candidates could cause undesirable side effects that we have not observed yet to date. We also may develop future drug candidates for use in combination with one or more existing cancer therapies. The uncertainty resulting from the use of our drug candidates in combination with other cancer therapies may make it difficult to accurately predict side effects in future clinical trials. Most drug candidates that commence clinical trials are never approved as products and there can be no assurance that any of our current or future clinical trials will ultimately demonstrate positive results or support further clinical development of any of our drug candidates.

If significant adverse events or other side effects are observed in any of our current or future clinical trials, we may have difficulty recruiting patients to our clinical trials, patients may drop out of our trials or we may be required to abandon the trials or our development efforts of one or more drug candidates altogether. We, the FDA or other applicable regulatory authorities, or an IRB may suspend or terminate clinical trials of a drug candidate at any time for various reasons, including a belief that subjects in such trials are being exposed to unacceptable health risks or adverse side effects. Some potential therapeutics that initially showed therapeutic promise in early-stage trials have later been found to cause side effects that prevented their further development. Even if the side effects do not preclude the product from obtaining or maintaining marketing approval, undesirable side effects may inhibit market acceptance of

the approved product due to its tolerability versus other therapies. Any of these developments could materially harm our business, financial condition, results of operations and prospects.

We intend to develop EXS21546, GTAEXS617, and potentially other future drug candidates, for use in combination with other therapies, which exposes us to additional risks.

We intend to develop EXS21546 and GTAEXS617 for use in combination with one or more currently approved cancer therapies. If a drug candidate we develop were to receive marketing approval for use in combination with these existing therapies, we would continue to bear the risks that the FDA or similar foreign regulatory authorities could revoke approval of the therapies used in combination with our drug candidate or that safety, efficacy, manufacturing or supply issues could arise with such existing therapies. We would be subject to similar risks if we develop any of our drug candidates for use in combination with other drugs or for indications other than cancer. This could result in our own products being removed from the market or being less successful commercially.

We may also potentially evaluate other drug candidates in combination with one or more other cancer therapies that have not yet been approved for marketing by the FDA or similar foreign regulatory authorities. We will not be able to market and sell any drug candidate we develop in combination with any such cancer therapies that do not ultimately obtain marketing approval whether alone or in combination with our product. In addition, unapproved cancer therapies face the same risks described with respect to our drug candidates currently in development and clinical trials, including the potential for serious adverse effects, delay in their clinical trials and lack of FDA approval. If safety, efficacy, manufacturing or supply issues arise with the products we choose to evaluate in combination with our drug candidates, we may be unable to obtain approval of or market such combination.

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

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

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

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

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

Generally, if a drug candidate with an orphan drug designation subsequently receives the first marketing approval in the United States or the European Union for the indication for which it has such designation, the drug is entitled to a period of marketing exclusivity, which precludes the FDA or the European Commission from approving another marketing application for the same drug and indication for that time period, except in limited circumstances. The applicable period is seven years in the United States and ten years in the European Union. This ten year period may be extended by two years for medicinal products in relation to which the marketing authorization holder has complied with a related agreed pediatric investigation plan. The exclusivity period in the European Union can be reduced to six years if, at the end of the fifth year, it is established that a drug no longer meets the criteria for orphan drug designation, including if the drug is sufficiently profitable so that market exclusivity is no longer justified.

Even if we obtain orphan drug exclusivity for a drug, that exclusivity may not effectively protect the drug from competition because different drugs can be approved for the same condition. Even after an orphan drug is approved, the FDA and the European Commission can subsequently approve another drug for the same condition if the FDA or the European Commission (as applicable) conclude that the later drug is clinically superior in that it is shown to be safer, more effective or makes a major contribution to patient care. In addition, a designated orphan drug may not receive orphan drug exclusivity if it is approved for a use that is broader than the indication for which it received orphan designation. Moreover, orphan drug exclusive marketing rights in the United States may be lost if the FDA later determines that the request for designation was materially defective. If, in either the United States or the European Union the manufacturer is unable to assure sufficient quantities of the drug to meet the needs of patients with the rare disease or condition, orphan designation may also be lost. Orphan drug designation neither shortens

the development time or regulatory review time of a drug nor gives the drug any advantage in the regulatory review or approval process. While we may seek orphan drug designations for our drug candidates, we may never receive such designations. Even if we do receive such designations, there is no guarantee that we will receive approval of the product for the therapeutic indication for which orphan designation was granted.

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

If the FDA or a comparable foreign regulatory authority approves any of our drug candidates, the manufacturing processes, labelling, packaging, distribution, import, export, adverse event reporting, storage, advertising, promotion, monitoring and recordkeeping for the product will be subject to extensive and ongoing regulatory requirements. These requirements include submissions of safety and other post-marketing information and reports, establishment registration and listing, as well as continued compliance with current Good Manufacturing Practices, or cGMPs, and GCPs for any clinical trials that we conduct post-approval. Additionally, manufacturers are required to comply with extensive FDA, and comparable foreign regulatory authority requirements, including ensuring that quality control and manufacturing procedures conform to cGMP regulations and applicable product tracking and tracing requirements. Any regulatory approvals that we receive for our drug candidates may also be subject to limitations on the approved indicated uses for which the product may be marketed or to the conditions of approval, or contain requirements for potentially costly post-marketing studies, including Phase 4 clinical trials, and surveillance to monitor the safety and efficacy of the product. A product may not be promoted for uses that are not approved by the FDA or such other regulatory agencies as reflected in the product's approved labelling, although physicians may, in their independent medical judgement, prescribe legally available products for "off-label" uses. If any of our current or future drug candidates is approved for marketing, and we are found to have improperly promoted off-label uses of those products, we may become subject to significant liability. The FDA may also require a Risk Evaluation and Mitigation Strategy, or REMS, to approve our drug candidates, which could entail requirements for a medication guide, physician communication plans or additional elements to ensure safe use, such as restricted distribution methods, patient registries and other risk minimisation tools. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with our third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

- restrictions on marketing or manufacturing of the product, withdrawal of the product from the market, or voluntary or mandatory product recalls;
- manufacturing delays and supply disruptions where regulatory inspections identify noncompliance requiring remediation;
- revisions to the labelling, including limitation on approved uses or the addition of warnings, contraindications or other safety information, including boxed warnings;
- imposition of a REMS, which may include distribution or use restrictions;
- requirements to conduct additional post-market clinical trials to assess the safety of the product;
- clinical trial holds;

- fines, warning letters or other regulatory enforcement action;
- refusal by the FDA or comparable foreign regulatory authority to approve pending applications or supplements to approved applications filed by us or suspension or revocation of approvals;
- product seizure or detention, or refusal to permit the import or export of products; and
- injunctions or the imposition of civil or criminal penalties.

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

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

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

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

Risks Related to Our Business

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

Research programmes to identify new drug candidates require substantial technical, financial and human resources. We may fail to identify additional potential drug candidates for clinical development. A failure to demonstrate the utility of our platform by using it ourselves to discover drug candidates for internal development could harm our business prospects.

Because we have limited resources, we focus our research programmes on targets where we believe our computational assays are predictive for experimental assays, where we believe it is theoretically possible to discover a molecule with properties that are required for the molecule to become a drug and where we believe there is a meaningful commercial opportunity, among other factors. Currently, the focus of our internal drug discovery programmes is in the areas of oncology, immunology and anti-virals. We may forego or delay pursuit of opportunities with certain programmes, collaborations or drug candidates or for indications that later prove to have greater commercial potential. However, the development of any drug candidate we pursue may ultimately prove to be unsuccessful or less successful than another potential drug candidate that we might have chosen to pursue on a more aggressive basis with our capital resources. If we do not accurately evaluate the commercial potential for a particular drug candidate, we may relinquish valuable rights to that drug candidate through strategic collaboration, partnership, licensing or other arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialisation rights to such drug candidate. Alternatively, we may allocate internal resources to a drug candidate in a therapeutic area in which it would have been more advantageous to enter into a collaboration.

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

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

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

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

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

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

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

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

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

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

We outsource substantially all of the infrastructure relating to our hosted software solutions to third-party hosting services. Customers of our hosted software solutions need to be able to access our computational platform at any time, without interruption or degradation of performance, and we provide them with service-level commitments with respect to uptime. Our hosted software solutions depend on protecting the virtual cloud infrastructure hosted by third-party hosting services by maintaining its configuration, architecture, features and interconnection specifications, as well as the information stored in these virtual data centres, which is transmitted by third-party internet service providers. Any limitation on the capacity of our third-party hosting services could impede our ability to onboard new customers or expand the

usage of our existing customers, which could adversely affect our business, financial condition and results of operations. In addition, any incident affecting our third-party hosting services' infrastructure that may be caused by cyber-attacks, natural disasters, climate change, fires, floods, severe storms, earthquakes, power loss, telecommunications failures, terrorist or other attacks and other similar events beyond our control could negatively affect our cloud-based solutions. A prolonged service disruption affecting our cloud-based solutions for any of the foregoing reasons would negatively impact our ability to serve our customers and could damage our reputation with current and potential customers, expose us to liability, cause us to lose customers or otherwise harm our business. We may also incur significant costs for using alternative equipment or taking other actions in preparation for, or in reaction to, events that damage the third-party hosting services we use.

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

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

Our ability to effectively deploy our drug discovery platform depends upon the continuous, effective and reliable operation of our software and related tools and functions. Our technology platform is inherently complex and may contain defects or errors. The risk of errors is particularly significant when a new software application is first introduced or when new versions or enhancements of existing software applications are used in our technology platform. We have from time to time found defects in our software, and new errors in our existing software may be detected in the future. Any errors, defects, disruptions or other performance problems with our technology platform could adversely impact the efficacy of our drug discovery processes, delay our drug discovery and collaboration timelines, hurt our reputation or damage our collaborators' businesses. If any of these events occurs, our collaborators may delay or withhold payment to us, cancel their agreements with us, elect not to renew, make service credit claims, warranty claims or other claims against us, and we could lose future revenues. The occurrence of any of these events could result in diminishing demand for our technology platform and any drug candidates discovered through such a platform, a reduction of our revenues and increased expenses of litigation or substantial liability.

The market opportunities for our drug candidates may be smaller than we anticipated or may be limited to those patients who are ineligible for or have failed prior treatments, and our estimates of the prevalence of our target patient populations may be inaccurate.

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

Cancer therapies are sometimes characterised by line of therapy (first-line, second-line, third-line, etc.), and the FDA often approves new therapies initially only for a particular line or lines of use. When cancer is detected early enough, first-line therapy is sometimes adequate to cure the cancer or prolong life

without a cure. Whenever first-line therapy, usually chemotherapy, antibody drugs, tumour-targeted small molecules, hormone therapy, radiation therapy, surgery or a combination of these, proves unsuccessful, second-line therapy may be administered. Second-line therapies often consist of more chemotherapy, radiation, antibody drugs, tumour-targeted small molecules or a combination of these. Third-line therapies can include chemotherapy, antibody drugs and small molecule tumour-targeted therapies, more invasive forms of surgery and new technologies. We expect to initially seek approval of some of our drug candidates as second- or third-line therapies for patients who have failed other approved treatments. Subsequently, for those drug candidates that prove to be sufficiently beneficial, if any, we would expect to seek approval as a second-line therapy and potentially as a first-line therapy, but there is no guarantee that our drug candidates, even if approved for third-line therapy, would be approved for second-line or first-line therapy. In addition, we may have to conduct additional clinical trials prior to gaining approval for any of our current or future drug candidates as potential second-line or first-line therapies.

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

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

- the efficacy of our drug candidates as demonstrated in clinical trials, and, if required by any applicable authority in connection with the approval for the applicable indications, the ability of our drug candidates to provide patients with incremental health benefits, as compared with other available therapies;
- potential product liability claims;
- physicians, hospitals and patients considering our drug candidates as safe and effective treatment options;
- the willingness of the target patient population to try new therapies and of physicians to prescribe these therapies;
- the prevalence and severity of any side effects of our drug candidates;
- product labelling or product insert requirements of the FDA or other comparable foreign regulatory authorities;
- limitations or warnings contained in the labelling approved by the FDA or other comparable foreign regulatory authorities;
- the cost of treatment in relation to current and future treatment alternatives;
- pricing of our products and the availability of coverage and adequate reimbursement from third-party payors and government authorities;

- the willingness of patients to pay out-of-pocket in the absence of coverage by third-party payors and government authorities;
- relative convenience and ease of administration, including as compared to current and future alternative treatments and competitive therapies; and
- the effectiveness of our sales and marketing efforts.

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

The effects of health epidemics, including the COVID-19 pandemic, in regions where we, or the third parties on which we rely, have business operations could adversely impact our business, including our preclinical studies and clinical trials, as well as the business or operations of our CROs or other third parties with whom we conduct business.

Our business could be adversely affected by health epidemics in regions where we have concentrations of clinical trial sites or other business operations, and could cause significant disruption in the operations of third-party manufacturers and CROs upon whom we rely.

In response to public health directives and executive orders related to the COVID-19 pandemic, we implemented work-from-home policies to support the community efforts to reduce the transmission of COVID-19 and protect employees, complying with guidance from federal, state/provincial or municipal government and health authorities. We implemented a number of measures to ensure employee safety and business continuity. Safety measures have been implemented in order to ensure that the risk of COVID-19 transmission within the office and laboratory facilities is reduced whilst ensuring that disruption to our research and development activities is kept to a minimum.

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

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

In August 2021, we acquired 100% of the outstanding share capital of Allcyte GmbH, or Allcyte, a precision medicine biotechnology company. We may in the future seek to acquire or invest in additional businesses, solutions or technologies that we believe could complement or expand our solutions, enhance our technical capabilities or otherwise offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not they are consummated.

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

- inability to integrate or benefit from acquired technologies or services in a profitable manner;

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

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

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

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

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

- decreased demand for our drug candidates;
- injury to our reputation and significant negative media attention;
- withdrawal of clinical trial participants;
- significant costs to defend any related litigation;
- substantial monetary awards to trial participants or patients;

- loss of revenue;
- reduced resources of our management to pursue our business strategy; and
- the inability to commercialise our drug candidates.

We will need to increase our insurance coverage as we expand our clinical trials or if we commence commercialisation of any drug candidates. If a successful clinical trial or product liability claim or series of claims is brought against us for uninsured liabilities or in excess of insured liabilities, our assets may not be sufficient to cover such claims and our business operations could be impaired.

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

We do not carry insurance for all categories of risk that our business may encounter and our policies have limits and significant deductibles. Some of the policies we currently maintain include clinical trial, product liability, general liability, property, employment and director and officer insurance.

Our existing insurance coverage and any additional coverage we acquire in the future may not be sufficient to reimburse us for expenses or losses we may suffer. Moreover, insurance coverage is becoming increasingly expensive, and we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses. A successful liability claim or series of claims in which judgements exceed our insurance coverage could adversely affect our business, financial condition, results of operations and prospects.

We also expect that operating as a public company will make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. We do not know if we will be able to maintain existing insurance with adequate levels of coverage. As a result, it may be more difficult for us to attract and retain qualified people to serve on our board of directors, our board committees or as executive officers. Any significant uninsured liability may require us to pay substantial amounts, which would adversely affect our business, financial condition, results of operations and prospects.

Risks Related to Collaborators and Other Third Parties

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

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

Our drug discovery collaborations may not lead to development or commercialisation of drug candidates that result in our receipt of such option fees, milestone payments or royalties in a timely manner, or at all. Our drug discovery collaborators may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialisation of any drug candidates. In

addition, our ability to realise return from our drug discovery collaborations is subject to the following risks:

- drug discovery collaborators have significant discretion in determining the amount and timing of efforts and resources that they will apply to our collaborations and may not perform their obligations as expected;
- drug discovery collaborators may not pursue development or commercialisation of any drug candidates for which we are entitled to option fees, milestone payments or royalties or may elect not to continue or renew development or commercialisation programmes based on results of clinical trials or other studies, changes in the collaborator's strategic focus or available funding, or external factors, such as an acquisition, that divert resources or create competing priorities;
- drug discovery collaborators may delay clinical trials for which we are entitled to milestone payments;
- drug discovery collaborators have significant discretion in determining when to make announcements about the status of our collaborations, including about preclinical and clinical developments and timelines for advancing the collaborative programmes;
- we may not have access to, or may be restricted from disclosing, certain information regarding our collaborators' drug candidates being developed or commercialised and, consequently, may have limited ability to inform our shareholders and ADS holders about the status of, and likelihood of achieving, milestone payments or royalties under such collaborations;
- drug discovery collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with any drug candidates and products for which we are entitled to milestone payments or royalties if the collaborator believes that the competitive products are more likely to be developed or can be commercialised under terms that are more economically attractive;
- drug candidates discovered in drug discovery collaborations with us may be viewed by our collaborators as competitive with their own drug candidates or products, which may cause our collaborators to cease to devote resources to the commercialisation of any such drug candidates;
- existing drug discovery collaborators and potential future drug discovery collaborators may begin to perceive us to be a competitor more generally, particularly as we advance our internal drug discovery programmes, and therefore may be unwilling to continue existing collaborations with us or to enter into new collaborations with us;
- drug discovery collaborators may fail to comply with applicable regulatory requirements regarding the development, manufacture, distribution or marketing of a drug candidate or product, which may impact our ability to receive milestone payments;
- disagreements with drug discovery collaborators, including disagreements over intellectual property or proprietary rights, contract interpretation or the preferred course of development, might cause delays or terminations of the research, development or commercialisation of drug candidates for which we are eligible to receive milestone payments, or might result in litigation or arbitration;
- drug discovery collaborators may not properly obtain, maintain, enforce, defend or protect our intellectual property or proprietary rights or may use our proprietary information in such a way as

to potentially lead to disputes or legal proceedings that could jeopardise or invalidate our or their intellectual property or proprietary information or expose us and them to potential litigation;

- drug discovery collaborators may infringe, misappropriate or otherwise violate the intellectual property or proprietary rights of third parties, which may expose us to litigation and potential liability; and
- drug discovery collaborations may be terminated prior to our receipt of any significant value from the collaboration.

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

If we are not able to establish or maintain collaborations to develop and commercialise any of the drug candidates we discover internally, we may have to alter our development and commercialisation plans for those drug candidates and our business could be adversely affected.

We have worked closely with our collaborators, such as Bristol Myers Squibb Company, or BMS, and Sanofi to develop and advance drug discovery programmes past the discovery stage and into preclinical studies or human clinical trials. We expect to rely on future collaborators for the development and potential commercialisation of drug candidates we discover internally when we believe it will help maximise the commercial value of the drug candidate. We face significant competition in seeking appropriate collaborators for these activities, and a number of more established companies may also be pursuing development and commercialisation for the same or similar drug candidates. These established companies may have a competitive advantage over us due to their size, financial resources and greater clinical development and commercialisation expertise. Furthermore, collaborations are complex and time-consuming to negotiate and document. Whether we reach a definitive agreement for such collaborations will depend, among other things, upon our assessment of the collaborator's resources and expertise, the terms and conditions of the proposed collaboration and the proposed collaborator's evaluation of a number of factors. Those factors may include the design or results of preclinical studies and clinical trials, the likelihood of approval by the FDA or similar regulatory authorities outside the United States, the potential market for the subject drug candidate, the costs and complexities of manufacturing and delivering such drug candidate to patients, the potential of competing products, the existence of uncertainty with respect to our ownership of technology, which can exist if there is a challenge to such ownership without regard to the merits of the challenge, and industry and market conditions generally. The collaborator may also consider alternative drug candidates or technologies for similar indications that may be available to collaborate on and whether such a collaboration could be more attractive than the one with us for our drug candidate.

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

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

In recent periods, a limited number of collaborations accounted for a significant portion of our revenues. For the year ended December 31, 2022, one of our partners accounted for 77% of our revenue, with another accounting for a further 16%. These collaborations cover a large number of programmes under contract, and therefore represent a large portion of potential downstream value. As a result, if we fail to maintain our relationships with our collaborators or if any of our collaborators discontinue their programmes, our future results of operations could be materially and adversely affected.

We may never realise a return on our equity investments in our drug discovery collaborators.

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

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

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

The facilities used by our contract manufacturers to manufacture our drug candidates must be inspected by the FDA pursuant to pre-approval inspections that will be conducted after we submit our marketing applications to the FDA. We do not control the manufacturing process of, and will be completely dependent on, our contract manufacturers for compliance with cGMPs, with which they are required to comply, in connection with the manufacture of our drug candidates. If our contract manufacturers cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or other comparable foreign regulatory authorities, they will not be able to pass

regulatory inspections and/or maintain regulatory compliance for their manufacturing facilities. In addition, we have no control over the ability of our contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If the FDA or a comparable foreign regulatory authority finds deficiencies with or does not approve these facilities for the manufacture of our drug candidates or if it finds deficiencies or withdraws any such approval in the future, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain regulatory approval for or market our drug candidates, if approved. Further, our failure, or the failure of our third party manufacturers, to comply with applicable regulations could result in sanctions being imposed on us, including warning or untitled letters, clinical holds, fines, injunctions, civil penalties, delays, suspension or withdrawal of requisite approvals (including marketing approvals), licence revocation, seizures or recalls of drug candidates or products, if approved, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect our business and supplies of our drug candidates.

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

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

Our drug candidates and any products that we may develop may compete with other drug candidates and approved products for access to manufacturing facilities. There is a limited number of manufacturers that operate under cGMP regulations and that might be capable of manufacturing for us. These third-party manufacturers may also have relationships with other commercial entities, including our competitors, for whom they may also be manufacturing certain products and/or drug candidates, which could affect their performance on our behalf.

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

Given our current and anticipated future dependence upon others for the manufacture of our drug candidates or products, if these third parties do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the

clinical data they obtain is compromised due to the failure to adhere to our clinical protocols or regulatory requirements or for other reasons, our financial results and the commercial prospects for our drug candidates would be harmed, our costs could increase and our ability to generate revenue could be delayed.

We rely on third parties to conduct our clinical trials of EXS21546 and GTAEXS617 and expect to rely on third parties to conduct future clinical trials, as well as investigator-sponsored clinical trials of our drug candidates. If these third parties do not carry out their contractual duties, comply with regulatory requirements or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialise our drug candidates and our business could be substantially harmed.

We do not have the ability to independently conduct clinical trials. We rely, and expect to continue to rely, on medical institutions, clinical investigators, contract laboratories, collaborators and other third parties, such as CROs, to conduct or otherwise support clinical trials for our drug candidates, including our clinical trials of EXS21546 and GTAEXS617. We may also rely on academic and private non-academic institutions to conduct and sponsor clinical trials relating to our drug candidates. We will not control the design or conduct of the investigator-sponsored trials, and it is possible that the FDA or non-U.S. regulatory authorities will not view these investigator-sponsored trials as providing adequate support for future clinical trials, whether controlled by us or third parties, for any one or more reasons, including elements of the design or execution of the trials or safety concerns or other trial results.

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

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

We, our principal investigators and our CROs are required to comply with regulations, including GCPs, for conducting, monitoring, recording and reporting the results of clinical trials to ensure that the data and results are scientifically credible and accurate, and that the trial patients are adequately informed of the potential risks of participating in clinical trials and their rights are protected. These regulations are enforced by the FDA, the Competent Authorities of the Member States of the European Economic Area and comparable foreign regulatory authorities for any products in clinical development. The FDA enforces GCP regulations through periodic inspections of clinical trial sponsors, principal investigators and trial sites. If we, our principal investigators or our CROs fail to comply with applicable GCPs, 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 clinical trials before approving our marketing

applications. We cannot assure you that, upon inspection, the FDA will determine that any of our future clinical trials will comply with GCPs. In addition, our clinical trials must be conducted with drug candidates produced under cGMP regulations. Our failure or the failure of our principal investigators or CROs to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process and could also subject us to enforcement action. We also are required to register ongoing clinical trials and post the results of completed clinical trials on a government-sponsored database, ClinicalTrials.gov, within certain timeframes. Failure to do so can result in fines, adverse publicity and civil and criminal sanctions.

Although we designed our Phase 1 and Phase 1/2 clinical trials of EXS21546 and GTAEXS617 and intend to design the future clinical trials for our drug candidates, we expect that CROs will conduct all of our clinical trials. As a result, many important aspects of our development programmes, including their conduct and timing, are outside of our direct control. Our reliance on third parties to conduct future clinical trials also results in less direct control over the management of data developed through clinical trials than would be the case if we were relying entirely upon our own staff. Communicating with outside parties can also be challenging, potentially leading to mistakes as well as difficulties in coordinating activities. Outside parties may:

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

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

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

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

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

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

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

We rely on CROs to synthesise any molecules with therapeutic potential that we discover. If such organisations do not meet our supply requirements, development of any drug candidate we may develop may be delayed.

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

We or any third party may also encounter shortages in the raw materials or API necessary to synthesise any molecule we may discover in the quantities needed for preclinical studies or clinical trials, as a result

of capacity constraints or delays or disruptions in the market for the raw materials or API. Even if raw materials or API are available, we may be unable to obtain sufficient quantities at an acceptable cost or quality. The failure by us or the third parties to obtain the raw materials or API necessary to synthesise sufficient quantities of any molecule we may discover could delay, prevent or impair our development efforts and may have a material adverse effect on our business.

Risks Related to Intellectual Property

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

We are party to a number of licence agreements pursuant to which we have been granted exclusive and non-exclusive worldwide licences to certain patents, software code and software programmes to, among other things, reproduce, use, execute, copy, operate, sublicence and distribute the licenced technology in connection with the marketing and sale of our software solutions and to develop improvements thereto. Our current licence agreements impose, and we expect that future licences will impose, specified royalty and other obligations on us.

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

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

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

In addition, licence agreements are complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement. For example, our counterparties have in the past and may in the future dispute the amounts owed to them pursuant to payment obligations. If disputes over intellectual property that we have licenced prevent or impair our ability to maintain our current licensing arrangements on commercially acceptable terms, we may experience delays in the development and commercialisation of new software solutions and in our ability to market and sell existing software solutions, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our obligations under our existing or future drug discovery collaboration agreements may limit our intellectual property rights that are important to our business. Further, if we fail to comply with our obligations under our existing or future collaboration agreements, or otherwise experience disruptions to our business relationships with our prior, current, or future collaborators, we could lose intellectual property rights that are important to our business.

We are party to collaboration agreements with biopharmaceutical companies, pursuant to which we provide drug discovery services but have no ownership rights, or only co-ownership rights, to certain intellectual property generated through the collaborations. We may enter into additional collaboration agreements in the future, pursuant to which we may have no ownership rights, or only co-ownership rights, to certain intellectual property generated through the future collaborations. If we are unable to obtain ownership or licence of such intellectual property generated through our prior, current or future collaborations and overlapping with, or related to, our own proprietary technology or drug candidates, then our business, financial condition, results of operations and prospects could be materially harmed.

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

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

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

In addition, collaboration agreements are complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property,

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

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

Our success depends in large part on our ability to obtain and maintain protection of the intellectual property we may own solely and jointly with others or may licence from others, particularly patents, in the United States and other countries with respect to any proprietary technology and drug candidates we develop. We seek to protect our proprietary position by filing patent applications in the United States and abroad related to our technology and any drug candidates we may develop that are important to our business and by in-licensing intellectual property related to our technology and drug candidates. If we are unable to obtain or maintain patent protection with respect to any proprietary technology or drug candidate, our business, financial condition, results of operations and prospects could be materially harmed.

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

The patent position of software and biopharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and has in recent years been the subject of much litigation. In addition, the scope of patent protection outside of the United States is uncertain and laws of non-U.S. countries may not protect our rights to the same extent as the laws of the United States or vice versa. With respect to both owned and in-licenced patent rights, we cannot predict whether the patent applications we and our licensor are currently pursuing will issue as patents in any particular jurisdiction or whether the claims of any issued patents will provide sufficient protection from competitors. Further, we may not be aware of all third-party intellectual property rights or prior art potentially relating to our technology platform, other technology and any drug candidates we may develop. In addition, publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing of the priority application, or in some cases not published at all. Therefore, neither we nor our collaborators or our licensor can know with certainty whether we, our collaborators or our licensor were the first to make the inventions claimed in the patents and patent applications we own or in-licence now or in the future, or whether we, our collaborators or our licensor were the first to file for patent protection of such inventions. As a result, the issuance, scope, validity, enforceability and commercial value of our owned, co-owned and in-licenced patent rights are highly uncertain. Moreover, our owned, co-owned and in-licenced

pending and future patent applications may not result in patents being issued that protect our technology and drug candidates, in whole or in part, or that effectively prevent others from commercialising competitive technologies and products. Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of our owned, co-owned or in-licenced current or future patents and our ability to obtain, protect, maintain, defend and enforce our patent rights, narrow the scope of our patent protection and, more generally, could affect the value of, or narrow the scope of, our patent rights. For example, recent Supreme Court decisions have served to curtail the scope of subject matter eligible for patent protection in the United States, and many software patents have since been invalidated on the basis that they are directed to abstract ideas.

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

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

Additionally, the coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Even if our owned, co-owned and in-licenced current and future patent applications are issued as patents, they may not be issued in a form that will provide us with any meaningful protection, prevent competitors from competing with us, or otherwise provide us with any competitive advantage. The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability and our owned and in-licenced patents may be challenged in the courts or patent offices in the United States and abroad. Such challenges may result in loss of exclusivity or patent claims being narrowed, invalidated or held unenforceable, in whole or in part, which could limit our ability to stop others from using or commercialising similar or identical technology and products, or limit the duration of the patent protection of our technology and drug candidates. Such proceedings also may result in substantial cost and require significant time from our management and employees, even if the eventual outcome is favourable to us. In particular, given the amount of time required for the development, testing and regulatory review of new drug candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialised. Furthermore, our competitors may be able to circumvent our owned, co-owned or in-licenced current or future patents by developing similar or alternative technologies or products in a non-infringing manner. As a result, our owned, co-owned and in-licenced current or future patent portfolio may not provide us with sufficient rights to exclude others from commercialising technology and products similar or identical to any of our technology and drug candidates.

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

Changes in either the patent laws or interpretation of patent laws in the United States, including patent reform legislation such as the Leahy-Smith America Invents Act, or the Leahy-Smith Act, could increase

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

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

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

In addition to increasing uncertainty with regard to our ability to obtain future patents, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on these and other decisions by Congress, the federal courts and the USPTO, the laws and regulations governing patents could change or be interpreted in unpredictable ways that would weaken our ability to obtain new patents or to enforce any patents that may issue to us in the future. In addition, these events may adversely affect our ability to defend any patents that may be issued in procedures in the USPTO or in courts.

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

Competitors and other third parties may infringe, misappropriate or otherwise violate our, our prior, current and future collaborators', or our current and future licensors', issued patents or other intellectual property. As a result, we, our prior, current or future collaborators, or our current or future licensor may

need to file infringement, misappropriation or other intellectual property related claims, which can be expensive and time-consuming. Any claims we assert against perceived infringers could provoke such parties to assert counterclaims against us alleging that we infringe, misappropriate or otherwise violate their intellectual property. In addition, in a patent infringement proceeding, such parties could assert that the patents we or our licensors have asserted are invalid or unenforceable. In patent litigation in the United States, defences alleging invalidity or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution. Third parties may institute such claims before administrative bodies in the United States or abroad, even outside the context of litigation. Such mechanisms include re-examination, post-grant review, *inter partes* review, interference proceedings, derivation proceedings and equivalent proceedings in non-U.S. jurisdictions (e.g., opposition proceedings). The outcome following legal assertions of invalidity and unenforceability is unpredictable.

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

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

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

Our commercial success will depend upon our ability and the ability of our collaborators to develop, manufacture, market and sell any drug candidates we may develop and for our collaborators, customers and partners to use our proprietary technologies without infringing, misappropriating or otherwise violating the intellectual property and proprietary rights of third parties. There is considerable patent and other intellectual property litigation in the software, pharmaceutical and biotechnology industries. We may become party to, or threatened with, adversarial proceedings or litigation regarding intellectual property rights with respect to our technology and drug candidates, including interference proceedings,

post grant review, *inter partes* review and derivation proceedings before the USPTO and similar proceedings in non-U.S. jurisdictions such as oppositions before the European Patent Office. Numerous U.S. and non-U.S. issued patents and pending patent applications, which are owned by third parties, exist in the fields in which we are pursuing development candidates. As the biotechnology and pharmaceutical industries expand and more patents are issued, the risk increases that our technologies or drug candidates that we may identify may be subject to claims of infringement of the patent rights of third parties.

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

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

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

We may choose to take a licence or, if we are found to infringe, misappropriate or otherwise violate a third party's intellectual property rights, we could also be required to obtain a licence from such third party to continue developing, manufacturing and marketing our technology and drug candidates. However, we may not be able to obtain any required licence on commercially reasonable terms or at all. Even if we were able to obtain a licence, it could be non-exclusive, thereby giving our competitors and other third parties access to the same technologies licenced to us and could require us to make substantial

licensing and royalty payments. We could be forced, including by court order, to cease developing, manufacturing and commercialising the infringing technology or product. A finding of infringement could prevent us from commercialising any drug candidates or force us to cease some of our business operations, which could materially harm our business. In addition, we may be forced to redesign any drug candidates, seek new regulatory approvals and indemnify third parties pursuant to contractual agreements. Claims that we have misappropriated the confidential information or trade secrets of third parties could have a similar material adverse effect on our business, financial condition, results of operations and prospects.

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

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

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

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

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

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

In addition to seeking patents for our drug candidates and certain aspects of our technology platform, we also rely on trade secrets and confidentiality agreements to protect our unpatented know-how, technology and other proprietary information. In particular, the software code underlying our technology platform is generally protected through trade secret laws rather than through patent law. We seek to protect our trade secrets and other proprietary technology, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, corporate collaborators, outside scientific collaborators, CROs, contract manufacturers, consultants, advisors, collaborators and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants, but we cannot guarantee that we have entered into such agreements with each

party that may have or has had access to our trade secrets or proprietary technology. Despite these efforts, any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. Detecting the disclosure or misappropriation of a trade secret and enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts inside and outside of the United States have appeared to be unwilling to protect trade secrets. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them, or those to whom they communicate such trade secrets, from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor or other third party, our competitive position may be materially and adversely harmed.

Risks Related to Government Regulation and Legal Compliance Matters

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

The legislative and regulatory framework for the collection, use, safeguarding, sharing, transfer and other processing of personal data (including health-related personal data) worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. Globally, virtually every jurisdiction in which we operate has established its own data security and privacy frameworks with which we must comply and some of which may impose potentially conflicting obligations.

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

In Europe, the EU and the U.K. General Data Protection Regulations (respectively, the "EU GDPR" and "U.K. GDPR") each impose strict requirements: in relation to the processing the personal data of individuals located, respectively, within the European Economic Area ("EEA") and/or the U.K.; and/or in relation to processing that occurs in the context of an establishment in, respectively, the EEA and/or U.K. For example, under the EU GDPR and the U.K. GDPR, government regulators may impose temporary or definitive bans on data processing, as well as fines of up to: 20 million euros under the EU GDPR or 17.5 million pounds sterling under the U.K. GDPR; or 4% of annual global revenue, whichever is greater. Further, individuals may initiate litigation related to our processing of their personal data. In addition, the GDPR provides that EEA Member States and the U.K. may make their own further laws and regulations to introduce specific requirements related to the processing of 'special categories of personal data', including personal data related to health and genetic information, which we may process in the context of clinical trials. This may result in significant divergence on the law and practice that applies to the processing of such types of personal data across the EEA and/or U.K., including in the conduct of clinical trials. Other countries outside of Europe have enacted or are considering enacting similar comprehensive data privacy and security laws and regulations, which could increase the cost and complexity of operating our business. Complying with these and other similar laws, regulations and practices across Europe and

elsewhere may cause us to incur substantial operational costs or require us to change our business practices, and could expose us to risks of material fines, penalties and liability.

In particular, many jurisdictions have enacted data localisation laws and cross-border personal data transfer laws. These laws may make it more difficult for us to transfer personal data across jurisdictions, which could impede our business. As a particular issue, the EU GDPR and U.K. GDPR each impose strict rules on the transfer of personal data out of the EEA and U.K. to the United States and similar 'third countries'. Certain transfer safeguards exist that may serve as a valid mechanism by which entities can transfer personal data to recipients in jurisdictions outside the EEA and U.K. (e.g., the incoming U.K. 'International Data Transfer Agreement' and the European Commission's Standard Contractual Clauses). However, these safeguards require parties that rely upon them to comply with onerous obligations, such as conducting 'transfer impact assessments' and implementing stringent measures to supplement such safeguards where required to protect the at-issue personal data. Furthermore, relevant regulatory guidance appears to conclude that no combination of such supplementary measures could be sufficient to allow effective reliance on these safeguards in the context of certain transfers to recipients in third countries where public authorities have excessive powers to access and surveil the transferred personal data – which may include the United States in certain circumstances. At present, there are few, if any, viable alternatives to these safeguards for many transfers. In addition to European restrictions on cross-border transfers of personal data, other jurisdictions have enacted or are considering similar cross-border personal data transfer laws and local personal data residency laws, any of which could increase the cost and complexity of doing business. If we cannot implement a valid compliance mechanism for cross-border data transfers, we may face increased exposure to regulatory actions, substantial fines, and injunctions against processing or transferring personal data from the EU, U.K. or elsewhere. The inability to transfer personal data to the United States or other jurisdictions outside the EEA and U.K. could significantly and negatively impact our business operations, including by limiting our ability to collaborate with parties that are subject to European and other data privacy and security laws or requiring us to increase our personal data processing capabilities in Europe and/or elsewhere at significant expense.

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

For example, the collection, use, disclosure, transfer or other processing of personal data regarding individuals in the European Union, including personal health data and employee data, is subject to the European Union General Data Protection Regulation, or the EU GDPR, which took effect across all member states of the European Economic Area, or EEA, in May 2018. The EU GDPR is wide-ranging in scope and imposes numerous, significant and complex requirements on companies that process personal data, including (without limitation) requirements relating to processing health and other sensitive data, establishing a legal basis for any processing of personal data, obtaining consent of the individuals to whom the personal data relates, providing information to individuals regarding data processing activities, limiting the collection and retention of personal data through 'data minimisation' and 'storage limitation' principles, implementing safeguards to protect the security and confidentiality of personal data, honouring increased rights for data subjects, providing notification of data breaches in some instances, and taking certain measures when engaging third-party processors. The GDPR would increase our obligations with

respect to any clinical trials conducted in the EEA by expanding the definition of personal data to include key-coded data and requiring changes to informed consent practices and more detailed notices for clinical trial subjects and investigators. In particular, the processing of 'special category personal data' (such as personal data related to health and genetic information), which will be relevant to our operations in the context of our conduct of clinical trials, imposes heightened compliance burdens under European data protection laws and is a topic of active interest among relevant regulators.

Generally, these laws exemplify the vulnerability of our business to the evolving regulatory environment related to personal data and may require us to modify our processing practices at substantial costs and expenses in an effort to comply. Given the breadth and depth of changes in data protection obligations, preparing for and complying with the EU GDPR and the U.K. GDPR requirements are rigorous and time intensive and require significant resources and a review of our technologies, systems and practices, as well as those of any third-party collaborators, service providers, contractors or consultants that process or transfer personal data as part of operations that fall within the scope of the EU GDPR and/or the U.K. GDPR. The EU GDPR, the U.K. GDPR and other changes in laws or regulations associated with the enhanced protection of certain types of sensitive data, such as health-related data, healthcare data or other personal information, could require us to change our business practices and put in place additional compliance mechanisms, may interrupt or delay our development, regulatory and commercialisation activities and increase our cost of doing business, and could lead to government enforcement actions, private litigation and significant fines and penalties against us, and could have a material adverse effect on our business, financial condition or results of operations.

Similar privacy and data security requirements are either in place or underway in the United States. There are a broad variety of data protection laws that may be applicable to our activities, and a range of enforcement agencies at both the state and federal levels that can review companies for privacy and data security concerns. The Federal Trade Commission and state Attorneys General all are aggressive in reviewing privacy and data security protections for consumers. New laws also are being considered at both the state and federal levels. For example, the California Consumer Privacy Act, or CCPA, which went into effect on January 1, 2020, is creating similar risks and obligations as those created by the EU GDPR. Because of this, we may need to engage in additional activities (e.g., data mapping) to identify the personal information we are collecting and the purposes for which such information is collected. Further, a new California privacy law, the California Privacy Rights Act, or CPRA, was passed by California voters on November 3, 2020. The CPRA will create additional obligations with respect to processing and storing personal information that are scheduled to take effect on January 1, 2023 (with certain provisions having retroactive effect to January 1, 2022). In addition, we will need to ensure that our policies recognise the rights granted to consumers (as that phrase is broadly defined in the CCPA and can include business contact information), including granting consumers the right to opt-out of the sale of their personal information. While we are not subject to the CCPA or CPRA at present, we may be if we expand our operations to California. Many other states are considering similar legislation.

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

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

implementation of administrative, physical and technological safeguards designed to protect the privacy, confidentiality, integrity and availability of protected health information. These provisions may be applicable to our business or that of our collaborators, service providers, contractors or consultants.

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

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

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

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

- Federal civil and criminal false claims laws, such as the FCA, which can be enforced by private citizens through civil *qui tam* actions, and civil monetary penalty laws prohibit individuals or entities from, among other things, knowingly presenting, or causing to be presented, false, fictitious or fraudulent claims for payment of federal funds, and knowingly making, using or causing to be made or used a false record or statement material to a false or fraudulent claim to avoid, decrease or conceal an obligation to pay money to the federal government. For example, pharmaceutical companies have been prosecuted under the FCA in connection with their alleged off-label promotion of drugs, purportedly concealing price concessions in the pricing information submitted to the government for government price reporting purposes, and allegedly providing free product to customers with the expectation that the customers would bill federal healthcare programmes for the product. In addition, a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes

of the FCA. As a result of a modification made by the Fraud Enforcement and Recovery Act of 2009, a claim includes "any request or demand" for money or property presented to the U.S. government. In addition, manufacturers can be held liable under the FCA even when they do not submit claims directly to government payors if they are deemed to "cause" the submission of false or fraudulent claims.

- HIPAA, among other things, imposes criminal liability for executing or attempting to execute a scheme to defraud any healthcare benefit programme, including private third-party payors, knowingly and wilfully embezzling or stealing from a healthcare benefit programme, wilfully obstructing a criminal investigation of a healthcare offence, and creates federal criminal laws that prohibit knowingly and wilfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement or representation, or making or using any false writing or document knowing the same to contain any materially false, fictitious or fraudulent statement or entry in connection with the delivery of or payment for healthcare benefits, items or services.
- HIPAA, as amended by Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, and their implementing regulations, which impose privacy, security and breach reporting obligations with respect to individually identifiable health information upon entities subject to the law, such as health plans, healthcare clearinghouses and certain healthcare providers, known as covered entities, and their respective business associates and subcontractors that perform services for them that involve individually identifiable health information. HITECH also created new tiers of civil monetary penalties, amended HIPAA to make civil and criminal penalties directly applicable to business associates, and gave state attorneys general new authority to file civil actions for damages or injunctions in U.S. federal courts to enforce HIPAA laws and seek attorneys' fees and costs associated with pursuing federal civil actions.
- Federal and state consumer protection and unfair competition laws, which broadly regulate marketplace activities and activities that potentially harm consumers.
- The federal transparency requirements under the Physician Payments Sunshine Act, created under the ACA, which requires, among other things, certain manufacturers of drugs, devices, biologics and medical supplies reimbursed under Medicare, Medicaid, or the Children's Health Insurance Programme to report annually to the Centers for Medicare & Medicaid Services, or CMS, information related to payments and other transfers of value provided to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members. Beginning in 2022, applicable manufacturers were also required to report information regarding payments and other transfers of value provided during the previous year to physician assistants, nurse practitioners, clinical nurse specialists, anaesthesiologist assistants, certified registered nurse anaesthetists and certified nurse midwives.
- State and foreign laws that are analogous to each of the above federal laws, such as anti-kickback and false claims laws, that may impose similar or more prohibitive restrictions, and may apply to items or services reimbursed by non-governmental third-party payors, including private insurers.
- State and foreign laws that require pharmaceutical companies to implement compliance programmes, comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government, or to track and report gifts, compensation and other remuneration provided to physicians and other healthcare providers; state laws that require the reporting of marketing expenditures or drug pricing, including information

pertaining to and justifying price increases; state and local laws that require the registration of pharmaceutical sales representatives; state laws that prohibit various marketing-related activities, such as the provision of certain kinds of gifts or meals; state laws that require the posting of information relating to clinical trials and their outcomes; and other federal, state and foreign laws that govern the privacy and security of health information or personally identifiable information in certain circumstances, including state health information privacy and data breach notification laws which govern the collection, use, disclosure and protection of health-related and other personal information, many of which differ from each other in significant ways and often are not pre-empted by HIPAA, thus requiring additional compliance efforts.

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

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

In the United States and in some foreign jurisdictions, there have been, and likely will continue to be, a number of legislative and regulatory changes and proposed changes intended to broaden access to healthcare, improve the quality of healthcare and contain or lower the cost of healthcare. For example, in March 2010, the ACA, was passed, which substantially changed the way healthcare is financed by both governmental and private insurers, and significantly impacted the U.S. pharmaceutical industry. The ACA, among other things, subjects biological products to potential competition by lower-cost biosimilars, expands the types of entities eligible for the 340B drug discount programme, addresses a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Programme are calculated for drugs that are inhaled, infused, instilled, implanted or injected, increases rebates owed by manufacturers under the Medicaid Drug Rebate Programme and extends the rebate programme to individuals enrolled in Medicaid managed care organisations, establishes annual fees and taxes on manufacturers of certain branded prescription drugs and creates a new Medicare Part D coverage gap discount programme, in which manufacturers must agree to offer 50% (increased to 70% pursuant to the Bipartisan Budget Act of 2018, or BBA, effective as of January 2019) point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer’s outpatient drugs to be covered under Medicare Part D.

Since its enactment, there have been numerous judicial, administrative, executive and legislative challenges to certain aspects of the ACA, and we expect there will be additional challenges and amendments to the ACA in the future. Various portions of the ACA are currently undergoing legal and constitutional challenges in the United States Supreme Court and members of Congress have introduced several pieces of legislation aimed at significantly revising or repealing the ACA. On June 17, 2021 the U.S. Supreme Court dismissed a challenge on procedural grounds that argued the ACA is unconstitutional in its entirety because the “individual mandate” was repealed by Congress.. Prior to the Supreme Court ruling, on January 28, 2021, President Biden issued an executive order to initiate a special enrolment period for purposes of obtaining health insurance coverage through the ACA marketplace. On August 16,

2022, President Biden signed the Inflation Reduction Act of 2022 ("IRA") into law, which among other things, extends enhanced subsidies for individuals purchasing health insurance coverage in ACA marketplaces through plan year 2025. The IRA also eliminates the "donut hole" under the Medicare Part D programme beginning in 2025 by significantly lowering the beneficiary maximum out-of-pocket cost through a newly established manufacturer discount programme. The implementation of the ACA is ongoing, and the law appears likely to continue the downward pressure on pharmaceutical pricing, especially under the Medicare programme, and may also increase our regulatory burdens and operating costs. Litigation and legislation related to the ACA are likely to continue, with unpredictable and uncertain results.

In addition, other legislative changes have been proposed and adopted in the United States since the ACA was enacted. For example, in August 2011, the Budget Control Act of 2011, among other things, created measures for spending reductions by Congress. Specifically, the Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programmes. This includes aggregate reductions of Medicare payments to providers of up to 2% per fiscal year, which went into effect in April 2013, and, due to subsequent legislative amendments, will remain in effect through 2031 unless additional Congressional action is taken. However, COVID-19 relief legislation suspended the 2% Medicare sequester from May 1, 2020 through March 31, 2022. Following the resumption of the sequester, under current legislation the actual reduction in Medicare payments will vary from 1% in 2022 to up to 43% in the final fiscal year of this sequester. On January 2, 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, further reduced Medicare payments to several providers, including hospitals, imaging centres and cancer treatment centres, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. The BBA also amended the ACA, effective January 1, 2019, by increasing the point-of-sale discount that is owed by pharmaceutical manufacturers who participate in Medicare Part D and closing the coverage gap in most Medicare drug plans, commonly referred to as the "donut hole."

Furthermore, there has been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products, which has resulted in several congressional inquiries and proposed legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient assistance programmes and reform government programme reimbursement methodologies for pharmaceutical and biological products. At the federal level, the previous administration used several means to propose or implement drug pricing reform, including through federal budget proposals, executive orders and policy initiatives. In July 2021, President Biden issued an executive order directing the FDA to, among other things, continue to clarify and improve the approval framework for generic drugs and identify and address any efforts to impede generic drug competition. Individual states in the United States have also become increasingly active in passing legislation and implementing regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. In addition, regional healthcare authorities and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug and other healthcare programmes. It is difficult to predict the future legislative landscape in healthcare and the effect on our business, results of operations, financial condition and prospects. However, we expect that additional state and federal healthcare reform measures will be adopted in the future, particularly in light of the new presidential

administration. Further, it is possible that additional governmental action is taken in response to the COVID-19 pandemic.

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

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

We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for our services by our partners or for our current or future drug candidates. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action in the United States. If we or any third parties we may engage are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we or such third parties are not able to maintain regulatory compliance, our drug candidates may lose any regulatory approval that may have been obtained and we may not achieve or sustain profitability.

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

Our operations are subject to anti-corruption laws, including the U.K. Bribery Act 2010, or Bribery Act, the U.S. Foreign Corrupt Practices Act, or FCPA, and other anti-corruption laws that apply in countries where we do business and may do business in the future. The Bribery Act, FCPA and these other laws generally prohibit us, our officers and our employees and intermediaries from bribing, being bribed, or making other prohibited payments to government officials or other persons to obtain or retain business or gain some other business advantage. Compliance with the FCPA, in particular, is expensive and difficult, particularly in countries in which corruption is a recognised problem. In addition, the FCPA presents particular challenges in the biopharmaceutical industry, because, in many countries, hospitals are operated by the government, and doctors and other hospital employees are considered foreign officials. Certain payments to hospitals in connection with clinical trials and other work have been deemed to be improper payments to government officials and have led to FCPA enforcement actions.

We currently have operations in China, and we may in the future operate in additional jurisdictions that pose a high risk of potential Bribery Act or FCPA violations, and we may participate in collaborations

and relationships with third parties whose actions could potentially subject us to liability under the Bribery Act, FCPA, or local anti-corruption laws. In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our international operations might be subject or the manner in which existing laws might be administered or interpreted. If we further expand our operations outside of the United States and the United Kingdom, we will need to dedicate additional resources to comply with numerous laws and regulations in each jurisdiction in which we plan to operate.

We are also subject to other laws and regulations governing our international operations, including regulations administered by the governments of the United Kingdom and the United States, and authorities in the European Union, including applicable export control regulations, economic sanctions on countries and persons, customs requirements and currency exchange regulations, collectively referred to as the Trade Control laws. In addition, various laws, regulations and executive orders also restrict the use and dissemination outside of the United States, or the sharing with certain non-U.S. nationals, of information classified for national security purposes, as well as certain products and technical data relating to those products. If we expand our presence outside of the United States, it will require us to dedicate additional resources to comply with these laws, and these laws may preclude us from developing, manufacturing or selling certain products and drug candidates outside of the United States, which could limit our growth potential and increase our development costs.

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

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

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

There is significant uncertainty related to third-party payor coverage and reimbursement of newly approved products. In the United States, for example, principal decisions about reimbursement for new drug products are typically made by CMS, an agency within HHS. CMS decides whether and to what extent a new drug product will be covered and reimbursed under Medicare, and private third-party payors

often follow CMS's decisions regarding coverage and reimbursement to a substantial degree. However, one third-party payor's determination to provide coverage for a product candidate does not assure that other payors will also provide coverage for the product candidate. Further, no uniform policy for coverage and reimbursement exists in the United States, and coverage and reimbursement can differ significantly from payor to payor. As a result, the coverage determination process is often time-consuming and costly. This process will require us to provide scientific and clinical support for the use of our drug products to each third-party payor separately, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance.

Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. Further, such payors are increasingly challenging the price, examining the medical necessity and reviewing the cost effectiveness of medical drug candidates. There may be especially significant delays in obtaining coverage and reimbursement for newly approved drugs. Third-party payors may limit coverage to specific drug candidates on an approved list, known as a formulary, which might not include all FDA-approved drugs for a particular indication. We may need to conduct expensive pharmaco-economic studies to demonstrate the medical necessity and cost effectiveness of our products. Nonetheless, our drug candidates may not be considered medically necessary or cost effective. We cannot be sure that coverage and reimbursement will be available for any product that we commercialise and, if reimbursement is available, what the level of reimbursement will be.

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

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

We are exposed to the risk of fraud or other misconduct by our employees, independent contractors, consultants and vendors. Misconduct by these partners could include intentional failures to comply with FDA regulations or similar regulations of comparable foreign regulatory authorities, provide accurate information to the FDA or comparable foreign regulatory authorities, comply with manufacturing standards, comply with federal and state healthcare fraud and abuse laws and regulations and similar laws and regulations established and enforced by comparable foreign regulatory authorities, report financial information or data accurately or disclose unauthorised activities to us. Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. This could include violations of HIPAA, other U.S. federal and state law and requirements of non-U.S. jurisdictions, including the European Union Data Protection Directive. We are also exposed to risks in connection with any insider trading violations by employees or others affiliated with us. It is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in

controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws, standards, regulations, guidance or codes of conduct. Furthermore, our employees may, from time to time, bring lawsuits against us for employment issues, including injury, discrimination, wage and hour disputes, sexual harassment, hostile work environment or other employment issues. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business and results of operations, including the imposition of significant fines or other sanctions.

Our internal information technology systems, or those of our third-party vendors, contractors or consultants, may fail or suffer security breaches, loss or leakage of data and other disruptions, which could result in a material disruption of our services, compromise sensitive information related to our business, or prevent us from accessing critical information, potentially exposing us to liability or otherwise adversely affecting our business.

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

Despite the implementation of security measures, given the size and complexity of our internal information technology systems and those of our third-party vendors and other contractors and consultants, and the increasing amounts of confidential information that they maintain, our information technology systems are potentially vulnerable to breakdown or other damage or interruption from service interruptions, system malfunction, natural disasters (whether due to environmental or other factors such as climate change), terrorism, war and telecommunication and electrical failures, as well as security breaches from inadvertent or intentional actions by our employees, third-party vendors, contractors, consultants, business partners and/or other third parties or from cyber attacks by malicious third parties (including the deployment of harmful malware, ransomware, distributed denial-of-service attacks, social engineering and other means to affect service reliability and threaten the confidentiality, integrity and availability of information), which may compromise our system infrastructure, or that of our third-party vendors and other contractors and consultants or lead to data leakage. The risk of a security breach or disruption, particularly through cyber attacks or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. We may not be able to anticipate all types of security threats, and we may not be able to implement preventive measures effective against all such security threats. For example, third parties have in the past and may in the future illegally pirate our software and make that software publicly available on peer-to-peer file sharing networks or otherwise. The techniques used by cyber criminals change frequently, may not be recognised until launched, and can originate from a wide variety of sources, including outside groups such as external service providers, organised crime affiliates, terrorist organisations or hostile foreign governments or agencies. If any such material system failure, accident or security breach were to occur and cause interruptions in our operations, it could result in a material disruption of our development programmes and our business operations, whether due to a loss of our trade secrets or other sensitive information or similar disruptions,

as well as necessitating that we incur significant costs to address such failure, accident or security breach. To the extent that any such material system failure, accident or security breach were to result in a loss of, or damage to, our data or applications, or those of our third-party vendors and other contractors and consultants, or inappropriate disclosure of confidential or proprietary information, we could incur liability and reputational damage and the further development and commercialisation of our software could be delayed. The costs related to significant security breaches or disruptions could be material and exceed the limits of the cybersecurity insurance we maintain against such risks. If the information technology systems of our third-party vendors and other contractors and consultants become subject to disruptions or security breaches, we may have insufficient recourse against such third parties and we may have to expend significant resources to mitigate the impact of such an event, and to develop and implement protections to prevent future events of this nature from occurring.

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

Risks Related to our Employee Matters and Managing Growth

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

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

The loss of the services of our executive officers or other key employees could impede the achievement of our development and sales goals in our software business and the achievement of our research, development and commercialisation objectives in our drug discovery business. In either case, the loss of the services of our executive officers or other key employees could seriously harm our ability to successfully implement our business strategy. Furthermore, replacing executive officers and key employees may be difficult and may take an extended period of time because of the limited number of individuals with the breadth of skills and experience required to successfully develop, gain regulatory approval of, and commercialise products in the life sciences industry.

Recruiting and retaining qualified scientific, clinical, manufacturing, accounting, legal and sales and marketing personnel, as well as software engineers and computational chemists, will also be critical to our success. In the technology industry, there is substantial and continuous competition for engineers with high levels of expertise in designing, developing and managing software and related services, as well as competition for sales executives, data scientists and operations personnel. Competition to hire these individuals is intense, and we may be unable to hire, train, retain or motivate these key personnel on acceptable terms given the competition among numerous biopharmaceutical and technology companies for similar personnel. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions. In addition, we rely on consultants and advisors to assist us in formulating our research and development and commercialisation strategy and advancing our computational platform. Our consultants and advisors may be employed by employers other than us and may have commitments under consulting or advisory contracts with other entities that may limit their availability to us. If we are unable to continue to attract and retain high quality personnel, our ability to pursue our growth strategy will be limited and our business would be adversely affected.

We are pursuing multiple business strategies and expect to expand our development and regulatory capabilities, and as a result, we may encounter difficulties in managing our multiple business units and our growth, which could disrupt our operations.

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

We may be unable to manage our current and future growth effectively, which could make it difficult to execute our business strategy.

Since our inception in 2012, we have experienced rapid growth, and we anticipate further growth in our business operations, including by opening offices in new geographies. This growth requires managing complexities across all aspects of our business, including complexities associated with increased headcount, expansion of international operations, expansion of facilities, execution on new lines of business and implementations of appropriate systems and controls to grow the business. Our growth has required significant time and attention from our management, and placed strains on our operational systems and processes, financial systems and internal controls and other aspects of our business.

We expect to continue to increase headcount and to hire more specialised personnel in the future as we grow our business. We will need to continue to hire, train and manage additional qualified scientists,

engineers, laboratory personnel and sales and marketing staff and improve and maintain our technology to properly manage our growth. We may also need to hire, train and manage individuals with expertise that is separate, supplemental or different from expertise that we currently have, and accordingly we may not be successful in hiring, training and managing such individuals. For example, if our new hires perform poorly, if we are unsuccessful in hiring, training, managing and integrating these new employees, or if we are not successful in retaining our existing employees, our business may be harmed. Improving our technology and processes have required us to hire and retain additional scientific, engineering, sales and marketing, software, manufacturing, distribution and quality assurance personnel. As a result, we have experienced rapid headcount growth from 17 employees as of January 1, 2018 to 481 employees as of December 31, 2022. We currently serve partners around the world and plan to continue to expand to new international jurisdictions as part of our growth strategy, which will lead to increased dispersion of our employees. Moreover, we expect that we will need to hire additional accounting, finance and other personnel in connection with our ongoing efforts to comply with the requirements of being a public company. A risk associated with maintaining this rate of growth, for example, is that we may face challenges integrating, developing and motivating our rapidly growing and increasingly dispersed employee base.

We may not be able to maintain the quality, reliability or robustness of our platform, or the expected turnaround times of our solutions and support, or to satisfy customer demand as it grows. Our ability to manage our growth properly will require us to continue to improve our operational, financial and management controls, as well as our reporting systems and procedures. If we are unable to manage our growth properly, we may experience future weaknesses in our internal controls, which we may not successfully remediate on a timely basis or at all. For example, in connection with the preparation and audits of our financial statements as of and for the years ended December 31, 2021 and 2022, material weaknesses were identified in our internal control over financial reporting, as described elsewhere in this “Risk Factors” section. To effectively manage our growth, we must continue to improve our operational and manufacturing systems and processes, our financial systems and internal controls and other aspects of our business and continue to effectively expand, train and manage our personnel. The time and resources required to improve our existing systems and procedures, implement new systems and procedures and to adequately staff such existing and new systems and procedures are uncertain, and failure to complete this in a timely and efficient manner could adversely affect our operations and negatively impact our business and financial.

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

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

increased sales and usage, customers and our internal drug discovery team may experience delays in the deployment of our solutions as we seek to obtain additional capacity, which could adversely affect our reputation and adversely affect our revenues.

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

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

Risks Related to International Operations

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

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

- economic weakness, including inflation, or political instability in certain non-U.S. economies and markets;
- differing and changing regulatory requirements for product approvals;
- differing jurisdictions could present different issues for securing, maintaining or obtaining freedom to operate in such jurisdictions;
- potentially reduced protection for intellectual property and proprietary rights;
- difficulties in compliance with different, complex and changing laws, regulations and court systems of multiple jurisdictions and compliance with a wide variety of foreign laws, treaties and regulations;
- changes in non-U.S. regulations and customs, tariffs and trade barriers;
- changes in currency exchange rates of the pound sterling, euro and the risk of the imposition of currency controls;
- changes in a specific country's or region's political or economic environment;
- trade protection measures, import or export licensing requirements or other restrictive actions by governments;
- differing reimbursement regimes and price controls in certain non-U.S. markets;
- negative consequences from changes in tax laws or practice;

- compliance with tax, employment, immigration and labour laws for employees living or travelling abroad, including, for example, the variable tax treatment in different jurisdictions of options granted under our share option schemes or equity incentive plans;
- workforce uncertainty in countries where labour unrest is more common than in the United States;
- litigation or administrative actions resulting from claims against us by current or former employees or consultants individually or as part of class actions, including claims of wrongful terminations, discrimination, misclassification or other violations of labour law or other alleged conduct;
- difficulties associated with staffing and managing international operations, including differing labour relations;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geo-political actions, including war and terrorism, or natural disasters including earthquakes, typhoons, floods and fires and other natural disasters caused by climate change.

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

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

Since January 1, 2021 the United Kingdom has operated under a separate regulatory regime to the European Union. European Union laws regarding medicinal products only apply in respect of the United Kingdom to Northern Ireland (as set out in the Protocol on Ireland/Northern Ireland). The European Union laws that have been transposed into United Kingdom law through secondary legislation remain applicable. While the United Kingdom has indicated a general intention that new law regarding the development, manufacture and commercialisation of medicinal products in the United Kingdom will align closely with European Union law there are limited detailed proposals for future regulation of medicinal products. The TCA includes specific provisions concerning medicinal products, which include the mutual recognition of Good Manufacturing Practice, or GMP, inspections of manufacturing facilities for medicinal products and GMP documents issued (such mutual recognition can be rejected by either party in certain circumstances), but does not foresee wholesale mutual recognition of United Kingdom and European Union pharmaceutical regulations including in relation to batch testing and pharmacovigilance, which remain subject to further negotiation. Therefore, there remains political and economic uncertainty regarding to what extent the regulation of medicinal products will differ between the United Kingdom and the European Union in the future.

Since a significant proportion of the regulatory framework in the United Kingdom applicable to our business and our drug candidates is derived from European Union directives and regulations, the development, manufacture, importation, approval and commercialisation of our drug candidates in the United Kingdom, and the European Union given our operations in the United Kingdom, will be materially affected by Brexit. Great Britain is no longer covered by the European Union's procedures for the grant of marketing authorisations (Northern Ireland is covered by the centralised authorisation procedure and can be covered under the decentralised or mutual recognition procedures). A separate marketing authorisation will be required to market drugs in Great Britain. It is currently unclear whether the Medicines and Healthcare products Regulatory Agency in the United Kingdom is sufficiently prepared to handle the increased volume of marketing authorisation applications that it is likely to receive. Any delay in obtaining, or an inability to obtain, any marketing approvals, as a result of Brexit or otherwise, would prevent us and our collaborators or delay us and our collaborators from commercialising our drug candidates in the United Kingdom and/or the EEA and restrict our ability to generate revenue and achieve and sustain profitability. Following Brexit, there is no pre-marketing authorisation orphan designation in Great Britain, instead an application for orphan designation is made at the same time as an application for marketing authorisation. Orphan designation in the United Kingdom (or Great Britain, depending on whether there is a prior centralised marketing authorisation in the EEA) following Brexit is based on the prevalence of the condition in Great Britain as opposed to the position prior to Brexit where prevalence in the European Union is the determinant. It is therefore possible that conditions that were designated as orphan conditions in the United Kingdom prior to Brexit will no longer be and that conditions are not currently designated as orphan conditions in the European Union will be designated as such in the United Kingdom, or Great Britain.

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

In addition, we may be required to pay taxes or duties or be subjected to other hurdles in connection with the trade of our drug candidates between the European Union and the United Kingdom, or we may incur expenses in establishing a manufacturing facility in the European Union to circumvent such hurdles, all of which may make our doing business in the European Union and the EEA more difficult. If any of these outcomes occur, we may be forced to restrict or delay efforts to seek regulatory approval in the United Kingdom or the European Union for our drug candidates, or incur significant additional expenses to operate our business, which could significantly and materially harm or delay our ability to generate revenues or achieve profitability of our business.

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

Exchange rate fluctuations may materially affect our results of operations and financial condition.

Owing to the international scope of our operations, fluctuations in exchange rates, particularly between the pound sterling and the U.S. dollar, may adversely affect us. Although we are based in the United

Kingdom, we source research and development, manufacturing, consulting and other services from the United States and the European Union. Further, potential future revenue may be derived from abroad, particularly from the United States. As a result, our business and the price of our ADSs may be affected by fluctuations in foreign exchange rates not only between the pound sterling and the U.S. dollar, but also the euro, which may have a significant impact on our results of operations and cash flows from period to period.

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

Risks Related to Ownership of Our Securities

Raising additional capital may cause dilution to our existing shareholders, restrict our operations or cause us to relinquish valuable rights.

We may seek additional capital through a combination of public and private equity offerings, debt financings, strategic partnerships and alliances and licensing arrangements. To the extent that we raise additional capital through the sale of equity, convertible debt securities or other equity-based derivative securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as holder of ADSs. Any indebtedness we incur would result in increased fixed payment obligations and could involve restrictive covenants, such as limitations on our ability to incur additional debt, limitations on our ability to acquire or licence intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. Any debt or additional equity financing that we raise may contain terms that are not favourable to us or our shareholders. Furthermore, the issuance of additional securities, whether equity or debt, by us, or the possibility of such issuance, may cause the market price of our ADSs to decline and existing shareholders may not agree with our financing plans or the terms of such financings. If we raise additional funds through strategic partnerships, collaborations and alliances and licensing arrangements with third parties, we may have to relinquish valuable rights to our intellectual property, technologies or our drug candidates, or grant licences on terms unfavourable to us.

The market price of our ADSs may be highly volatile, and you may not be able to resell your ADSs at or above your purchase price.

The market price of our ADSs is likely to be highly volatile. The stock market in general, and the market for biopharmaceutical companies in particular, has experienced extreme volatility that has often been unrelated to the operating performance of particular companies and the trading price of our equity securities may be volatile due to factors beyond our control. As a result of this volatility, you may not be able to sell your ADSs at or above your purchase price. The market price for our ADSs may be influenced by many factors, including:

- our investment in, and the success of, our software solutions;
- the success of our research and development efforts for our internal and/or partnered drug discovery programmes;
- adverse results or delays in preclinical studies or clinical trials;

- reports of adverse events in products similar or perceived to be similar to those we are developing or clinical trials of such products;
- an inability to obtain additional funding;
- failure by us to successfully develop and commercialise our drug candidates;
- the success of our drug discovery collaborators and any milestone or other payments we receive from such collaborators;
- failure by us or our licensors and/or collaborators to prosecute, maintain, protect or enforce our intellectual property and proprietary rights;
- disputes or other developments relating to intellectual and other proprietary rights, including litigation matters and our ability to obtain patent and other intellectual property protection for our technologies;
- changes in laws or regulations applicable to future products;
- adverse regulatory decisions;
- the introduction of new products, services or technologies by our competitors;
- failure by us to meet or exceed financial projections we may provide to the public;
- failure by us to meet or exceed the financial projections of the investment community;
- the perception of the pharmaceutical industry by the public, legislatures, regulators and the investment community;
- changes in the structure of healthcare payment systems;
- announcements of significant acquisitions, strategic partnerships, joint ventures or capital commitments by us, our strategic partner or our competitors;
- additions or departures of key scientific or management personnel;
- significant lawsuits, including patent or shareholder litigation;
- changes in the market valuations of similar companies;
- commentary by investors on the prospects for our business, our ordinary shares or ADSs on the internet, including via blogs, articles, message boards or social media platforms;
- general economic, industry, political and market conditions, including, but not limited to, the ongoing impact of the COVID-19 pandemic;
- sales of our ADSs or ordinary shares by us or our shareholders in the future; and
- the trading volume of our ADSs.

In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us because biopharmaceutical companies have experienced significant securities price volatility in recent years. If we face such litigation, it could result in substantial costs and a diversion of management's attention and resources, which could harm our business. Broad market and industry factors may negatively affect the market price

of our ADSs, regardless of our actual operating performance. Further, a decline in the financial markets and related factors beyond our control may cause the price of our ADSs to decline rapidly and unexpectedly.

If securities or industry analysts do not publish research or publish inaccurate or unfavourable research about our business, our ADS price and trading volume could decline.

The trading market for our ADSs will likely depend in part on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts, and there can be no assurance that analysts will cover us, or provide favourable coverage. Securities or industry analysts may elect not to provide research coverage of our ADSs, and such lack of research coverage may negatively impact the market price of our ADSs. If one or more analysts downgrade our ADSs or change their opinion of our ADSs, our ADS price would likely decline. In addition, if one or more analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our ADS price or trading volume to decline.

Concentration of ownership of our ordinary shares (including ordinary shares represented by ADSs) among our existing executive officers, directors and principal shareholders may prevent new investors from influencing significant corporate decisions.

Our executive officers, directors and current beneficial owners of five percent or more of our ordinary shares and their respective affiliates, in aggregate, beneficially own approximately 53.3% of our outstanding ordinary shares, based on the number of ordinary shares outstanding as of December 31, 2022.

As a result, depending on the level of attendance at our general meetings of shareholders, these persons, acting together, would be able to significantly influence all matters requiring approval by our shareholders, including the election, re-election and removal of directors, any merger, scheme of arrangement, or sale of all or substantially all of our asset, or other significant corporate transactions and amendments to our articles of association.

In addition, these persons, acting together, may have the ability to control the management and affairs of our company. Accordingly, this concentration of ownership may harm the market price of our ADSs and ordinary shares by:

- delaying, deferring or preventing a change in control;
- entrenching our management and/or the board of directors;
- impeding a merger, scheme of arrangement, takeover or other business combination involving us; or
- discouraging a potential acquirer from making a takeover offer or otherwise attempting to obtain control of us.

We may be required to repurchase for cash all, or to facilitate the purchase by a third party of all, of the ADSs of our company purchased by the Bill & Melinda Gates Foundation, or the Gates Foundation, in our October 2021 private placement if we default under the global access commitments agreement, which could have an adverse impact on us and limit our ability to make distributions to our shareholders.

In connection with the purchase by the Gates Foundation of 1,590,909 of our ADSs, concurrently with our initial public offering in a private placement that closed in October 2021, we entered into a Global Access Commitments Agreement, or the Global Access Agreement, pursuant to which we are required to

take certain actions to support the Gates Foundation's mission. In the event that we are in breach of certain related provisions of the Global Access Agreement, following a cure period, we may be required to repurchase for cash all, or to facilitate the purchase by a third party of all, of the ADSs purchased by the Gates Foundation in the concurrent private placement, at terms that may not be favorable to us. If this occurs, cash used for this purpose may adversely affect our liquidity, cause us to reduce expenditures in other areas of our business, or curtail our growth plans. If we do not have sufficient cash on hand to purchase the securities, we may have to seek financing alternatives in order to meet our obligations, and there is no certainty that financing would be available on reasonable terms or at all. During any period that we are unable to repurchase the ADSs held by the Gates Foundation or arrange for a third party to purchase such ADSs, we would not likely be allowed to pay dividends, repurchase the securities of any other shareholder or otherwise make any other distribution to any of our shareholders in connection with their securities. Therefore, meeting this purchase obligation, if necessary, could have a material adverse effect on our business and financial results.

Future sales, or the possibility of future sales, of a substantial number of our securities could adversely affect the price of the shares and dilute shareholders.

Sales of a substantial number of our ADSs in the public market could occur at any time, subject to certain restrictions described below. If our existing shareholders sell, or indicate an intent to sell, substantial amounts of our securities in the public market, the trading price of the ADSs could decline significantly. We have 122,963,545 outstanding ordinary shares (including ordinary shares represented by ADSs) as of December 31, 2022. As of December 31, 2022, holders of an aggregate of approximately 95,726,827 ordinary shares have rights, subject to conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other shareholders, as well as to cooperate in certain public offerings of such ordinary shares. In addition, we have registered all ordinary shares that we may issue under our equity compensation plans and these ordinary shares can be freely sold in the public market upon issuance, subject to volume limitations applicable to affiliates and the lock-up agreements.

Holders of ADSs are not treated as holders of our ordinary shares.

Holders of ADSs are not treated as holders of our ordinary shares, unless they withdraw the ordinary shares underlying their ADSs in accordance with the deposit agreement and applicable laws and regulations. The depositary is the holder of the ordinary shares underlying the ADSs. Holders of ADSs therefore do not have any rights as holders of our ordinary shares, other than the rights that they have pursuant to the deposit agreement.

Holders of ADSs may be subject to limitations on the transfer of their ADSs and the withdrawal of the underlying ordinary shares.

ADSs are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary think it is advisable to do so because of any requirement of law, government or governmental body or under any provision of the deposit agreement, or for any other reason, subject to the right of ADS holders to cancel their ADSs and withdraw the underlying ordinary shares. Temporary delays in the cancellation of your ADSs and withdrawal of the underlying ordinary shares may arise because the depositary has closed its transfer books, we have closed our transfer books, the transfer of ordinary shares is blocked to permit voting at a shareholders' meeting or we are paying a dividend on our ordinary shares. In addition, ADS holders may not be able to cancel their ADSs and withdraw the underlying ordinary shares when they owe money for

fees, taxes and similar charges and when it is necessary to prohibit withdrawals to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of ordinary shares or other deposited securities.

We are entitled to amend the deposit agreement and to change the rights of ADS holders under the terms of such agreement, or to terminate the deposit agreement, without the prior consent of the ADS holders.

We are entitled to amend the deposit agreement and to change the rights of the ADS holders under the terms of such agreement, without the prior consent of the ADS holders. We and the depositary may agree to amend the deposit agreement in any way we decide is necessary or advantageous to us or to the depositary. Amendments may reflect, among other things, operational changes in the ADS programme, legal developments affecting ADSs or changes in the terms of our business relationship with the depositary. In the event that the terms of an amendment are materially disadvantageous to ADS holders, ADS holders will only receive 30 days' advance notice of the amendment, and no prior consent of the ADS holders is required under the deposit agreement. Furthermore, we may decide to direct the depositary to terminate the ADS facility at any time for any reason. For example, terminations may occur when we decide to list our ordinary shares on a non-U.S. securities exchange and determine not to continue to sponsor an ADS facility or when we become the subject of a takeover or a going-private transaction. If the ADS facility will terminate, ADS holders will receive at least 30 days' prior notice, but no prior consent is required from them. Under the circumstances that we decide to make an amendment to the deposit agreement that is disadvantageous to ADS holders or terminate the deposit agreement, the ADS holders may choose to sell their ADSs or surrender their ADSs and become direct holders of the underlying ordinary shares, but will have no right to any compensation whatsoever.

ADS holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favourable outcomes to the plaintiff(s) in any such action.

The deposit agreement governing the ADSs representing our ordinary shares provides that, to the fullest extent permitted by law, holders and beneficial owners of ADSs irrevocably waive the right to a jury trial of any claim they may have against us or the depositary arising out of or relating to the ADSs or the deposit agreement.

If this jury trial waiver provision is not permitted by applicable law, an action could proceed under the terms of the deposit agreement with a jury trial. If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, by a federal or state court in the City of New York, which has non-exclusive jurisdiction over matters arising under the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before entering into the deposit agreement.

If you or any other holders or beneficial owners of ADSs bring a claim against us or the depositary in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us and/or the depositary. If a lawsuit is brought against us and/or the depositary under the deposit agreement, it may

be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have had, including results that could be less favourable to the plaintiff(s) in any such action, depending on, among other things, the nature of the claims, the judge or justice hearing such claims and the venue of the hearing.

No condition, stipulation or provision of the deposit agreement or ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depositary of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

You will not have the same voting rights as the holders of our ordinary shares and may not receive voting materials in time to be able to exercise your right to vote.

Except as described in this annual report and the deposit agreement, holders of the ADSs will not be able to exercise voting rights attaching to the ordinary shares represented by the ADSs. Under the terms of the deposit agreement, holders of the ADSs may instruct the depositary to vote the ordinary shares underlying their ADSs. Otherwise, holders of ADSs will not be able to exercise their right to vote unless they withdraw the ordinary shares underlying their ADSs to vote them in person or by proxy in accordance with applicable laws and regulations and our articles of association. Even so, ADS holders may not know about a meeting far enough in advance to withdraw those ordinary shares. If we ask for the instructions of holders of the ADSs, the depositary, upon timely notice from us, will notify ADS holders of the upcoming vote and arrange to deliver our voting materials to them. Upon our request, the depositary will mail to holders a shareholder meeting notice that contains, among other things, a statement as to the manner in which voting instructions may be given. We cannot guarantee that ADS holders will receive the voting materials in time to ensure that they can instruct the depositary to vote the ordinary shares underlying their ADSs. A shareholder is only entitled to participate in, and vote at, the meeting of shareholders, provided that it holds our ordinary shares as of the record date set for such meeting and otherwise complies with our articles of association. In addition, the depositary's liability to ADS holders for failing to execute voting instructions or for the manner of executing voting instructions is limited by the deposit agreement. As a result, holders of ADSs may not be able to exercise their right to give voting instructions or to vote in person or by proxy and they may not have any recourse against the depositary or us if their ordinary shares are not voted as they have requested or if their shares cannot be voted.

You may not receive distributions on our ordinary shares represented by the ADSs or any value for them if it is illegal or impractical to make them available to holders of ADSs.

The depositary for the ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our ordinary shares or other deposited securities after deducting its fees and expenses, and any taxes. You will receive these distributions in proportion to the number of our ordinary shares your ADSs represent. However, in accordance with the limitations set forth in the deposit agreement, it may be unlawful or impractical to make a distribution available to holders of ADSs. We have no obligation to take any other action to permit distribution on the ADSs, ordinary shares, rights or anything else to holders of the ADSs. This means that you may not receive the distributions we make on our ordinary shares or any value from them if it is unlawful or impractical to make them available to you. These restrictions may have an adverse effect on the value of your ADSs.

Because we do not anticipate paying any cash dividends on our ADSs in the foreseeable future, capital appreciation, if any, will be your sole source of gains and you may never receive a return on your investment.

Under current English law, a company's accumulated realised profits, to the extent they have not been previously utilised by distribution or capitalisation, must exceed its accumulated realised losses, to the extent they have not been previously written off in a reduction or reorganisation of capital duly made (as

determined on a non-consolidated basis), before dividends can be declared and paid. Therefore, we must have distributable profits before declaring and paying a dividend. In addition, as a public limited company incorporated in England and Wales, we will only be able to make a distribution if the amount of our net assets is not less than the aggregate of our called-up share capital and undistributable reserves and if, and to the extent that, the distribution does not reduce the amount of those assets to less than that aggregate.

We have not paid dividends in the past on our ordinary shares. We intend to retain earnings, if any, for use in our business and do not anticipate paying any cash dividends in the foreseeable future. As a result, capital appreciation, if any, on our ADSs will be your sole source of gains for the foreseeable future, and you will suffer a loss on your investment if you are unable to sell your ADSs at or above your purchase price. Investors seeking cash dividends should not purchase our ADSs.

We have broad discretion in the use of the net proceeds from our past and any potential future public and private equity or debt financing events and may not use such proceeds effectively.

Other than as described below with regards to the the Company's agreement with the Gates Foundation to spend $70,000,000 over a four-year period on the research, discovery, and development of small molecule anti-infective therapeutics for future pandemic preparedness, our management will have broad discretion in the application of the net proceeds from our public and private equity financings and any future debt financings, and you will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used appropriately. Because of the number and variability of factors that will determine our use of the net proceeds from our past and any potential future public and private equity or debt financings, their ultimate use may vary substantially from their currently intended use. The failure by our management to apply these funds effectively could harm our business.

Claims of U.S. civil liabilities may not be enforceable against us.

We are incorporated under English law and have our registered office in England. Certain members of our board of directors and senior management are non-residents of the United States, and all or a substantial portion of our assets and the assets of such persons are located outside the United States. As a result, it may not be possible to serve process on such persons or us in the United States or to enforce judgements obtained in U.S. courts against them or us based on civil liability provisions of the securities laws of the United States.

The United States and the United Kingdom do not currently have a treaty providing for recognition and enforcement of judgements (other than arbitration awards) in civil and commercial matters. Consequently, a final judgement for payment given by a court in the United States, whether or not predicated solely upon U.S. securities laws, would not automatically be recognised or enforceable in the United Kingdom. In addition, uncertainty exists as to whether the courts of England and Wales would entertain original actions brought in the United Kingdom against us or our directors or senior management predicated upon the securities laws of the United States or any state in the United States. Any final and conclusive monetary judgement for a definite sum obtained against us in U.S. courts would be treated by the courts of the United Kingdom as a cause of action in itself and sued upon as a debt at common law so that no retrial of the issues would be necessary, provided that certain requirements are met. Whether these requirements are met in respect of a judgement based upon the civil liability provisions of the U.S. securities laws, including whether the award of monetary damages under such laws would constitute a penalty, is an issue for the court making such a decision. If an English court gives judgement for the sum payable under a U.S. judgement, the English judgement will be enforceable by methods generally available for this purpose. These methods generally permit the English court discretion to prescribe the manner of enforcement.

As a result, U.S. investors may not be able to enforce against us or our senior management, board of directors or certain experts named herein who are residents of the United Kingdom or countries other than the United States any judgements obtained in U.S. courts in civil and commercial matters, including judgements under the U.S. federal securities laws.

Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless the rights and the securities to which the rights relate are registered by us under the Securities Act or an exemption from the registration requirements is available. Also, under the deposit agreement, the depositary bank will not make rights available to you unless either both the rights and any related securities are registered under the Securities Act, or the distribution of them to ADS holders is exempted from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavour to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. If the depositary does not distribute the rights, it may, under the deposit agreement, either sell them, if possible, or allow them to lapse. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

We qualify as a foreign private issuer, which means we are exempt from a number of rules under the U.S. securities laws and are permitted to file less information with the SEC than U.S. public companies.

We qualify as a "foreign private issuer," as defined in the SEC rules and regulations and, consequently, we do not expect to be subject to all the disclosure requirements applicable to companies organised within the United States. For example, we are currently exempt from certain rules under the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, that regulate disclosure obligations and procedural requirements related to the solicitation of proxies, consents or authorisations applicable to a security registered under the Exchange Act. In addition, our officers and directors will be exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act and related rules with respect to their purchases and sales of our securities. Moreover, we will not be required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. public companies. Accordingly, there may be less publicly available information concerning our company than there is for U.S. public companies.

As a foreign private issuer, we will file an annual report on Form 20-F within four months of the close of each fiscal year ended December 31 and reports on Form 6-K relating to certain material events promptly after we publicly announce these events and disclosing our financial results. However, because of the above exemptions for foreign private issuers, our shareholders will not be afforded the same protections or information generally available to investors holding shares in public companies organised in the United States.

While we are a foreign private issuer, we are not subject to certain Nasdaq corporate governance rules applicable to public companies organised in the United States.

We are entitled to rely on a provision in Nasdaq's corporate governance rules that allows us to follow English corporate law with regard to certain aspects of corporate governance. This allows us to follow certain corporate governance practices that differ in significant respects from the corporate governance requirements applicable to domestic issuers listed on Nasdaq, which may provide less protection to our shareholders than what is accorded to investors under the Nasdaq rules applicable to domestic issuers.

We are entitled to deviate from the Nasdaq standards and rules applicable to the operation or and disclosure surrounding our board of directors. We are not subject to Nasdaq Listing Rule 5605(b)(2) because English law does not require that independent directors regularly have scheduled meetings at which only independent directors are present. Similarly, we have adopted a remuneration committee, but English law does not require that we adopt a remuneration committee or that such committee be fully independent. As a result, our practice varies from the requirements of Nasdaq Listing Rule 5605(d), which sets forth certain requirements as to the responsibilities, composition and independence of compensation committees. English law requires that we disclose information regarding compensation of our directors for services as a director of an undertaking that is our subsidiary undertaking and as a director of any other undertaking of which a director is appointed by virtue of our nomination (directly or indirectly) but not other third-party compensation of our directors or director nominees. As a result, our practice varies from the third-party compensation disclosure requirements of Nasdaq Listing Rule 5250(b)(3). In addition, while we have a compensation committee, English law does not require that we adopt a compensation committee or that such committee be fully independent. Additionally, we are not subject to Nasdaq Listing Rule 5605(e) because, under English law, director nominees are not required to be selected or recommended for selection by either a majority of the independent directors or a nominations committee comprised solely of independent directors.

Furthermore, English law does not have a regulatory regime for the solicitation of proxies applicable to us, thus our practice varies from the requirement of Nasdaq Listing Rule 5620(b), which sets forth certain requirements regarding the solicitation of proxies. In addition, we have opted out of shareholder approval requirements for the issuance of securities in connection with certain events such as the acquisition of stock or assets of another company, the establishment of or amendments to equity-based compensation plans for employees, a change of control of us and certain private placements. To this extent, our practice will vary from the requirements of Nasdaq Listing Rule 5635, which generally requires an issuer to obtain shareholder approval for the issuance of securities in connection with such events. In addition, while we have adopted a code of business conduct and ethics, English law does not require us to publicly disclose waivers from this code that have been approved by our board within four business days. As a result, our practice varies from the requirements for domestic issuers pursuant to Nasdaq Listing Rule 5610. We expect to report any such waivers in the subsequent Annual Report on Form 20-F. Moreover, we are not required to comply with Regulation FD, which restricts the selective disclosure of material information, although we have voluntarily adopted a corporate disclosure policy substantially similar to Regulation FD. These exemptions and leniencies will reduce the frequency and scope of information and protections to which you may otherwise have been eligible in relation to a U.S. domestic issuer.

In accordance with our listing on Nasdaq, our audit committee is required to comply with the provisions of Section 301 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, and Rule 10A-3 of the Exchange Act, both of which are also applicable to Nasdaq listed U.S. companies. Because we are a foreign private issuer, however, our audit committee is not subject to additional requirements applicable to Nasdaq listed U.S. companies, including an affirmative determination that all members of the audit committee are "independent," using more stringent criteria than those applicable to us as a foreign private issuer, subject to certain phase-in requirements permitted by Rule 10A-3 of the Exchange Act.

We are an "emerging growth company," and the reduced disclosure requirements applicable to emerging growth companies may make our ADSs less attractive to investors.

We are an emerging growth company, or an EGC, and we will remain an EGC until the earlier to occur of (i) the last day of 2026; (ii) the last day of the fiscal year in which we have total annual gross revenues of at least $1.235 billion; (iii) the last day of the fiscal year in which we are deemed to be a "large accelerated filer," under the rules of the SEC, which means the market value of our equity securities that

is held by non-affiliates exceeds $700 million as of the prior June 30th; and (iv) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period. For so long as we remain an EGC, we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not EGCs. These exemptions include:

- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, or Section 404;
- being permitted to provide only two years of audited financial statements in this annual report, in addition to any required unaudited interim financial statements, with correspondingly reduced "Item 5 – Operating and Financial Review and Prospects" disclosure;
- reduced disclosure obligations regarding executive compensation; and
- an exemption from the requirement to seek non-binding advisory votes on executive compensation or golden parachute arrangements.

We may choose to take advantage of some, but not all, of the available exemptions. We have taken advantage of reduced reporting burdens in this annual report. In particular, we have not included all of the executive compensation information that would be required if we were not an EGC. We cannot predict whether investors will find our ADSs less attractive if we rely on certain or all of these exemptions. If some investors find our ADSs less attractive as a result, there may be a less active trading market for our ADSs and our ADS price may be more volatile.

In addition, the Jumpstart Our Business Startups Act, or the JOBS Act, provides that an EGC may take advantage of an extended transition period for complying with new or revised accounting standards. This allows an EGC to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies.

We incur costs as a result of operating as a company whose ADSs are publicly traded in the United States, and our management is and will be required to devote substantial time to new compliance initiatives.

The Sarbanes-Oxley Act and rules subsequently implemented by the SEC and Nasdaq have imposed various requirements on publicly traded companies of effective disclosure and financial controls and corporate governance practices. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance.

Pursuant to Section 404, are required to furnish a report by our management on our internal control over financial reporting, including an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. However, while we remain an EGC, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with Section 404 within the prescribed period, we will be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and

implement a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk we will not be able to conclude within the prescribed timeframe that our internal control over financial reporting is effective as required by Section 404. This could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

We have identified material weaknesses in our internal control over financial reporting and may identify material weaknesses in the future or otherwise fail to maintain proper and effective internal controls, which may impair our ability to produce timely and accurate financial statements or prevent fraud. If we are unable to establish and maintain effective internal controls, shareholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our ADSs.

A company's internal control over financial reporting are processes designed by, or under the supervision of, a company's principal executive and principal financial officers, or persons performing similar functions, and effected by a company's board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with international financial reporting standards, or IFRS, as adopted by the IASB. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

Section 404(a) of the Sarbanes-Oxley Act of 2002, as amended, or the Sarbanes-Oxley Act, requires that beginning with this Annual Report, management assess and report annually on the effectiveness of our internal control over financial reporting and identify any material weaknesses in our internal control over financial reporting. Although Section 404(b) of the Sarbanes-Oxley Act requires our independent registered public accounting firm to issue an annual report that addresses the effectiveness of our internal control over financial reporting, we have opted to rely on the exemptions provided in the JOBS Act, and consequently, will not be required to comply with SEC rules that implement Section 404(b) until such time as we are no longer an emerging growth company.

In connection with this assessment, our management identified the following material weaknesses in our internal control over financing reporting as of December 31, 2022, both of which were identified in the course of preparing our consolidated financial statements for the year ended December 31, 2021:

1. We have not maintained effective process and controls throughout the period, including with respect to consistent review procedures within our financial statement close process to appropriately analyse, record and disclose accounting matters timely and accurately while maintaining appropriate segregation of duties.

2. We did not implement and maintain effective information technology general controls for information systems that are significant to the preparation of our financial statements, including controls to verify that conflicting duties were appropriately segregated within such systems, and controls over change management and programme development.

With the oversight of senior management and our audit committee, we continue to evaluate our internal control over financial reporting and are taking several remedial actions to further address the material weaknesses that has been identified, including:

a. We are in the process of implementing and operating the designed information technology general controls, including controls over the maintenance of appropriate segregation of duties,

b. We have engaged an external professional advisor with sufficient technical accounting expertise to assist us in the implementation and evaluation of internal controls over financial reporting, including the implementation and documentation of formal processes and controls to address the components of the COSO framework, which included formal accounting policies and procedures, maintaining evidence of control operation and segregating duties amongst accounting personnel,

c. We engaged an external professional advisor with sufficient technical accounting expertise to assist us in finalizing the design of our financial control environment, including information technology general controls and controls over the maintenance of appropriate segregation of duties; and

d. We have grown our accounting and finance headcount from six at December 31, 2021 to ten at March 23, 2023, and we will enhance training of our personnel and clearly communicate control responsibilities.

However, as a result of the material weaknesses described above, management concluded our internal control over financial reporting was not effective at the reasonable assurance level as of December 31, 2022 and we have concluded that the material weaknesses in our internal control over financial reporting had not been fully remediated as of December 31, 2022.

The actions that we are taking are subject to ongoing review by our executive management and will be subject to audit committee oversight. Although we intend to complete this remediation process as quickly as practicable, we cannot at this time estimate how long it will take, and our initiatives may not prove to be successful in remediating the material weaknesses.

Were an independent assessment of the effectiveness of our internal controls over financial reporting to be performed, there is a risk that it could detect problems that our management's assessment might not. Undetected material weaknesses in our internal controls over financial reporting could lead to financial statement restatements and require us to incur the expense of remediation. If we are unable to successfully remediate our identified material weakness, if we discover additional material weaknesses or if we otherwise are unable to otherwise determine on an ongoing basis that we have effective internal control over financial reporting, the accuracy and timing of our financial reporting may be adversely affected, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports in addition to applicable stock exchange listing requirements, investors may lose confidence in our financial reporting, and the price of our ADSs may decline as a result. We also could become subject to investigations by Nasdaq, the SEC or other regulatory authorities. Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud.

We are subject to certain reporting requirements of the Exchange Act. Our disclosure controls and procedures are designed to reasonably assure that information required to be disclosed by us in reports we file or submit under the Exchange Act is accumulated and communicated to management, recorded, processed, summarised and reported within the time periods specified in the rules and forms of the SEC. We believe that any disclosure controls and procedures or internal controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. These inherent limitations include the realities that judgements in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorised override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements or insufficient disclosures due to error or fraud may occur and not be detected.

If we are (or one of our non-U.S. subsidiaries is) a "controlled foreign corporation," or a CFC, there could be adverse U.S. federal income tax consequences to certain U.S. Holders.

Generally, if a U.S. Holder is treated as owning, directly, indirectly or constructively, at least 10% of either the total value or total combined voting power of our stock, such U.S. Holder may be treated as a "United States shareholder" with respect to each CFC in our group, if any, for U.S. federal income tax purposes. A non-U.S. corporation will generally be a CFC for U.S. federal income tax purposes if United States shareholders own, directly, indirectly or constructively, more than 50% of either the total value or total combined voting power of the stock of such corporation. Because our group includes U.S. subsidiaries, our current non-U.S. subsidiaries and potentially any future newly formed or acquired non-U.S. subsidiaries will be treated as CFCs, regardless of whether we are treated as a CFC. A United States shareholder of a CFC may be required to annually report and include in its U.S. taxable income its pro rata share of "Subpart F income," "global intangible low-taxed income" and investments of earnings in U.S. property, regardless of whether such CFC makes any distributions to its shareholders. Additionally, an individual that is a United States shareholder with respect to a CFC generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a United States shareholder that is a U.S. corporation. Failure to comply with CFC reporting obligations may also subject a United States shareholder to significant monetary penalties. We cannot provide any assurance that we will furnish to any United States shareholder information that may be necessary to comply with the reporting and tax paying obligations applicable under the CFC rules. U.S. Holders should consult their tax advisors regarding the potential application of the CFC rules to their investment in our ordinary shares or ADSs.

If we are a "passive foreign investment company," or a PFIC, for any taxable year, there could be adverse U.S. federal income tax consequences to U.S. investors.

Generally, we will be a PFIC for U.S. federal income tax purposes for any taxable year in which, after the application of certain look-through rules with respect to our subsidiaries, either (1) 75% or more of our gross income consists of passive income or (2) 50% or more of the average quarterly value of our assets consists of assets that produce, or are held for the production of, passive income (including cash and cash equivalents). For purposes of these tests, passive income generally includes, among other things, dividends, interest, gains from certain sales or exchanges of investment property and certain rents and royalties. If we are a PFIC for any taxable year during which a U.S. investor holds our shares, we will generally continue to be treated as a PFIC with respect to such U.S. investor for all succeeding taxable years during which such U.S. investor holds our shares, even if we cease to meet the threshold requirements for PFIC status. Such U.S. investor may be subject to adverse tax consequences, including ineligibility for any preferential tax rates on capital gains or on actual or deemed dividends, interest charges on certain taxes treated as deferred and additional reporting requirements. We cannot provide any assurance that we will furnish to such U.S. investor information that may be necessary to comply with the reporting and tax paying obligations applicable under the PFIC rules.

Based upon the value of our assets and the nature and composition of our income and assets, we expect that we will not be a PFIC for the taxable year ended December 31, 2022 though no assurance can be made in this regard. The determination of whether we are a PFIC is a fact-intensive determination made on an annual basis applying principles and methodologies that in some circumstances are unclear and subject to varying interpretation. For instance, for our current and future taxable years, the total value of our assets (including goodwill) for PFIC testing purposes may be determined in part by reference to the market price of our ordinary shares or ADSs from time to time, which may fluctuate considerably. If our market capitalisation declines while we hold a substantial amount of cash and cash equivalents for any taxable year, we may be a PFIC for that taxable year. Furthermore, under the income test, our status as a

PFIC depends on the composition of our income for the relevant taxable year, which will depend on the transactions we enter into in the future and our corporate structure. The composition of our income and assets is also affected by how we spend the cash we raise in any offering, including our initial public offering in October 2021. We currently do not generate revenues from the commercialisation of drug candidates and therefore we may be a PFIC for any taxable year in which we do not generate sufficient amounts of active income to offset our passive financing income. As a result, there can be no assurance that we will not be a PFIC for the current or any future taxable year and our U.S. counsel expresses no opinion with respect to our PFIC status for any prior, current or future taxable year. Even if we determine that we are not a PFIC for a taxable year, there can be no assurance that the Internal Revenue Service, or the IRS, will agree with our conclusion and that the IRS would not successfully challenge our position.

For further discussion of the PFIC rules and the adverse U.S. federal income tax consequences in the event we are classified as a PFIC, as well as certain elections that may be available to U.S. investors, see the section of this annual report titled "*Item 10.E – Additional Information – Taxation – Material U.S. federal income tax considerations for U.S. Holders.*" U.S. Holders should consult their tax advisors regarding the potential application of the PFIC rules to their investment in our ordinary shares or ADSs.

We may be unable to use net operating loss and tax credit carry forwards and certain built-in losses to reduce future tax payments or benefit from favourable U.K. tax legislation.

As a U.K. incorporated and tax resident entity, we are subject to U.K. corporate taxation. Due to the nature of our business, we have generated losses since inception and therefore have not paid any U.K. corporation tax. As of December 31, 2022, we had cumulative carryforward tax losses of £165.4 million. Subject to any relevant utilisation criteria and restrictions (including those that limit the percentage of profits that can be reduced by carried forward losses and those that can restrict the use of carried forward losses where there is a change of ownership of more than half the ordinary shares of the company and a major change in the nature, conduct or scale of the trade), we expect these to be eligible for carry forward and utilisation against future operating profits.

As a company that carries out extensive research and development, or R&D, activities, we seek to benefit from the U.K. R&D tax relief programmes, one of which is the Small and Medium-sized Enterprises research and development tax relief programme, or SME Programme, and, for certain specific categories of expenditure, the Research and Development Expenditure Credit programme, or RDEC Programme. The SME Programme may be particularly beneficial to us, as under such program the trading losses that arise from our qualifying R&D activities can be surrendered for a cash rebate of up to 33.35% of such qualifying R&D expenditure. However, amendments to the U.K. R&D tax credit regime that have recently been enacted, or proposed (amongst other things) (i) will reduce the cash rebate that may be claimed under the SME Programme to 18.6% of qualifying expenditure (unless we qualify as "R&D intensive" for an accounting period (broadly, a loss making SME whose qualifying R&D expenditure for an accounting period represents 40% or more of its total expenditure for that accounting period will qualify), in which case the cash rebate that may be claimed will be 26.97% of qualifying expenditure), and (ii) may (unless limited exceptions apply) introduce restrictions on the tax relief that can be claimed for expenditure incurred on sub-contracted R&D activities or externally provided workers, where such sub-contracted activities are not carried out in the U.K. or such workers are not subject to U.K. payroll taxes. These amendments are expected to take effect from 1 April 2023 and 1 April 2024, respectively. In addition, the U.K. Government is currently considering a proposal to merge the SME Programme and the RDEC Programme into a single scheme with effect from April 2024; if such proposal is implemented, it may be the case that we are no longer able to make claims in respect of sub-contracted R&D activities, and that different (and potentially lower) caps are imposed on the amount of tax relief that we can claim.

These and other potential future changes to the U.K. R&D tax relief programmes may mean we no longer qualify or have a material impact on the extent to which we can make claims.

We may benefit in the future from the United Kingdom's "patent box" regime, which allows certain profits attributable to revenues from patented products (and other qualifying income) to be taxed at an effective rate of 10% by giving an additional tax deduction. We are the exclusive licensee or owner of several patent applications which, if issued, would cover our drug candidates, and accordingly, future upfront fees, milestone fees, product revenues and royalties could be eligible for this deduction. When taken in combination with the enhanced relief available on our R&D expenditures, we expect a long-term rate of corporation tax lower than the statutory rate to apply to us. If, however, there are unexpected adverse changes to the U.K. R&D tax credit regime or the "patent box" regime, or for any reason we are unable to qualify for such advantageous tax legislation, or we are unable to use net operating loss and tax credit carryforwards and certain built-in losses to reduce future tax payments then our business, results of operations and financial condition may be adversely affected. This may impact our ongoing requirement for investment and the timeframes within which additional investment is required.

Changes and uncertainties in the tax system in the countries in which we have operations could materially adversely affect our financial condition and results of operations, and reduce net returns to our shareholders.

We conduct business globally and file income tax returns in multiple jurisdictions. Our consolidated effective income tax rate, and the tax treatment of our ADSs and ordinary shares, could be materially adversely affected by several factors, including: changing tax laws, regulations and treaties, or the interpretation thereof; tax policy initiatives and reforms under consideration or being implemented at national or international level (such as those related to the Organisation for Economic Co-Operation and Development's Base Erosion and Profit Shifting, or BEPS, Project, the European Commission's state aid investigations and other initiatives); the practices of tax authorities in jurisdictions in which we operate; the resolution of issues arising from tax audits or examinations and any related interest or penalties. Such changes may include (but are not limited to) the taxation of operating income, investment income, dividends received or (in the specific context of withholding tax) dividends paid, or the stamp duty or stamp duty reserve tax treatment of our ADSs or ordinary shares. For instance, the recently enacted Inflation Reduction Act imposes, among other rules, a 15% minimum tax on the book income of certain large corporations.

Furthermore, a bill is currently proceeding through the U.K. parliament (the Retained EU Law (Revocation and Reform) Bill) which provides for the revocation of EU laws and rights which, notwithstanding Brexit, currently remain effective in the U.K., except where the U.K. Government and/or parliament take active steps to preserve the EU law position within U.K. law. Certain aspects of the stamp duty and stamp duty reserve tax treatment of our ordinary shares and ADSs are based on EU law which could be affected by this Bill. Accordingly, if this Bill is enacted, and steps are not taken by the U.K. Government and/or parliament to preserve the current position, this could, in particular, result in a charge to stamp duty reserve tax on the issuance of new ADSs, at the rate of 1.5% of the issue price, potentially with effect from December 31, 2023, which would represent an additional cost if we seek to raise further capital in this way.

We are unable to predict what tax reform may be proposed or enacted in the future or what effect such changes would have on our business, but such changes, to the extent they are brought into tax legislation, regulations, policies or practices in jurisdictions in which we operate, could increase the estimated tax liability that we have expensed to date and paid or accrued on our financial statements, and otherwise affect our financial position, future results of operations, cash flows in a particular period and overall or effective tax rates in the future in countries where we have operations, reduce post-tax returns to our shareholders and increase the complexity, burden and cost of tax compliance.

Tax authorities may disagree with our positions and conclusions regarding certain tax positions, or may apply existing rules in an unforeseen manner, resulting in unanticipated costs, taxes or non-realisation of expected benefits.

A tax authority may disagree with tax positions that we take, which could result in increased tax liabilities. For example, His Majesty's Revenue & Customs, or HMRC, the IRS or another tax authority could challenge our allocation of income by tax jurisdiction and the amounts paid between our affiliated companies pursuant to our intercompany arrangements and transfer pricing policies, including amounts paid with respect to our intellectual property development. Similarly, a tax authority could assert that we are subject to tax in a jurisdiction where we believe we have not established a taxable connection, often referred to as a "permanent establishment" under international tax treaties, and such an assertion, if successful, could increase our expected tax liability in one or more jurisdictions.

A tax authority may take the position that material income tax liabilities, interest and penalties are payable by us, in which case we expect that we might contest such assessment. Contesting such an assessment may be lengthy and costly and if we were unsuccessful in disputing the assessment, the implications could increase our anticipated effective tax rate, where applicable.

Shareholder protections found in provisions under the U.K. City Code on Takeovers and Mergers, or the Takeover Code, will not apply if our place of central management and control remains outside the United Kingdom (or the Channel Islands or the Isle of Man).

On September 22, 2021, Exscientia Limited was re-registered as a public limited company with the name Exscientia plc. Depending on meeting the jurisdictional criteria, the Takeover Code can be applicable to public limited companies incorporated in England and Wales. We believe that, as of the date of this document, our place of central management and control is not in the United Kingdom (or the Channel Islands or the Isle of Man) for the purposes of the jurisdictional criteria of the Takeover Code. Accordingly, we believe that we are currently not subject to the Takeover Code and, as a result, our shareholders are not currently entitled to the benefit of certain takeover offer protections provided under the Takeover Code, including the rules regarding mandatory takeover bids.

In the event that this changes, or if the interpretation and application of the Takeover Code by the Panel on Takeovers and Mergers, or Takeover Panel, changes (including changes to the way in which the Takeover Panel assesses the application of the Takeover Code to English companies whose securities are listed outside of the United Kingdom), the Takeover Code may apply to us in the future.

The Takeover Code provides a framework within which takeovers of companies are regulated and conducted. The following is a brief summary of some of the most important rules of the Takeover Code:

- In connection with a potential offer, if following an approach by or on behalf of a potential bidder, the company is "the subject of rumour or speculation" or there is an "untoward movement" in the company's share price, there is a requirement for the potential bidder to make a public announcement about a potential offer for the company, or for the company to make a public announcement about its review of a potential offer.
- When a person or group of persons acting in concert (a) acquires, whether by a series of transactions over a period of time or not, interests in shares carrying 30% or more of the voting rights of a company (which percentage is treated by the Takeover Code as the level at which effective control is obtained) or (b) acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which they are interested when they are already interested in shares which carry not less than 30% of the voting rights but do not hold shares carrying more than 50% of such voting rights, they must make a cash offer to all other

shareholders at the highest price paid by them or any person acting in concert with them in the 12 months before the offer was announced.

- When interests in shares carrying 10% or more of the voting rights of a class have been acquired by an offeror (i.e., a bidder) and any person acting in concert with it in the offer period (i.e., before the shares subject to the offer have been acquired) or within the previous 12 months, the offer must be in cash or be accompanied by a cash alternative for all shareholders of that class at the highest price paid by the offeror or any person acting in concert with them in that period. Further, if an offeror or any person acting in concert with them acquires any interest in shares during the offer period, the offer for the shares must be in cash or accompanied by a cash alternative at a price at least equal to the price paid for such shares during the offer period.
- If after an announcement is made, the offeror or any person acting in concert with them acquires an interest in shares in an offeree company (i.e., a target) at a price higher than the value of the offer, the offer must be increased to not less than the highest price paid for the interest in shares so acquired.
- An offeree company must appoint a competent independent adviser whose advice on the financial terms of the offer must be made known to all the shareholders, together with the opinion of the board of directors of the offeree company.
- Special or favourable deals for selected shareholders are not permitted, except in certain circumstances where independent shareholder approval is given and the arrangements are regarded as fair and reasonable in the opinion of the financial adviser to the offeree.
- All shareholders must be given the same information.
- Each document published in connection with an offer by or on behalf of the offeror or offeree must state that the directors of the offeror or the offeree, as the case may be, accept responsibility for the information contained therein.
- Profit forecasts, quantified financial benefits statements and asset valuations must be made to specified standards and must be reported on by professional advisers.
- Misleading, inaccurate or unsubstantiated statements made in documents or to the media must be publicly corrected immediately.
- Actions during the course of an offer by the offeree company, which might frustrate the offer are generally prohibited unless shareholders approve these plans. Frustrating actions would include, for example, lengthening the notice period for directors under their service contract or agreeing to sell off material parts of the target group.
- Stringent and detailed requirements are laid down for the disclosure of dealings in relevant securities during an offer, including the prompt disclosure of positions and dealing in relevant securities by the parties to an offer and any person who is interested (directly or indirectly) in 1% or more of any class of relevant securities.
- Employees of both the offeror and the offeree company and the trustees of the offeree company's pension scheme must be informed about an offer. In addition, the offeree company's employee representatives and pension scheme trustees have the right to have a separate opinion on the effects of the offer on employment appended to the offeree board of directors' circular or published on a website.

The rights of our shareholders may differ from the rights typically offered to shareholders of a U.S. corporation.

We are incorporated under English law. The rights of holders of ordinary shares and, therefore, certain of the rights of holders of ADSs, are governed by English law, including the provisions of the U.K. Companies Act 2006, or the Companies Act, and by our articles of association. These rights differ in certain respects from the rights of shareholders in typical U.S. corporations. See *"Item 10.B – Additional Information – Memorandum and Articles of Association*" in this annual report for a description of the principal differences between the provisions of the Companies Act applicable to us and, for example, the Delaware General Corporation Law relating to shareholders' rights and protections.

The principal differences include the following:

- under our articles of association, any resolution put to the vote of a general meeting must be decided exclusively on a poll. Under English law, it would be possible for our articles of association to be amended such that each shareholder present at a meeting has only one vote unless demand is made for a vote on a poll, in which case each holder gets one vote per share owned. Under U.S. law, each shareholder typically is entitled to one vote per share at all meetings;
- under English law, subject to certain exceptions and disapplications, each shareholder generally has preemptive rights to subscribe on a proportionate basis to any issuance of ordinary shares or rights to subscribe for, or to convert securities into, ordinary shares for cash. Under U.S. law, shareholders generally do not have preemptive rights unless specifically granted in the certificate of incorporation or otherwise;
- under English law and our articles of association, certain matters require the approval of 75% of the shareholders who vote (in person or by proxy) on the relevant resolution (or on a poll of shareholders representing 75% of the ordinary shares voting (in person or by proxy)), including amendments to the articles of association. This may make it more difficult for us to complete corporate transactions deemed advisable by our board of directors. Under U.S. law, generally only majority shareholder approval is required to amend the certificate of incorporation or to approve other significant transactions;
- in the United Kingdom, takeovers may be structured as takeover offers or as schemes of arrangement. Under English law, a bidder seeking to acquire us by means of a takeover offer would need to make an offer for all of our outstanding ordinary shares/ADSs. If acceptances are not received for 90% or more of the ordinary shares/ADSs under the offer, under English law, the bidder cannot complete a "squeeze out" to obtain 100% control of us. Accordingly, acceptances of 90% of our outstanding ordinary shares/ADSs will likely be a condition in any takeover offer to acquire us, not 50% as is more common in tender offers for corporations organised under Delaware law. By contrast, a scheme of arrangement, the successful completion of which would result in a bidder obtaining 100% control of us, requires the approval of a majority of shareholders voting at the meeting and representing 75% of the ordinary shares (including those represented by ADSs) voting for approval;
- under English law and our articles of association, shareholders and other persons whom we know or have reasonable cause to believe are, or have been, interested in our shares may be required to disclose information regarding their interests in our shares upon our request, and the failure to provide the required information could result in the loss or restriction of rights attaching to the shares, including prohibitions on certain transfers of the shares, withholding of dividends and loss of voting rights. Comparable provisions generally do not exist under U.S. law; and

- the quorum requirement for a shareholders' meeting is a minimum of two shareholders entitled to vote at the meeting and present in person or by proxy or, in the case of a shareholder which is a corporation, represented by a duly authorised representative. Under U.S. law, a majority of the shares eligible to vote must generally be present (in person or by proxy) at a shareholders' meeting to constitute a quorum. The minimum number of shares required for a quorum can be reduced pursuant to a provision in a company's certificate of incorporation or bylaws, but typically not below one-third of the shares entitled to vote at the meeting.

As an English public limited company, certain capital structure decisions will require shareholder approval, which may limit our flexibility to manage our capital structure.

On September 22, 2021, Exscientia Limited was re-registered as a public limited company with the name Exscientia plc. English law provides that a board of directors may only allot shares (or rights to subscribe for or convert any security into shares) with the prior authorisation of shareholders, such authorisation stating the aggregate nominal amount of shares that it covers and being valid for a maximum period of five years, each as specified in the articles of association or relevant ordinary shareholder resolution passed by shareholders at a general meeting. We have obtained authority from our shareholders to allot additional shares for a period of five years from September 15, 2021, which authorisation will need to be renewed upon expiration (i.e., at least every five years) but may be sought more frequently for additional five-year terms (or any shorter period).

English law also generally provides shareholders with preemptive rights when new shares are issued for cash. However, it is possible for the articles of association, or for shareholders to pass a special resolution at a general meeting, being a resolution passed by at least 75% of the votes cast, to disapply preemptive rights. Such a disapplication of preemptive rights may be for a maximum period of up to five years from the date of adoption of the articles of association, if the disapplication is contained in the articles of association, or from the date of the shareholder special resolution, if the disapplication is by shareholder special resolution but not longer than the duration of the authority to allot shares to which the disapplication relates. In either case, this disapplication would need to be renewed by our shareholders upon its expiration (i.e., at least every five years). We have obtained authority from our shareholders to disapply preemptive rights for a period of five years from September 15, 2021 which disapplication will need to be renewed upon expiration (i.e., at least every five years), but may be sought more frequently for additional five-year terms (or any shorter period).

English law also generally prohibits a public company from repurchasing its own shares without the prior approval of shareholders by ordinary resolution, being a resolution passed by a simple majority of votes cast, and other formalities. Such approval may be for a maximum period of up to five years. See "*Item 10.B – Additional Information – Memorandum and Articles of Association.*"

Our articles of association provide that the courts of England and Wales are the exclusive forum for the resolution of all shareholder complaints other than complaints asserting a cause of action arising under the Securities Act and the Exchange Act, and that the U.S. District Court for the Southern District of New York will be the exclusive forum for the resolution of any shareholder complaint asserting a cause of action arising under the Securities Act or the Exchange Act.

Our articles of association provide that the courts of England and Wales are the exclusive forum for resolving all shareholder complaints (i.e., any derivative action or proceeding brought on behalf of us, any action or proceeding asserting a claim of breach of fiduciary duty owed by any of our directors, officers or other employees, any action or proceeding asserting a claim arising out of any provision of the Companies Act or our articles of association or any action or proceeding asserting a claim or otherwise related to the affairs of our company) other than shareholder complaints asserting a cause of action arising

under the Securities Act or the Exchange Act, and that the U.S. District Court for the Southern District of New York is the exclusive forum for resolving any shareholder complaint asserting a cause of action arising under the Securities Act or the Exchange Act. In addition, our articles of association provide that any person or entity purchasing or otherwise acquiring any interest in our shares is deemed to have notice of and consented to these provisions.

This choice of forum provision may limit a shareholder's ability to bring a claim in a judicial forum that it finds favourable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits. The enforceability of similar exclusive forum provisions (including exclusive federal forum provisions for actions, suits or proceedings asserting a cause of action arising under the Securities Act) in other companies' organisational documents has been challenged in legal proceedings, and there is uncertainty as to whether courts would enforce the exclusive forum provisions in our articles of association. Additionally, our shareholders cannot waive compliance with the federal securities laws and the rules and regulations thereunder. If a court were to find either choice of forum provision contained in our articles of association to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our results of operations and financial condition. The courts of England and Wales and the U.S. District Court for the Southern District of New York may also reach different judgements or results than would other courts, including courts where a shareholder considering bringing a claim may be located or would otherwise choose to bring the claim, and such judgements may be more or less favourable to us than our shareholders.

General Risks

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

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience, known trends and events, and various other factors that we believe to be reasonable under the circumstances, as provided in "*Item 5 – Operating and Financial Review and Prospects*." The results of these estimates form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our consolidated financial statements pertain to share-based payments provision, leases, recognition of revenue, loss-making contracts and deferred tax recoverability. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our ADSs.

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

Item 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Exscientia was founded in 2012 as Exscientia Limited, a private company incorporated under the rules of Scotland. On June 29, 2021, Exscientia plc was incorporated under the laws of England and Wales as Exscientia Holdings Limited, with nominal assets and liabilities for the purpose of becoming the ultimate holding company for Exscientia AI Limited (formerly Exscientia Limited) and consummating the corporate reorganisation described in Item 10.B of this annual report. Exscientia Inc., a Delaware corporation, is our wholly owned subsidiary. In August 2021, we acquired 100% of the outstanding share capital of Allcyte, a precision medicine biotechnology company. In October 2021, we completed the initial public offering of our ADSs on the Nasdaq Global Select Market. Our ADSs are traded under the symbol EXAI. Our ordinary shares are not listed.

Our registered office in the United Kingdom is located at The Schrödinger Building, Oxford Science Park, Oxford OX4 4GE, United Kingdom, and the telephone number of our registered office is +44 (0) 1865 818941. Our principal executive offices and agent for service of process in the United States are located at Office 400E, 2125 Biscayne Blvd., Miami, Florida, 33137, United States and our telephone number is +1 954 406 8602.

Our actual capital expenditures for the years ended December 31, 2022 and 2021 amounted to £22.4 million and £7.1 million, respectively. These capital expenditures primarily consisted of property, plant and equipment, leasehold improvements, lab equipment and computer equipment and software in the United Kingdom and Austria. In addition the Group paid £20.0 million in cash as part of its acquisition of Allcyte GmbH in August 2021, and made capital contributions totalling £0.2 million and £1.4 million, respectively during the years ended December 31, 2022 and 2021 to its joint venture with RallyBio IPB, LLC, RE Ventures I, LLC.

The SEC maintains an Internet site that contains reports, proxy information statements and other information regarding issuers that file electronically with the SEC. The address of that site is http://www.sec.gov. Our website address is www.exscientia.ai. The reference to our website is an inactive textual reference only and information contained in, or that can be accessed through, our website or any other website cited in this annual report is not part of this annual report.

B. Business Overview

We are an artificial intelligence-driven precision medicine company committed to efficiently discovering, designing and developing the best possible drugs based on complex patient data. Our goal is to change the pharmaceutical industry's underlying pharmacoeconomic model, what we call "Shifting the Curve," by improving the probability of success, time and cost involved with creating new medicines. Our pipeline demonstrates our ability to rapidly translate scientific concepts and patient-centric data into precision-designed therapeutic candidates. We have built an end-to-end solution of artificial intelligence, or AI, and experimental technologies for target identification, drug candidate design, disease relevant translational models and patient selection. These integrated technologies allow us to discover, design and develop precision medicines. Our platform has enabled us to design candidate drug molecules that have progressed into clinical trials as well as to prospectively provide patients with potentially more applicable drug therapies through AI guided assessment. Our patient-first AI process is comprised of the following four elements:

- **Precision Target**: using patient tissue and deep learning approaches to identify new targets;
- **Precision Design**: an extensive platform of AI technologies to design innovative drugs;

- **Precision Experiment**: tech-enabled precision experimentation to derive better data; and
- **Precision Medicine**: advanced patient selection to improve clinical success rates.

Our AI-design capabilities include a wide range of deep learning and machine learning algorithms, generative methods, active learning and natural language processing. These methods are used to guide target selection, to design the precise molecular architecture of potential drug molecules and to analyse patient tissues to prioritise the molecules that are likely to provide the best response for an individual's specific tumour.

Our pipeline includes a broad range of programmes across therapeutics areas primarily in oncology and inflammation & immunology (I&I). Our pipeline candidates are differentiated through precision design and personalised medicine, and we have five development candidates that are either in clinical trials or IND-enabling studies across oncology and I&I. Exscientia has between 50-100% ownership of four of these candidates and one of these programmes is eligible for milestones and royalties from a partner. In total, we have over 10 programmes with 50-100% ownership in the pipeline and over 20 partnered programmes with substantial economics.

We originated the first ever AI-designed precision drug candidates to enter human clinical trials and we expect to have four compounds in the clinic by 2024. Exscientia's partner DSP has also taken into the clinic two additional compounds designed by Exscientia as part of its early design as a service partnership

Two programmes, EXS21546 and GTAEXS617, are both in Phase 1/2 clinical studies in cancer patients We began the first Phase 1 clinical trial of EXS21546, our A_{2A} receptor antagonist, in December 2020 and reported topline data from this healthy volunteer study in June 2022. We initiated a Phase 1/2 study towards the end of 2022 in patients with relapsed/refractory non-small cell lung cancer (NSCLC) and renal cell carcinoma (RCC), with the first patient expected to be enrolled in the first half of 2023. In this trial we are also prospectively studying our complex patient selection biomarker for patients more likely to respond to EXS21546. We also intend to dose the first patient in the Phase 1/2 clinical trial for GTAEXS617, our CDK7 inhibitor partnered with GT Apeiron, in the first half of 2023.

Our partner, BMS has also initiated a Phase 1 clinical trial in February 2023 for EXS4318. a PKC theta inhibitor that BMS in-licensed in 2021, with potential in inflammation and immunology.

We have two additional programmes in IND-enabling studies, EXS74539, our LSD1 inhibitor and EXS73565, our MALT1 inhibitor. Both compounds are fully owned by Exscientia and currently in GLP-toxicity studies with potential in haematology and oncology.

Our development candidates were generated in an average of approximately one year from the first novel designs, demonstrating our consistent speed and efficiency. Although we and our collaboration partners have to date not received regulatory approval for any of our drug candidates, we believe that the quality of our molecules has been demonstrated by the partnership expansions and product-licensing arrangements we have entered into with large pharma companies, including Sanofi S.A., or Sanofi, and BMS, as well as collaborations with biotech companies, academic centres and non-profit partners, and we intend to continue encoding and automating drug discovery to meet our goal of autonomous drug design, to bring better drugs to patients, faster.

We have also pioneered the first clinically validated AI-driven platform to improve treatment outcomes for cancer patients prospectively. In the first-ever prospective interventional study of its kind, our AI platform predicted which therapy would be most effective for late-stage haematological cancer patients based on drug activity in their own tissue samples, with measurements taken at single-cell resolution. These results from the EXALT-1 trial were published in *Cancer Discovery* in October 2021. This

platform is the backbone of our extensive translational medicine programme dedicated to using complex model systems and functional and multi-omics data integration to select the right patients for our precision drugs.

We believe our patient-first AI strategy will accelerate the creation of drug candidates that can achieve better outcomes for patients.

Reinventing the Drug Design Process

Our approach aims to modernise the process of discovering and developing drugs, replacing the sequential, artisanal approach that currently dominates the industry, with an efficient, integrated, AI-first, patient-based learning system that is suited to the complexity of drug discovery. By using AI-driven drug discovery and development, we believe we can accelerate the discovery of medicine and improve the probability of clinical success. With our patient-first precision medicine capabilities, we are able to integrate primary human tissue samples into early drug discovery, putting the patient at the centre — allowing us to study molecules in more disease relevant settings. We are driven to codify and systematise drug discovery, to move away from this sequential approach and scale the creation of precision engineered drugs.

From Data to Drug

We believe thousands of druggable proteins remain to be explored as new therapeutic targets. Our platform allows us to develop small molecules and more recently, the addition of designing biologics.

Oral small molecule drugs are the largest drug class and remain the therapeutic agent of choice, accounting for 73% of the $1.4 trillion in drug sales in 2020. Small molecules are capable of performing biological functions, such as intracellular activation or inhibition, that are not possible with other modalities and can be distributed easily into the brain. Our end-to-end discovery AI technology platform is designed to identify, generate, analyse and optimise small molecules and accurately define target patient groups to ultimately exploit many more of these opportunities.

We continue to develop our platform and add in new features, technology or focus areas, including building out a scalable next-generation sequencing (NGS) platform as well as our expansion into biologics and automation, in a modular way. Our philosophy is as follows:

- **Every atom counts**. A drug's potential utility is encoded into its chemical structure from the moment it is first designed. Before a compound is ever tested, the placement of each atom and bond will have predetermined how it will interact with the incredible complexity of human biology and disease. The molecular structure of the compound determines its potency, selectivity, safety, absorption, dose requirements and manufacturability as well as many other features that define a drug product. We believe every drug candidate should be designed at the atomic level to drive optimal efficacy with minimal side effects.
- **Drug design is a learning problem**. When designing truly innovative drugs, there will be insufficient information available at the start of the project and the right solution will not already exist in big datasets or screening libraries. In other words, drug design is a learning — not a screening — problem. This is true for both novel targets, where no work has been done before, and established targets, where new approaches must be devised that are distinct from existing efforts. As we start to explore novel chemical spaces, we are likely to be at the limit of predictive power, or the domain of applicability, for current models. Our systems and models are designed to learn and evolve which, like nature, allows them to find optimised solutions to problems.

- **Design from any data**. High quality drugs need to satisfy an extensive range of diverse parameters, defined as a "target product profile," which cannot be determined from any single data type. Our AI platform is data-agnostic, capable of modelling and exploiting any configuration of protein structural data, high content screening data and/or pharmacology data through thousands of machine learning, physics-based and other predictive models. We have developed proprietary tech-enabled laboratory capabilities to generate a wide variety of high-fidelity screening data (high content, biophysical, pharmacological and biochemical) and structural biology data to provided differentiated insights for our projects.
- **The patient is the best model.** Disease relevant model systems provided in primary patient samples provide the complex interplay of cells and environment necessary to identify next-generation targets, and model drug action prior to clinical studies. Current model systems, including outgrowth cell lines, are subject to culture adaptation and genetic drift and do not recapitulate the complexity of human disease. In order to successfully harness and interpret data from such complex models, we deploy a wide variety of technologies and AI-driven data analysis techniques including applying custom deep learning algorithms to images of primary cells after ex vivo drug perturbation. We further collect orthogonal multi-omics data including single cell transcriptomics, genomics, epigenetics and proteomics, enabling us to both quantify drug action and understand disease state. With our team of experts, we are able to scale our primary sample collection, understand the pre-analytics of primary samples, deploy state-of-the art and priority technologies with published proven clinical disruption and disease relevant results, as well as conduct robust analysis and interpretation of multi-omics data. Taken together, this provides unparalleled access to disease data necessary to put the patient at the centre of drug discovery and development.

Our Business Model

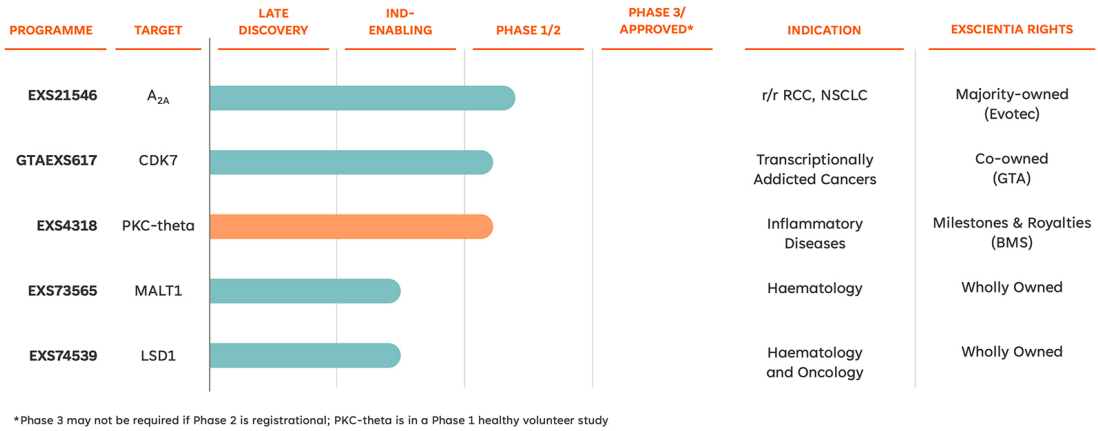
Technology-driven scalability. Our focus on encoding and automating critical functions in drug discovery has meant we can readily scale our business. The technology can be applied to small molecule or biologics discovery, in any therapeutic indication, in any disease area. Our goal is to expand our internal pipeline in precision oncology as well as our partnerships, while continuing to seek out new drug discovery problems to challenge and expand our technology platform. We continue to build in two distinct project categories:

- **Internal pipeline which includes** wholly owned programmes, majority owned programmes and co-owned programmes. Our wholly owned programmes and majority owned pilot programme primarily focus on oncology, immuno-oncology and antivirals. We perform all activities (experimental and computational) from target identification through to clinical trials, if applicable. We also have a number of co-owned projects with biopharmaceutical companies, the terms of which include cost sharing in the development and commercialisation of drug candidates, with a corresponding share in revenue or profits generated from approved product candidates.
- **Large pharma partnerships** in a variety of therapeutic areas. We provide end-to-end discovery capabilities across a variety of therapeutic areas in exchange for upfront payments, milestones, opt-in payments and royalties on net sales if a product developed from the partnership is commercialised. We expect to continue to be reliant on our partners to progress drug candidates through clinical trials and regulatory approval in order for us to realise certain development milestones and royalties on commercial sales. We have several collaboration agreements with global pharmaceutical companies, including Bristol Myers Squibb (BMS) and Sanofi.

We expect our future development efforts to be balanced among these two categories.

Our Pipeline

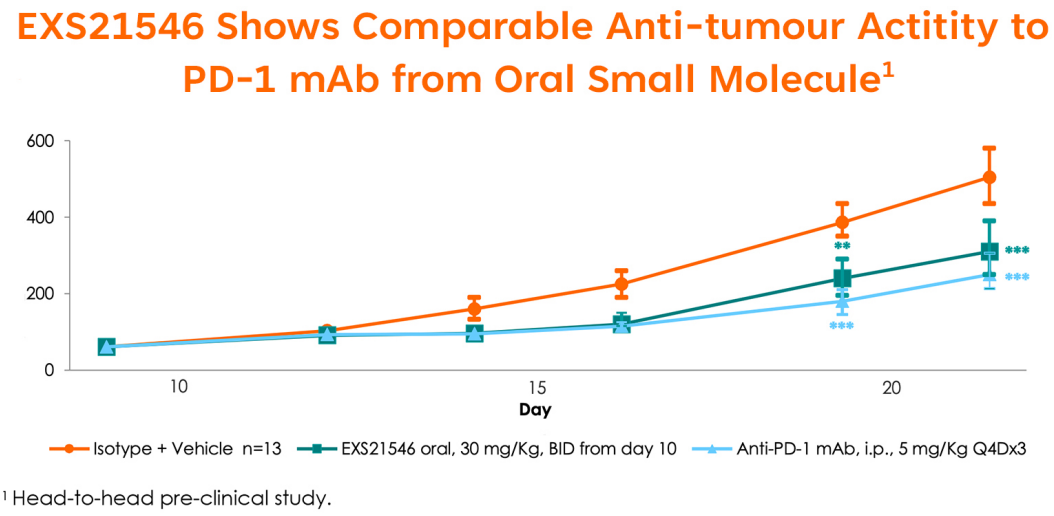
The following graphic summarises our pipeline programmes advancing to the clinic. In total, the Company has over 30 programmes.



The development candidates listed above were designed in an average of approximately one year from first hit to candidate identification, and are highlighted below.

EXS21546 (A_{2A} antagonist): Phase 1/2, immuno-oncology, majority owned. A_{2A} is an attractive target, but existing design approaches have either suffered from complex pharmacology due to lack of selectivity or side-effects caused by low penetration. Our clinical candidate was identified within nine months of generating novel designs and after testing only 163 compounds. Further, recruiting patients susceptible to A_{2A} antagonism has been challenging as no robust biomarker for adenosine-driven immunosuppression exists.

Our candidate, EXS21546, has demonstrated exceptional selectivity brain penetration while restoring immune activity and demonstrating single agent activity similar to PD-1 inhibitors *in vivo*. The compound reversed A_{2A} receptor mediated immune suppression and also exhibited cancer cell killing activity in primary tissue samples of pancreatic and lung cancer patients. In a pre-clinical study, EXS21546 demonstrated comparable single agent anti-tumour activity to an approved anti-PD-1 (see below).

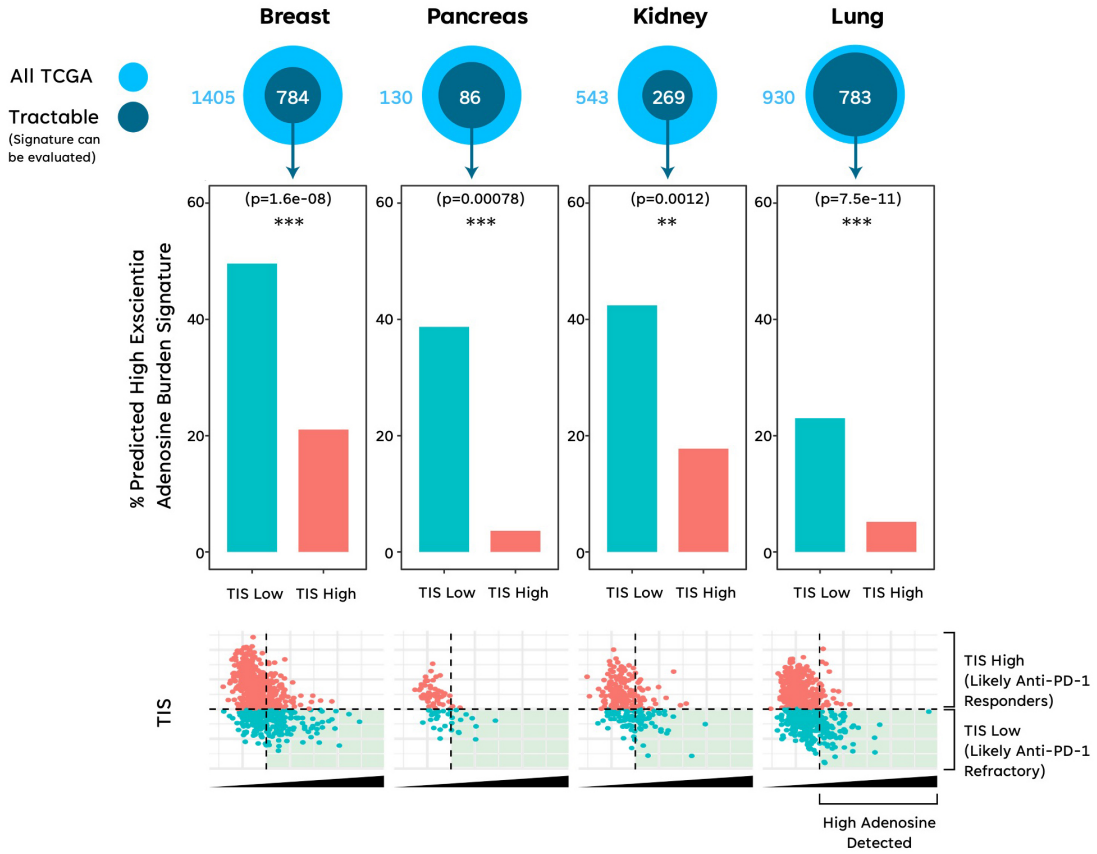


[1] Head-to-head pre-clinical study.

In a Phase 1 healthy volunteer study, topline data confirmed Exscientia's target product profile design, including potency, high receptor selectivity and expected low brain exposure with no CNS adverse events reported. A Phase 1/2 study, IGNITE, in relapsed/refractory RCC and NSCLC patients has been initiated and the Company expects to start enrolling patients in the first half of 2023.

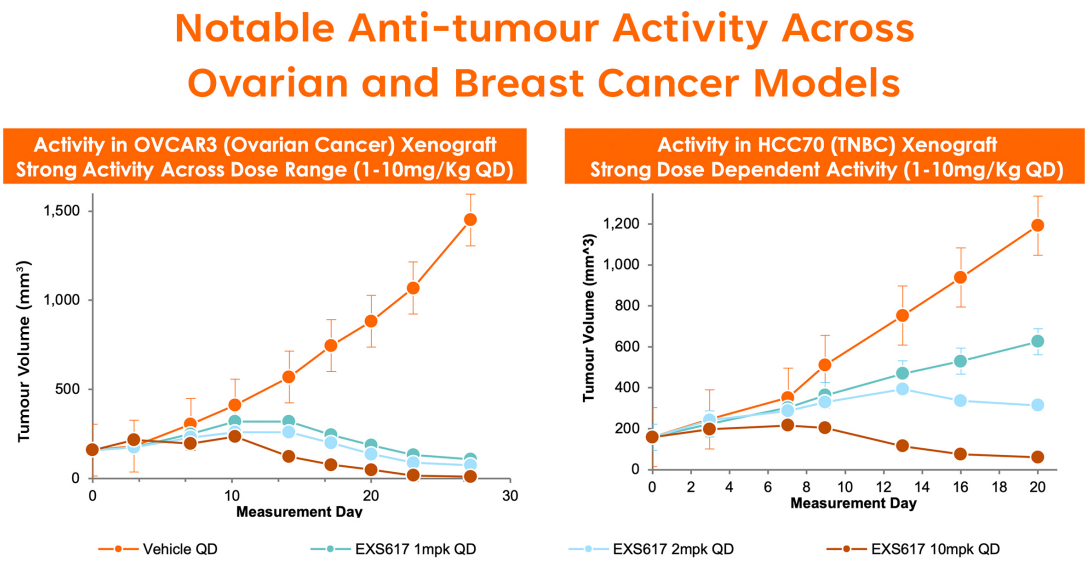
Patients who have an adenosine rich tumour micro environment will be the best treated by EXS21546 or another A_{2A} receptor antagonist - thus selecting for these patients is critical and no robust biomarker exists. Exscientia's '546 response signature, the adenosine burden score (ABS), was developed using single cell transcriptomics of primary samples after ex vivo perturbation with stabilised adenosine and is expected to identify patients more likely to respond to adenosine-pathway inhibition. The ABS predicts that between 20-50% of RCC and NSCLC patients have high adenosine in the tumour microenvironment and this anti-correlates with a score of inflammation and anti-PD-1 prediction, the tumour inflammation score (TIS), see below.

We presented data at AACR 2022 and ESMO-IO 2022 highlighting our work on this novel biomarker and we will be prospectively testing its potential in our ongoing IGNITE study.



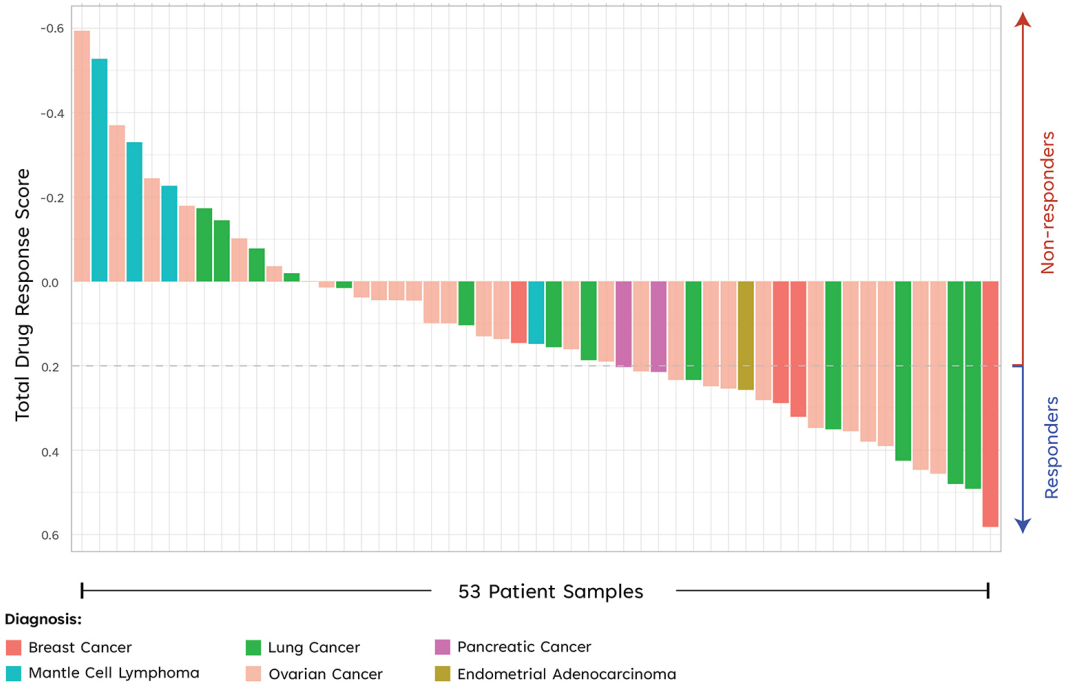
GTAEXS617 (CDK7 inhibitor): Preclinical, oncology, joint venture with GT Apeiron Therapeutics, or GTA. CDK7 presents an opportunity to improve treatment outcomes over CDK4/6 inhibitors due to CDK7's dual role in cell cycle and transcription. Previous development efforts have exhibited side effects, possibly due either to a covalent binding mechanism of action or poor oral absorption. Our selective, non-covalent candidate meets multiple criteria, including high on-target potency and selectivity with improved absorption over competitors. We were able to identify a molecule meeting all of our design criteria after testing just 136 compounds. The potential drug candidate also has favourable oral bioavailability of 77%, and critically, it demonstrates a significantly reduced interaction with a key efflux transporter compared to other CDK7 candidates in development.

In pre-clinical studies, '617 delivered a strong *in vivo* anti-tumour profile as demonstrated in both ovarian and triple negative breast cancer cell lines (below).



Further, using our precision medicine platform, we are working to define activity in more than six various solid tumour indications, and have described initial efforts to identify patient selection biomarkers as well well as validation and discovery of pharmacodynamic (PD) markers to be used and confirmed along side our Phase 1/2 trial to evaluate GTAEXS617 for the treatment of ovarian cancer, which we expect to commence in the first half of 2023.

Our precision medicine platform is determining responding and non-responding patients for further biomarker discovery where proof of concept selection in ovarian cancer using a gene signature has already correlated as has validation of PD biomarkers (see below).



EXS4318 (BMS, PKC-theta inhibitor): Phase 1, immunology, in-licensed by BMS. PKC-theta is an attractive immune modulating drug target; however, several large pharma companies have failed to design a small molecule with the required potency and selectivity against other closely related kinases. Our platform designed a highly potent, highly selective next-generation immunomodulatory drug candidate within 11 months at the start of the design process, which was the 150th molecule synthesised.

The human dose prediction which is calculated by a composite of numerous pharmacological properties (including cross-species PK and potency), is very favourable. Our balanced candidate has demonstrated high on-target activity while maintaining high selectivity and favourable tolerability.

In February 2023, BMS announced that EXS4318 has entered a Phase 1 clinical trial in the United States.

EXS74539 (LSD1 inhibitor): IND-enabling, oncology and haematology, wholly-owned by Exscientia. EXS74539 ('539) is the first potent, selective, reversible and brain-penetrant LSD1 inhibitor lysine demethylase 1 (LSD1) inhibitor with potential in both haematology and oncology. LSD1 demethylates histones which play a critical role in regulating the expression of genes which suppress differentiation and drive the proliferation and survival of a number of tumour types.

To date, other LSD1 inhibitors in development have failed to achieve the combination of appropriate pharmacokinetics, good brain penetrance and a reversible mechanism of action. Exscientia's candidate, '539, achieves a design objective of suitable CNS penetration to target brain metastases, which are prevalent in certain cancer subtypes.

Additionally, in vivo studies of '539 have shown favourable activity in small cell lung cancer (SCLC) xenograft models, with dose dependent inhibition of tumour growth. Studies have also shown a favourable absorption, distribution, metabolism, and excretion (ADME) profile, with a shorter predicted

human half-life than some LSD1 inhibitors currently in clinical trials. No safety concerns have been observed in preclinical studies conducted to date.

EXS73565 (MALT1 protease inhibitor): IND-enabling, haematology, wholly-owned by Exscientia. EXS73565 ('565) is a potent and selective mucosa-associated lymphoid tissue lymphoma translocation protein 1 (MALT1) protease inhibitor with potential applications in haematology. MALT1 is a protease crucial for activation of the NF-κB pathway which supports the uncontrolled proliferation of malignant T- and B-cells in haematological cancers.

Exscientia's precision design approach was able to optimise the safety profile for agents targeting MALT1 whilst also generating potency and selectivity. Scaffolds of other MALT1 inhibitors in the clinic significantly inhibit UGT1A1, an enzyme involved in the metabolism of bilirubin, often leading to dose-limiting toxicities in the clinic.

In vivo studies of '565 have shown anti-tumour activity in mouse models and favourable pharmacokinetics both as monotherapy and in combination with ibrutinib. Toxicology studies have shown that '565 has an acceptable therapeutic index, with the ability to maintain high levels of potency, selectivity and safety benchmarks while avoiding meaningful inhibition of UGT1A1, which can lead to hyperbilirubinemia.

We have more than 20 additional ongoing projects that range from target profiling to lead optimisation and we are continually initiating new projects across our business models. We also developed additional drug candidates as part of our pilot design as a service (DaaS) programme with Sumitomo Dainippon Pharma, including DSP-0038, currently in Phase 1 studies. We have no economic interest in these programmes.

Our Patient-first AI Strategy

Through the power of AI and our patient-centric approach to drug discovery, our vision is to build the world's leading pharmatech company. Our goals are to:

- ***Encode and automate to transform every stage of the drug discovery process***
- Scale by automating interactions and autonomous decision making;
- Leverage robotics and automation to transform cycle times and efficiency; and
- Drive our technology stack through cutting-edge science and technology; and
- Build out biologics capabilities.
- ***Design patient centric drug candidates with an improved probability of success***
- Use AI and technology to design precision drug candidates that have the potential to be safe and effective;
- Use patient-centric disease relevant translation models to maximise the probability of clinical success; and
- Create proprietary single cell functional and multi-omics datasets from primary patient tissues to map disease target networks for use across the target and drug discovery and development value chain and
- Reduce time and attrition throughout drug development.

- ***Scale pipeline and operations***
- Focus our in-house programmes on oncology and immunology and anti-virals;
- Leverage partnerships to rapidly expand the portfolio and maximise platform value; and
- Execute on a global strategy for discovery, development and commercialisation; and
- Be as innovative in the clinic as we have been is discovery

Our Strengths

Platform with a history of operational execution. From our founding in 2012 until 2020, we were funded solely through business performance and collaboration partners, so every project had to have real-world results. We are concurrently advancing more than 30 projects, including the first AI-designed drug candidates to enter Phase 1 clinical trials. In addition, both BMS and Sanofi have in-licenced molecules we designed through our collaborations and the first molecule in-licensed from BMS is now in the clinic. As we have scaled our business and invested in our wholly-owned pipeline, we have maintained our core culture of blending visionary goals with results-based pragmatism.

Precision medicine with clinical impact. We apply proprietary deep learning image analysis to understand drug effects on single cells from actual patient samples in order to develop precision medicines, including incorporating this data into target identification, drug design and patient selection. Over the last two years, we have also built a scalable next-generation sequencing department within translational research to take full advantage of information at the genomic, epigenomic, and transcript level of single cells. We believe this data, and the multi-omics integration of data from disease-relevant primary patient models enhances our ability to translate design concepts into impactful treatments beyond what would be possible with conventional techniques. We have demonstrated the value of our precision medicine technologies by significantly improving real world patient outcomes in a prospective clinical trial conducted by us. We believe the hallmark of an Exscientia drug candidate includes precision design combined with personalised medicine.

End-to-end platform generates targets, data and drug candidates. Using our diverse capabilities across AI and experimental technologies, we prioritise novel protein and gene targets, create proprietary drug candidates, analyse their performance and select patients for treatment. We are also data agnostic, designing from any configuration of high content, structural or biochemical data, which allows us to advance our pipeline into cutting-edge and data-sparse target categories. By constantly evolving the end-to-end process, we have developed a robust pipeline of product candidates. Our average time from first design to development candidate is approximately one year and we synthesise fewer than a tenth of the number of compounds compared to conventional approaches.

Our platform continually learns from new data integration. Our platform is designed to learn and becomes increasingly powerful and accurate with each incremental piece of data analysed. We build and update more than 2,500 data-driven predictive models, to predict the properties of every drug candidate we design. We also use outcomes data in conjunction with data from patient tissue to define the optimal target product profile. By anticipating the many characteristics a drug will need in an actual patient setting, our platform is designed to find an optimal balance of properties to maximise future probability of success.

Demonstrating the Impact of our AI

The first AI-designed drug candidates to enter human clinical trials. We have demonstrated that our AI platform can achieve the same practical and regulatory criteria imposed on traditional drug discovery by designing the world's first AI-designed drug candidates to enter human clinical trials. We have also designed multiple candidates that are in the clinic or are currently moving through various stages of advanced preclinical evaluation, with more than a dozen in earlier stage development.

First AI system demonstrated to improve clinical outcomes in oncology. Our platform is able to anticipate the effectiveness of cancer treatments in the clinic by using AI to analyse the activity of drugs in live patient samples at single-cell resolution. We have developed the first-ever functional personalised oncology platform to successfully guide treatment selection and improve patient outcome in a prospective interventional clinical study, with results published in *Cancer Discovery* and detailed below. We have been applying this technology to new target selection, to ongoing drug design, as well as to patient selection in the clinic, thereby enabling truly patient centric drug design.

Exceptional, repeated efficiency. We have demonstrated a repeated ability to create novel optimised drug candidates several years faster than the industry average using AI-first discovery. Our entire process from the AI generation of the first novel molecules within a particular project to the design of a development candidate typically takes approximately one year, with significantly fewer compounds synthesised and tested than the industry average. We have shown that we can reduce the discovery time from target to candidate identification by 70% with 10 times better productivity designing optimal drug candidates as compared to industry average.

Advancing small molecule target druggability. Our AI platform has enabled the exploration of challenging design hypotheses, such as purely phenotypic based projects. We believe our AI-based design can begin to solve some of the same scientific problems for which large molecules are currently used. For example, we have designed multiple highly selective bispecific small molecules. This is a design challenge where biologics are typically used because a design process would be almost impossible using conventional small molecule drug discovery techniques. We believe there are other similar categories where small molecules could be applied using our technology to expand the overall addressable market.

Background to Drug Discovery

The current drug discovery process requires the ability to (i) aggregate, evaluate and analyse a large amount of disease relevant data and information, (ii) accurately predict how molecules will induce biological effects and (iii) leverage these data to design a drug that works safely and effectively in humans. Due to these challenges, the process is slow, expensive and results in a high failure rate. We believe there are four fundamental issues impacting the current paradigm of drug discovery:

- drug design is a complex multi-dimensional optimisation problem, the analysis of which is challenging for humans;
- global scientific knowledge is rapidly proliferating, and yet, the current approach to drug discovery frequently fails to bring the plethora of knowledge to bear when identifying targets because it is simply too complex for any individual to comprehend;
- many compounds fail to demonstrate clinical efficacy because current translational models do not represent the complexity of human disease; and
- many compounds fail to demonstrate clinical efficacy due to dose limiting effects, including safety issues, or for pharmacodynamic or pharmacokinetic reasons.

Successful drugs need to achieve an exquisite balance of many properties spanning selectivity, potency, pharmacokinetics, or PK, and toxicity. Drug discovery is a multi-parameter optimisation problem that humans have traditionally approached in a sequential manner, which we believe to be inferior. Specifically, humans perform multiple rounds of chemical synthesis to fix design flaws one at a time post hit identification. Ultimately, the conventional approach to optimisation is a long linear sequence that frequently leads to failure late in the process, after significant investment of time and capital.

R&D Productivity across the Pharmaceutical Industry has been Declining for the Past Six Decades

As of February 2023, projected returns on investment in R&D for the top 20 global pharmaceutical companies have fallen to 1.2%. The productivity challenge facing the industry has significant economic implications. Leveraging assumptions from independent third-party research regarding the costs, timeline and probability of success per stage from discovery to clinical trials and launch, we have estimated that the average risk-adjusted net present value of an asset is only approximately $10 million.

Overview of Our Next Generation AI Platform and Approach

We think of drug discovery in a different way, as a learning problem from sparse data. From our first publications in *Nature* in 2012, we have pioneered AI-enabled drug discovery, operating at the convergence of advances in AI, chemistry, computation, biology and physics. Our AI-powered technology is designed to generate, analyse, prioritise and optimise small molecules to ultimately engineer novel precision drugs and find the right patients for these drugs. We transform the drug discovery process from a lengthy, inefficient and somewhat random screening process to an automated learning and creation process. Every atom has a potential biological and physicochemical impact; hence, our algorithms work to find the most efficient, elegant and precise chemistry that satisfies the design objectives.

This enables us to create new innovative medicines faster, by leveraging our end-to-end platform:

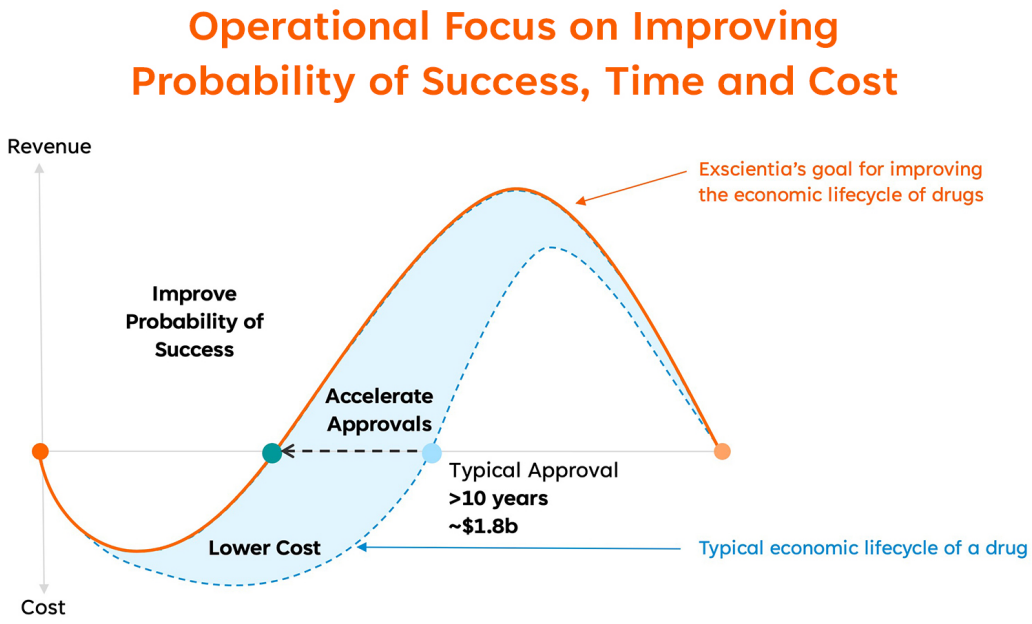
- Our AI algorithms are involved in the design of virtually every compound we make and test;
- Our patient tissue AI translational screening platforms have demonstrated improved clinical outcomes for oncology patients;
- We generate differentiated proprietary data, which strengthens the predictive power of our models; and
- Our design AI intelligently applies these data to generate novel molecules and optimise across design parameters in parallel, right from the start.

By understanding the effectiveness of our compounds in our patient-centric, disease-relevant assays, and transcribing that data onto our clinical programmes, we can rapidly progress to clinical stage development and significantly decrease costs by increasing our speed of execution and our probability of success.

Focused on shifting the curve through improved probability of success, time and cost. The investment model for new drugs has been dramatically impacted by the industry's 96% failure rate from project inception to drug approval, with an average cost of $1.8 billion per drug over more than 10 years of development. Although we and our collaboration partners have not to date received marketing approval for any of our drug candidates, by focusing on improving the probability of success, time and cost of drug creation, our goal is to enable a broad portfolio approach to pipeline development while minimising the capital and resources required for each individual project. In addition, our efficiency allows us to advance many projects simultaneously with a variety of business models, including wholly-owned projects, co-

owned programmes and partnerships. As a result, near-term cash flows from partnerships can balance long-term investments in our own pipeline, as is demonstrated by our last twelve-month cash outflows from operations of only £60.5 million.

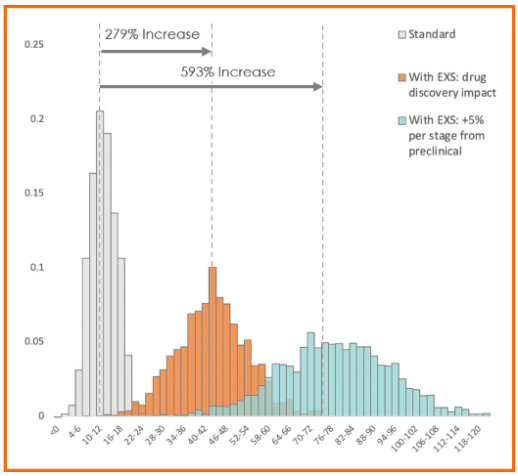
The chart below shows our strategy of shifting the curve for drug development can have a significant impact on investment profile, and thereby overall pharmacoeconomics.



As discussed previously, we have demonstrated outcomes better than industry averages with our development candidates. To quantify the potential value impact of that operational data, we utilised a publicly available industry summary of probability of success, or POS, time and cost by stage of development as well as an average commercial profile for pharmaceutical products. When we ran this summary through a Monte Carlo net present value, or NPV, analysis, the mean NPV for each new project was approximately $10 million (as represented as the tallest grey bar in the following figure).

Then we adjusted the standard industry metrics with our data from our first seven development candidates. Each metric had a meaningful impact on the project NPV individually — discovery time savings (+69% NPV), reduced cost (+36%) and improved success rates (+88%) — and in combination they result in approximately a threefold improvement in project NPV.

Finally, we modelled an illustrative 5% improvement per stage in probability of success after the drug discovery phase, which independently increased the NPV by +126%. This was intended to show the relevance of improving POS in later stage development. While we believe our efficiency in drug discovery has demonstrated substantial value, our intention is to increase clinical POS by choosing better targets, precision designing molecules and utilising patient-centric translational assays.

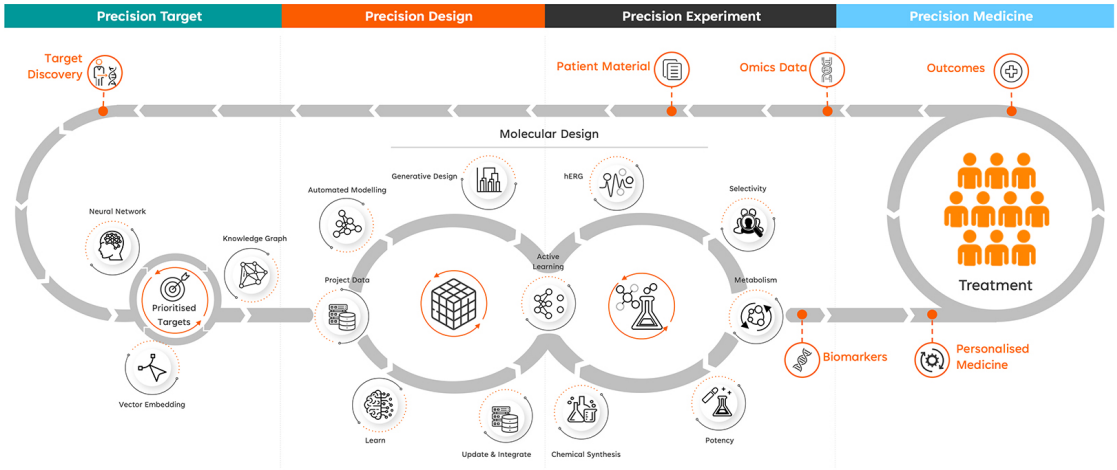


AI_Time acceleration			
Time to candidate (yrs)	1		
rNPV ($M)	18.1		
Change	69%		
AI_Cost reduction			
Cost to candidate ($M)	8	p(to market)	*7%*
rNPV ($M)	14.6	rNPV ($M)	40.6
Change	36%	Change	279%
AI_Success rate (7 out of 8 in discovery)			
Probabilty to enter market at start	*7%*		
rNPV ($M)	20.1		
Change	88%		
AI_Success rate (+5% per stage from preclinical onwards)		p(to market)	*11%*
Probabilty to enter market at start	*6%*	rNPV ($M)	74.2
rNPV ($M)	24.2	Change	593%
Change	126%		

The figure above illustrates the positive economic impact on NPV that our approach can provide. The risk adjusted NPV, or rNPV, of an asset is only approximately $10 million with industry standard parameters (Paul et. al. 2010 assumptions: 4.5 years to candidate, $18 million inflation-adjusted costs to candidate, and 4% probability to market at start). With our approach, the rNPV of an asset may be increased substantially with time acceleration (approximately one year to candidate), cost reduction ($8 million to candidate), and an increase in POS in drug discovery. If we increase the POS by 5% per stage from preclinical to launch, then the rNPV of each asset is further lifted.

Our Technology Platform

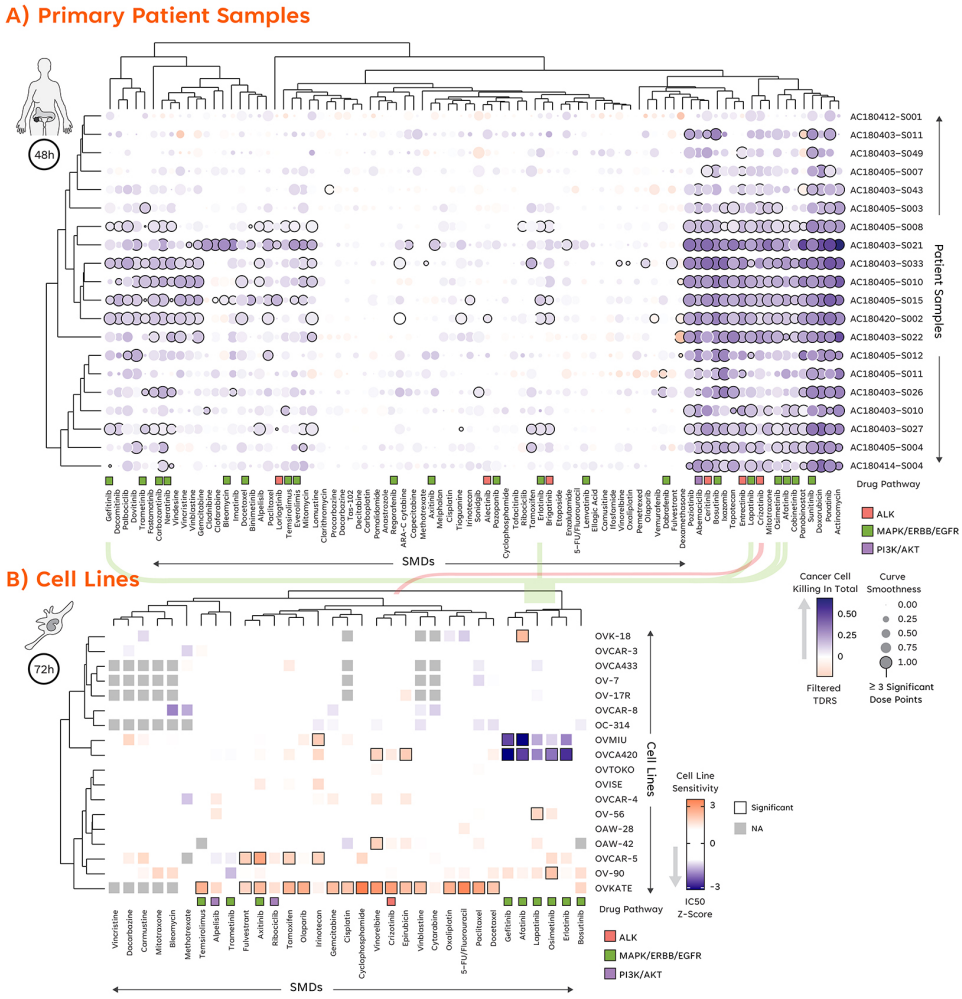
The learning loop of discovery and development. We have designed a comprehensive learning system with AI at its heart, encompassing precision target generation, precision molecular design and extensive precision experimental laboratory-based testing. These work in concert to deliver constant feedback and refinement to support our drug discovery goals. We have also built an AI-enabled approach to precision medicine that combines high resolution single-cell analyses of tissue material from individual patients with multi-omics single cell data. This allows us to learn from patient data in all aspects of our drug discovery and development process from target discovery, through drug optimisation to patient selection.



Precision Target

Patient driven target discovery. Our patient tissue screening platform can be used to discover and validate targets by testing the activity of compounds with known target space in primary tissue samples, and then overlaying this with transcript and protein-protein interaction data to 'triangulate' for critical target nodes. Similarly, new therapeutic opportunities for previously validated targets can be identified by evaluating compounds in diverse patient samples from different indications.

In an ongoing project, we characterised the activity of 80 approved small molecule drugs in a set of samples from 20 ovarian cancer patients. In a subgroup of patients, a family of tyrosine kinase inhibitors were found to be highly active in the samples, as shown in the figure below. Combining gene expression and protein-protein interaction data, leveraging the differential responses through multi-omics mapping revealed new cluster neighbourhood targets that could potentially be drugged for the treatment of this disease. Follow up work to narrow down the target selection is currently ongoing. Many of these sensitivities would have not been identified in cell line screens indicating the potential impact of using primary cancer samples as models for target discovery.



Side by side comparison between drug responses obtained with our primary ex vivo model and publicly available cell line data (CANCERRXGENE.ORG). This comparison shows overlooked drug sensitivities to ALK inhibitors in previously published cell line work captured in our MPA primary model. Overlapping drugs between both datasets are marked with green and red arrows for EGFR and ALK inhibitors respectively.

(A) Bubble-heatmap of per-drug anticancer cytotoxicity (TDRS) after 48 hour treatment in primary ex vivo patient samples. Purple colour intensity represents magnitude of cancer killing. Bubble size represents dose response curve smoothness, while outline indicates ≥3/7 significant data points.

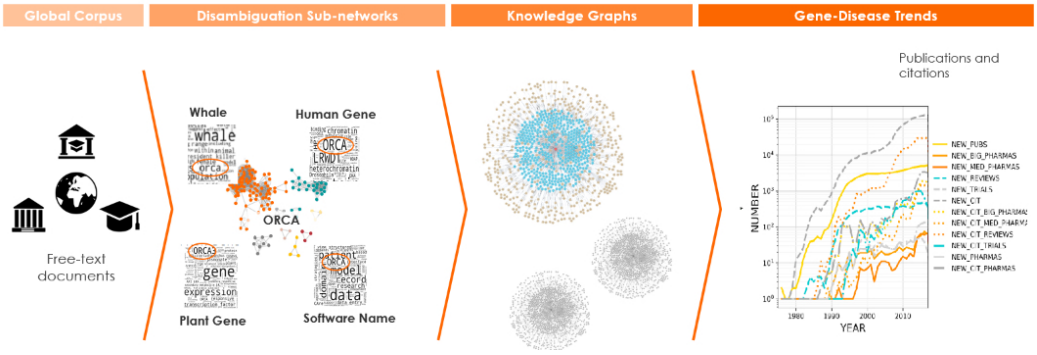
(B) Cell line Heatmap after 72 hour treatment showing IC50/Z-scores. Purple colour intensity represents magnitude of cancer killing. Outline indicates significant Sensitive to SMDs treatment with IC50/Z-scores lower than -2.

Centaur Biologist. Centaur Biologist is our AI-driven, automated target discovery platform technology that applies deep learning to genome-scale datasets to identify connections and predict target-disease associations well ahead of publication in the scientific literature. At its core, Centaur Biologist is a system to gather, process and interpret data on potential targets and diseases that can enable us to differentiate the hot targets from the hype. We use Centaur Biologist to:

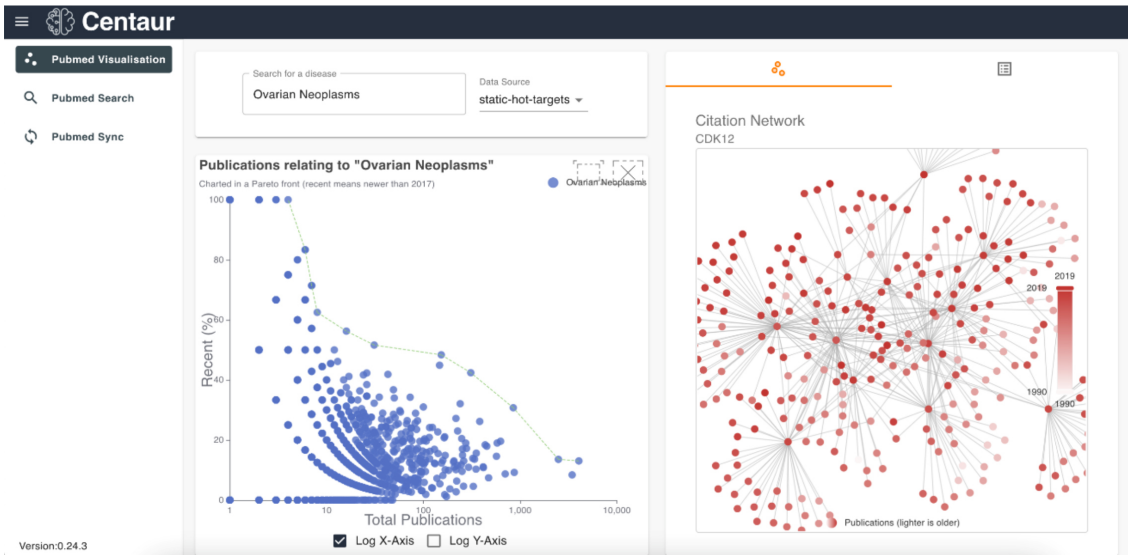
- evaluate and prioritise incoming proposals for collaborative drug discovery;
- seed our own internal drug discovery efforts; and
- identify potential biomarkers for use in selecting patients and obtaining early signs of clinical activity.

The platform is disease area agnostic. To date, we have successfully applied it to target identification efforts in a wide range of areas, including oncology, immuno-oncology, immunology and rare diseases, supporting business development activities and initiating joint ventures. In addition, in partnership with the Gates Foundation, we are using Centaur Biologist to identify targets for diseases of particular importance to the developing world. In our collaboration with Sanofi, we are using Centaur Biologist to identify targets across oncology and immunology.

To automate hypothesis generation in biomedical science, it is essential to disambiguate biomedical entities in the scientific literature. Using learning algorithms and co-citation graphs, we have developed a methodology that addresses this issue arising from redundant and conflicting gene names in the scientific literature. Genome wide analysis of publications using recurrent neural networks allows trends or patterns in the literature to be identified, providing not only an alerting mechanism to highlight genes of emerging scientific importance but also a one-click disease area overview to increase the efficiency of our target analysis team. Of particular interest is the ability to identify targets with a higher probability of translating to the clinic, and we use our patent-pending Trendy Genes algorithm to identify these in an objective and consistent manner. This gives us early insight into target identification and allows us to initiate drug design ahead of our competitors.



The figure above shows the Trendy Genes workflow which generates a graph representation of the literature and Trends are identified to highlight emerging opportunities.



The figure above provides a view of the platform displaying an overview of ovarian cancer publications plus the citation graph for a potential target of interest.

This disambiguated literature pipeline also forms the basis for a suite of predictive algorithms, moving the analysis from a visualisation of what is currently known, to a prediction of what is likely to be identified in the future. Embeddings are vector representations of entities and concepts generated from the global body of literature using multiple state-of-the-art language models. The embeddings capture the semantic context of the words and include the context of biologically relevant terms such as gene and disease names. Terms with similar meaning are represented by similar vectors. Once generated, these embeddings can be used as substrates for classification algorithms to predict unpublished links between genes and diseases. Our research indicates that mining these embeddings can highlight novel gene-to-disease associations years before they appear in the literature. Other relevant biological relationships such as synthetic lethal gene pairs can also be predicted prior to publication, supporting our oncology target identification and patient selection activities ahead of the competition.

A further application of our Centaur Biologist platform is the combination of literature extracted data with other structured data sources, such as genomics, transcript profiling and pathway databases. These data are integrated into large scale knowledge graphs that allow 'shortest path' analyses to trace relationships between genes and diseases. Applying graph neural networks enables us to link prediction, again generating novel gene-disease target hypotheses.

To identify the next generation of targets we are integrating genomic, transcriptomic and epigenomic sequencing data as well as patient data from our own precision medicine platform.

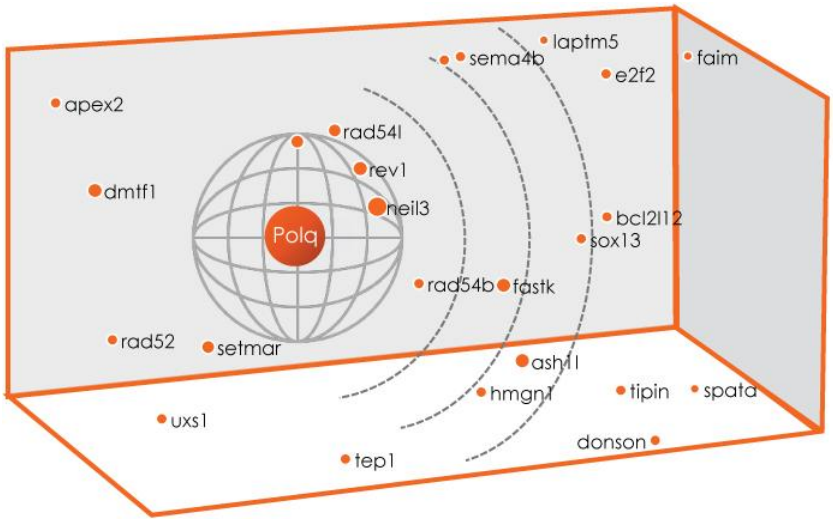


Figure above is a visualisation of a knowledge graph embedding showing genes in the region of DNA Polymerase Theta, a DNA damage repair target for oncology. Targets visually close to one another (e.g., PolQ) are proximal in our knowledge graph and therefore likely to be involved in similar biological processes. This enables rapid hypothesis generation and prioritisation of opportunities.

Precision Experiment

The predictive power of our machine learning models is based on the quality of the underlying data. Generating high quality, reproducible experimental data is therefore core to our business. We have developed advanced internal laboratories of approximately 46,000 square feet (4.242 square meters) in Oxford to deliver the following capabilities:

- translational assays using high content imaging of patient tissues;
- patient-tissue biobank for translational models;
- molecular and cellular pharmacology to develop primary project assays;
- biosensor fragment screening to support project initiation and progression;
- structural biology (crystallography and cryo-electron microscopy, or cryo-EM) supports 3D design;
- G-protein coupled receptor, or GPCR, biased-signalling pathways for next-generation pharmacology.

It is important to control the precision of data generated by our primary pharmacology, biophysical and high content methods. We are focused on generating our own proteins and cell reagents in-house and sourcing tissue directly from patients. As a result, we are able to develop key assays and determine protein structures that are aligned to our design process and represent human biology. Where assay data are generated externally, we develop the primary and selectivity pharmacology assays in-house first to ensure high data quality. We continue to automate every aspect of drug creation towards a strategic goal of fully automating laboratory sciences, from protein production and assay development to screening.

Translational assays using complex disease relevant models and single cell data. Leveraging functional and multi-omics data enables the understanding and mapping of disease and drug effect allowing us to better define and predict how molecules will work in the clinic. Our platform combines the latest advances in high content confocal microscopy, proprietary deep learning image analysis, high throughput and scalable next generation sequencing, scalable cloud computing to interrogate the activity of small molecules and other therapies directly in diverse primary patient tissues at the single-cell level. We have developed our high content translational platform to overcome the unique challenges associated with working with primary tissues. The workflow is highly standardised and amenable to end-to-end lab automation. For our functional workflow, a typical patient-based high content assay workflow comprises the following:

- tissues are collected and minimally processed to keep the composition close to the primary tumour;
- tissue preparations are exposed to drugs in special imaging plates and incubated;
- primary cells are fixed and stained with fluorescently labelled antibodies and dyes;
- 2D or 3D confocal images are taken of every single cell under every treatment condition using automated high content microscopy;
- data are analysed using a proprietary image analysis software to identify, classify and phenotypically characterise each individual cell; and
- the single cell data from millions of cells per experiment are analysed for biological effects.

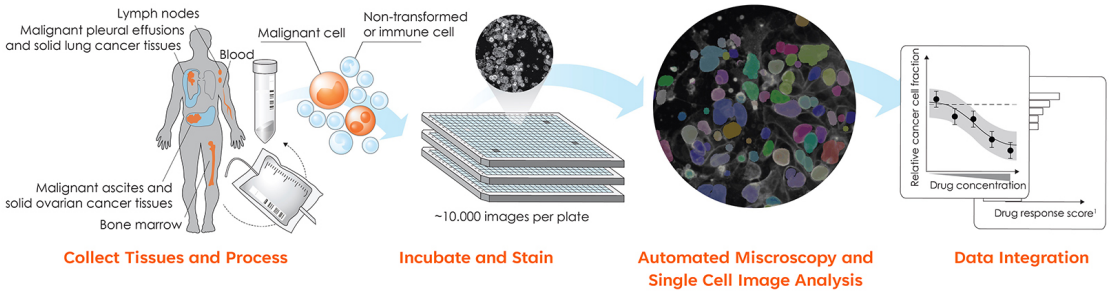


Figure above provides an overview of the patient tissue analysis workflow

Compared to other *ex vivo* drug testing platforms, our approach *offers* the following key advantages:

- Patient relevance: The process maintains the patient's very own connective tissue cells and immune system and is sensitive to individual variation between patients.
- Single cell resolution: Sensitive measurements can be taken from both liquid and solid tissues. This is essential to distinguish on- from off-target response and prioritise clinically effective over ineffective or toxic drugs, and understand effect and mechanism.
- Versatility: Our assays are compatible with diverse cancers and tissue types, direct cell killing and immunomodulatory drugs.
- Scalability: Our platform uses standard lab automation and maximises the number of drugs tested with limited tissue. Data analysis is fully cloud based and highly scalable. Typical throughputs range from 10 to 100 drugs analysed in parallel, in dose response curves and technical repeats and at different time points.
- Speed: Typical turnaround times per assay can be as low as five days, which is substantially faster than industry-standard timelines for assays of organoid or animal models.
- Reproducibility: The analytical performance of the platform has been extensively studied in various indications and sample types and results found to be highly reproducible both within and between assay runs.

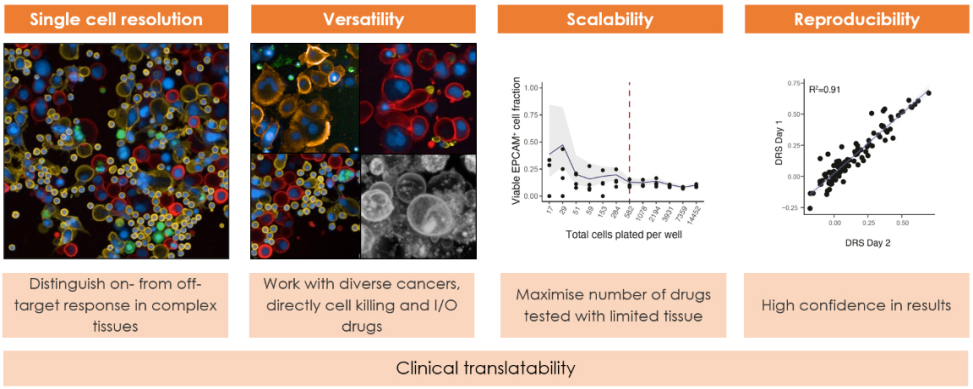


Figure above highlights the advantages of our approach. We believe our approach is the best in class technology for the single cell functional profiling of primary human material. We are able to distinguish at a single cell level on / off target effects of drugs. The technology is versatile with the capability to prosecute multiple tumour types. The technology is highly scalable as only a small amount of patient material is required per well. The results arereproducible and have been shown to be clinically translatable in prioritising therapies.

Patient-tissue biobank for translational models. Our experimental process is compatible with diverse tissue types and tumour indications including blood (leukaemias), lymph nodes (lymphoma), and solid tumour indications (tissues such as malignant pleural effusions and ascites and solid tissue samples). We currently have both biological and clinical validation data for for the majority of haematological cancers (including acute and chronic leukaemias, T- and B-cell non-Hodgkin lymphomas and multiple myeloma)

and biological validation for solid tumour indications such as lung, ovarian, breast and pancreatic cancer, renal cell carcinoma. Clinical proof of concept for solid tumour indications is expected in conjunction with our '546 and '617 clinical studies, where we will observationally assess the functionality of our patient selection biomarkers.

The image analysis platform uniquely enables the development of readouts specific to the phenotype of a drug or indication.

We routinely use readouts that include:

- quantification of cell viability and classification of cell identity (e.g., to determine the ability of an anticancer drug to selectively kill cancer but not immune cells);
- quantification of activation marker intensities and expression for population changes (e.g., to quantify immune cell activation and proliferation); and
- cell size, morphology and shape (e.g., to investigate cellular activity depending on stimulation or drug treatment).

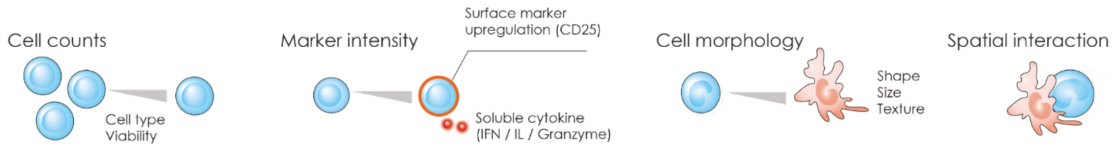


Figure above shows the readouts frequently used by the platform

We have also developed proprietary methods to quantify cell-to-cell interaction propensities as a measure of immunomodulation (e.g., to determine the likelihood of antigen presenting cells to interact with T-cells in complex primary tissues); and we are working to develop label free and unsupervised approaches for classifying phenotypic diversity in primary tissues. Additionally, the platform can in principle be adapted to work with induced pluripotent stem cells and co-culture models at the single-cell level, which could expand its potential application beyond oncology into inflammatory diseases and other indications.

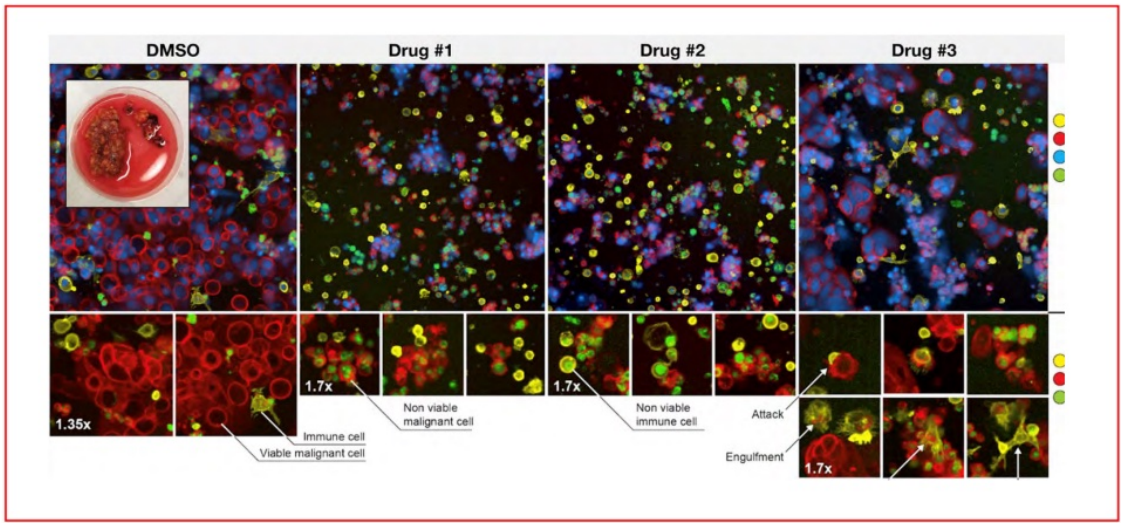


Figure above shows the rich phenotypic responses we are able to generate through our high content imaging technology with single cell resolution. Enabling us to generate a deep understanding of the cell its mechanism and predict responses to drugs.

Biosensor fragment screening to support project initiation and progression. Biosensor assays, using surface plasmon resonance, or SPR, allow direct biophysical measurement of compound binding and its kinetics. We use biosensor assays in our drug discovery process to create seed datasets of low molecular weight "fragment" compounds for further optimisation by generative design. Biosensor assays have an extremely wide dynamic range and can measure compounds with binding equilibria from pico-Molar to milli-Molar and are ideal for fragment screening. The label-free nature of biosensor assays allows ligands binding at both orthosteric and allosteric target sites to be measured. The graphic below illustrates the integration of our fragment screening technologies to identify and exploit novel binding sites.

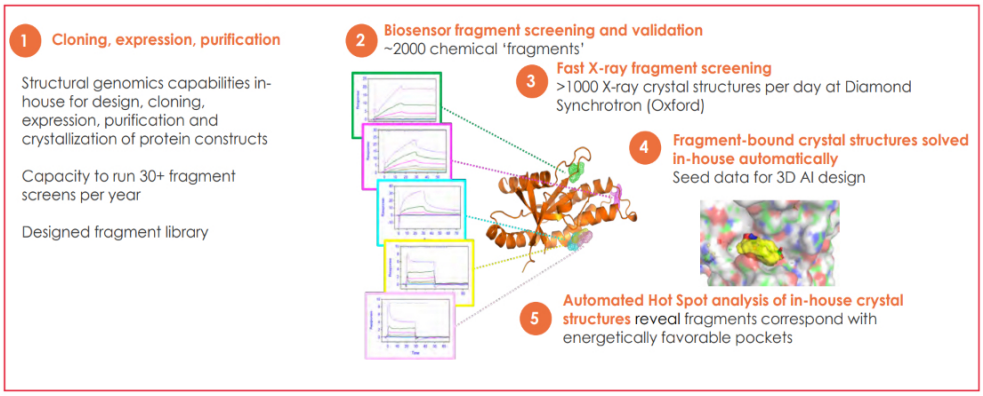


Figure above shows the steps required to identify multiple novel binding sites on Sting-1.

We are constantly striving to improve our technology and the quality of the data that we generate. Our team has developed a key innovation in biosensor assays, specifically, the application of SPR technology to screen "wild type," GPCRs. The advantage of screening "wild type" GPCRs, compared to thermostabilised proteins, is that compound binding to the full range of receptor conformations can be measured in a single assay — from inverse agonists to full agonists. This approach was critical, for example, to the successful development of our A_{2A} clinical candidate.

Our biosensor assays are AI enabled, with SensAI, a machine learning method that automates the analysis and classification of SPR experiments. This extends our machine learning to SPR data and is a key component to scaling our fragment screening and kinetic analysis capacity.

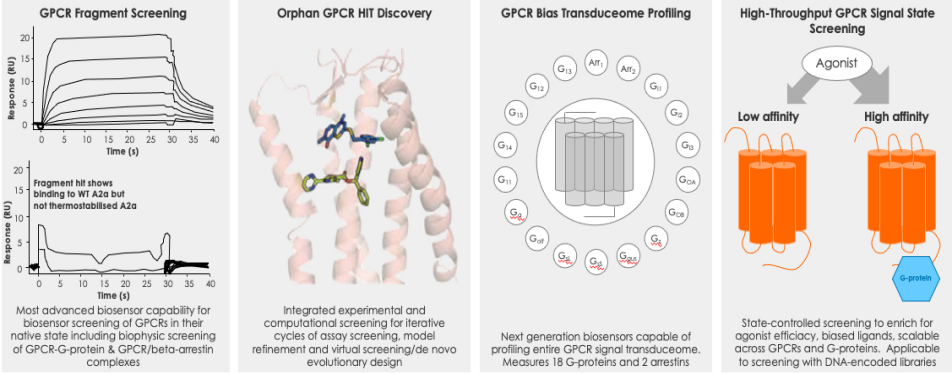
Structural biology supports 3D design. Our AI algorithms directly exploit data from structural biology, whenever it is available, to build hypotheses for generative design and to map the binding site using Hot Spot analysis. We employ techniques such as X-Ray crystallography and cryo-EM to provide comprehensive 3D structural information about the atomic interactions of a molecule. We have built in-house structural biology capabilities for X-ray crystallography and cryo-EM that also make use of high-throughput synchrotron beamlines and Cryo-electron microscopes.

GPCR biased-signalling pathways for next-generation pharmacology. We have established a comprehensive platform of GPCR techniques that comprise molecular pharmacology, AI design, biophysical screening and structural biology, which we call TRUPATH. This approach, which was invented by our head of GPCR Pharmacology, is pathway agnostic and thus allows us to measure GPCR-

ligand activities at the single-transducer level. The technology is an exquisitely sensitive and universal GPCR signalling assay, allowing for precise discrimination between all G protein pathways. Unlike most signalling assays, TRUPATH does not rely on second-messenger pathways. It is insensitive to receptor-reserve, meaning the signal is not influenced by the number of receptors present on the cell surface, improving translatability and simplifying comparisons of activity between pathways. We can use the approach to elucidate transduction networks and define biased signalling pathways that can refine target activity to mitigate off-target effects. It allows for high resolution at the pathway level to provide the most accurate measures of receptor occupancy and activity in a signalling assay. Our system, now optimised within Exscientia, expands the technology to support both live-cell and protein-based configurations that are routinely applied in drug discovery projects. This allows us to link GPCRs to previously undocumented or "silent" signalling networks even in the absence of ligands that drive a coupling event. Our TRUPATH platform provides unique value to GPCR drug-discovery programmes.

Our multi-parametric drug design algorithms are well-suited to exploit these complex GPCR readouts which are a spectrum profile across 20 signalling pathways rather than a single endpoint.

The graphic below describes our GPCR platform.



Molecular and cellular pharmacology to develop primary project assays. Our laboratories are fully equipped to address the challenges of enabling a large-scale discovery portfolio and focus on the full integration of experiment with AI. The laboratories focus on four key areas to:

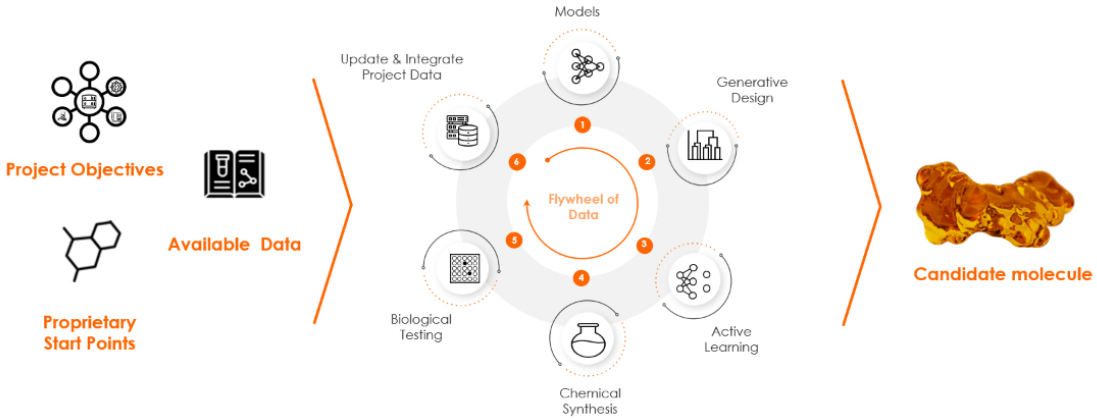
- bring pharmacological and disease insights to the evaluation of new targets;
- develop and implement translational strategy;
- define, implement and monitor each screening cascade; and
- drive projects through to candidate discovery.

To support our internal discovery portfolio, we incorporate a comprehensive range of biochemical screening technologies. In addition, we have extensive experience with physiologically relevant cellular screens covering immuno-oncology, oncology, inflammation and immunology.

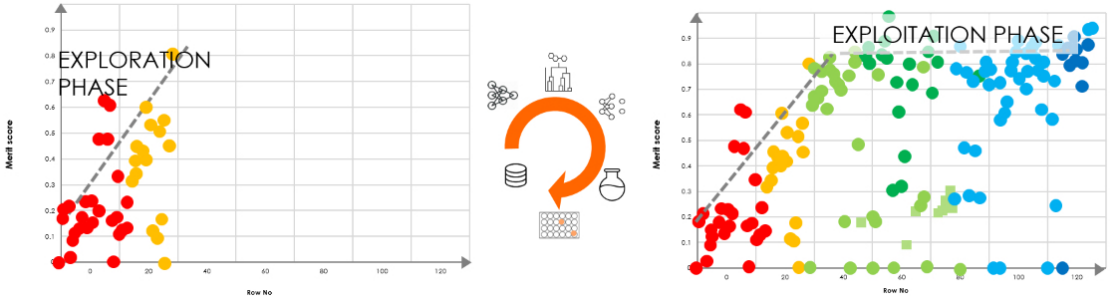
Precision Design

Our philosophy is that every molecule should be designed by an algorithm. We unlock the creativity of AI through the use of reinforcement learning, deep learning and genetic algorithms to intelligently design and select novel compounds that meet our design objectives.

Centaur Chemist. Centaur Chemist is the core drug design component of our platform. It is a sophisticated combination of AI technologies and high-precision models that allow us to predict and utilise over 2,500 human biological endpoints in parallel to meet critical design objectives. Centaur Chemist can exploit diverse data, including three-dimensional protein structures, high content images and pharmacology data, creating predictive models to evaluate the multitude of drug properties in parallel. Satisfying composite design goals to create drug candidates with balanced properties in the most efficient molecular structure is a significant competitive advantage of our AI design.



Objective setting and project telemetry. Our AI platform allows us to design compounds that meet multiparameter optimisation (MPOs) within a small number of design cycles. Using experimentally determined data we measure how well our compounds meet these objectives using our MERIT scoring system. Each circle in the charts below represents the overall performance for a single compound based on multiple defined objectives. The graph shows a typical project progression, with sequential compound number on the X axis and a composite measure of distance to desired drug properties (MERIT) on the Y axis. The composite measure drives the delivery of compounds with balanced properties since a single poor score in just one property will drive the overall MERIT score to zero. The graphs also illustrate how over time the system first explores the boundaries of the specific problem, initially producing a higher proportion of compounds with low MERIT scores but in doing so improving the underlying predictive models. As the system gains knowledge (i.e. more project specific experimental data) the project progresses rapidly and the system designs a higher proportion of compounds that satisfy all the desired properties. The entire process from the first round of novel designs to identifying candidate quality molecules typically takes approximately one year.



The figure above shows how the system rapidly learns and progresses by exploring the chemical space, to generate molecules with high MERIT score during the Exploitation phase, each cycle of design is represented by a different colour.

Model platform. Our system predicts over 2,500 human endpoints automatically, from PK to off- target effects and we generate models which allow the Centaur platform to create and evaluate the suitability of the drug candidate molecules. These models are delivered through our Model Platform that allows us to ingest data from a wide variety of sources and automatically build multiple models using advanced machine learning techniques, such as multi-task deep learning methods. In addition, we have built models on endpoints as diverse as *in vivo* behaviour and high content cellular imaging, through to the more routine, biochemical or cellular screening data. The system does not require crystal structures of the protein of interest, but if one is available, we have comprehensive tools to utilise this additional 3D information, including molecular dynamics and physics-based prediction models. The system utilises whatever information is available and begins to learn its way towards the predetermined design objectives. If the goals of the project change, it will extract the maximum value from what it has already learned to inform a path to the new goals.

Hotspots. This is a sophisticated statistical technology developed by our Head of Structural Bioinformatics that creates a detailed map of the surface of a protein. It describes the shape of any pockets present within a protein and the specific locations of the key features that determine ligand binding such as H-Bond donors, acceptors and apolar areas. The resulting map generated is incredibly valuable in describing the size, shape and composition of ligands that are likely to bind to these pockets and has great utility at multiple stages of the drug design process. Hotspots can be defined for a static structure or for a dynamic ensemble of structures derived by molecular dynamics.

Druggability assessment. Having a map of potential binding sites for a protein enables a quantitative assessment of the likelihood of finding a ligand to be made in an automated manner. Further, the map also gives an indication of the likely physical properties of ligands that will bind to these pockets. This allows us to make a precise assessment of the druggability of any given protein or collection of proteins. In the diagram below we show how this automated analysis was applied to map the kinome.

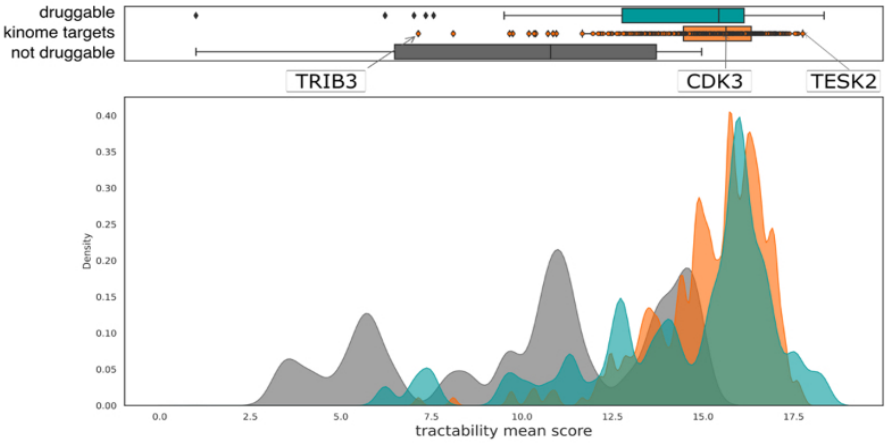


Figure above shows the distribution of tractability scores as both a histogram (top) and a kernel density estimation plot (bottom) for the ATP site of all human kinases (orange). These are compared to a reference set of known druggable (green) and presumed non-druggable targets (grey).

Defining 3D constraints as starting points for the generative process. The same detailed map of each structural binding site can be used to create the objectives to initiate our generative design algorithms. The system generates molecules that are complementary to the Hotspot map and precisely engineered to fit into the cavity without any superfluous atoms.

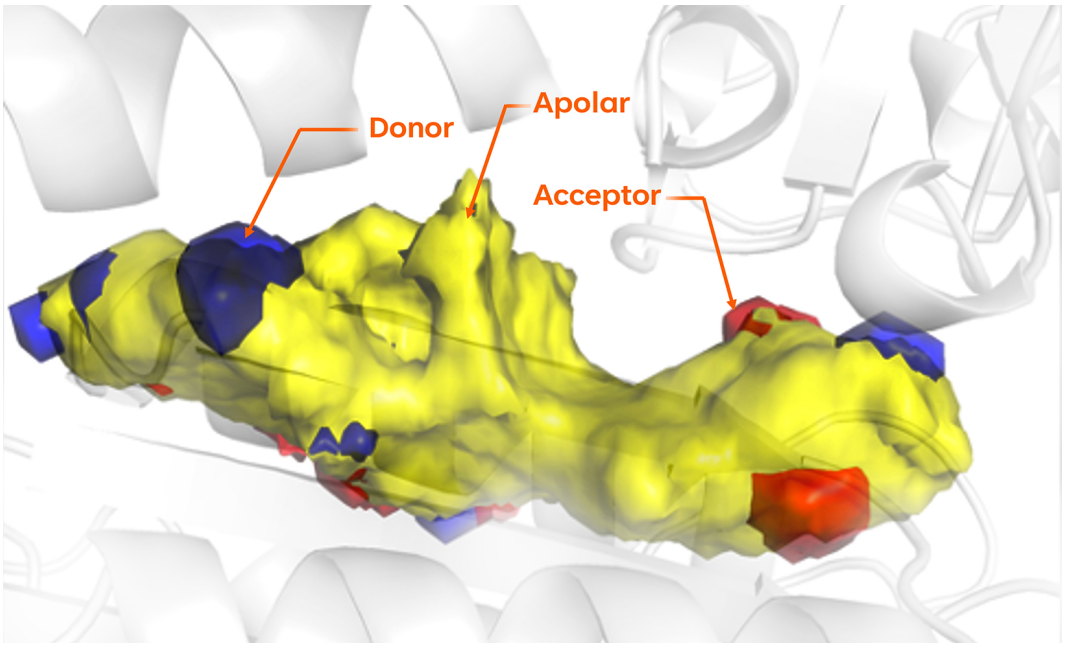


Figure above shows hotspot map of a binding pocket.

AlphaFold 2.0 has enabled genome wide protein structure prediction. Structural data on this scale requires a fully automated, elastic platform. We believe that we are well positioned to employ this advance across our AI platform. We can map druggable binding sites across the genome using our automated, high-throughput structure-based target assessment pipeline and Hotspot capability. As a result, we believe that we will be able to deploy this technology to progress dark targets, which were previously deemed intractable or undruggable. For our drug design process, in principle, we can now consider any target to be structurally enabled. We believe that this will allow us to accelerate projects through automated validation, constraint generation and high-throughput physics-based approaches. Experimental validation is also critical, as we believe that purely physics-based modelling approaches will struggle with the variable quality of the available models. Our structural biology and biophysics capabilities can be used to generate a hybrid model that maximises information gain at scale.

Generative design. Core to our AI approach is the belief that learning systems are superior to brute force in finding the optimal and most elegant solution to high dimensional problems. We have developed a suite of AI-design algorithms that generate novel chemical structures, allowing us to virtually navigate the vastness of chemical space in an efficient and intelligent manner.

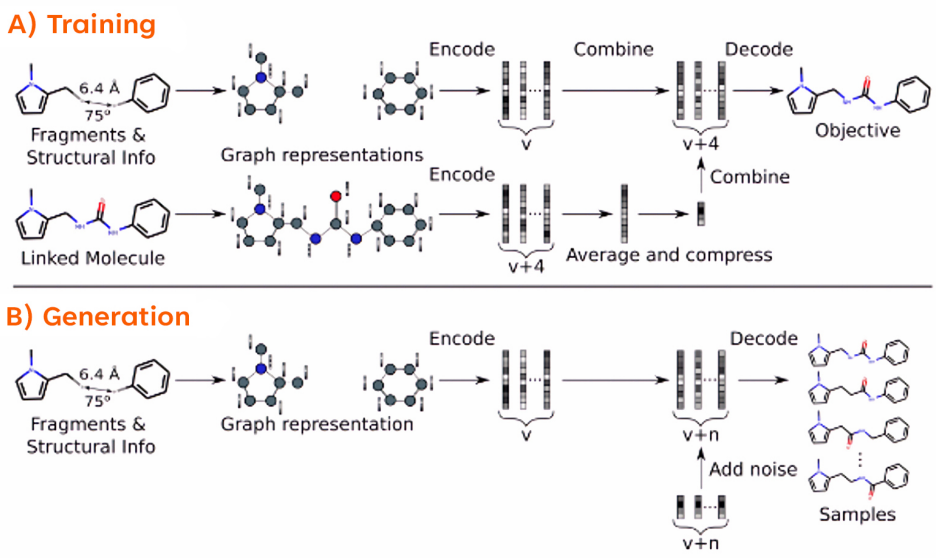
Machine learning methods rely on having a reward mechanism to guide the algorithm as it generates molecules that better satisfy the desired criteria. This process is how the system learns. We have created a comprehensive “reward bundle” that allows us to plug in any combination of our predictive models to any of our generative design algorithms. We can exploit the precision of 3D structural information along with the breadth of 2D data in this integrated reward system to generate optimised molecules.

For each design cycle, we combine the key objectives into an MPO function and the AI generative models create molecules to meet these objectives. Employing generative AI means that our system can effectively evaluate billions of possible molecules to identify those that meet our desired criteria. We use multiple AI algorithms, all of which are optimised for real world applicability, to generate synthetically tractable and drug-like molecules with desirable properties. Some of these methods are described below:

Rogue is a class-leading reinforcement learning algorithm which is one of the many generative AI algorithms we routinely use. It uses a prior model of relevant chemical space that is initially trained using a large database of drug-like molecules. The Rogue agent then generates a molecule and calculates the new molecule's properties, assessing if it is closer or further away from the desired MPO function. The agent learns during this process how to optimise the reward from both positive and negative changes. It updates the stochastic policy accordingly to make positive changes more likely. Once a policy to fully optimise the MPO is learned, the model generates a population of molecules from which our active learning algorithms pick the best candidates for synthesis and testing. The following graphic illustrates components of the drug design process with Rogue.

Gambit is a generative molecule design algorithm that uses evolutionary optimisation. It automatically evolves populations of novel, tailored molecular designs using hybridisation and chemical transformations. Based on original work published by our founders in *Nature* in 2012, Gambit has been significantly refined and developed to incorporate our state-of-the-art scoring functions and run on our workflow system. The evolutionary design used in Gambit is complementary with deep learning generative approaches such as Rogue.

DeLinker is the first graph-based deep generative method that incorporates 3D structural information directly into the design process. Our method takes as input two molecular fragments and designs a molecule incorporating both substructures, either generating or replacing the linker between them. This allows us to handle structure-based design tasks such as fragment linking and scaffold hopping effectively. The generation process integrates 3D structural information, specifically the distance between the fragments and their relative orientations. This 3D information is vital to successful compound design. In addition to fragment linking, we see great potential for this method in application to proteolysis targeting chimera design. The following graphic summarises our DeLinker approach.

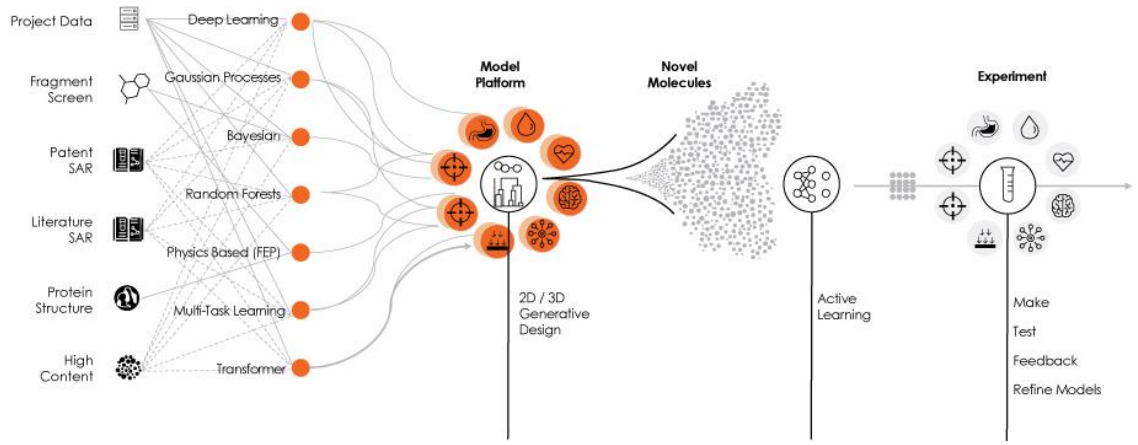


In the figure above, we summarise the algorithm's model training and molecule generation process. The model is trained to reproduce known linkers in 3D and can be used to produce novel linkers, when used generatively.

Active learning from sparse data. Often at the start of a novel drug discovery programme, there is very little data available in the public domain. Where data on a target is sparse and we need to find new starting points, we proactively generate proprietary data via our precision experiment technologies to supplement what we can obtain from other sources. The early design cycles of a project we refer to as "exploration" because our systems are learning about the chemical landscape and building their predictive power. Using our active learning algorithms enables our design process to work with sparse data and identify the specific molecules to synthesise that will create the maximum information content at each design cycle. As the campaign progresses the amount of data available increases and active learning ensures we rapidly improve the predictive power of the models. This phase is referred to as "exploitation" because our systems are making the maximum use of the knowledge we have created.

We leverage a breadth of active learning strategies, including Shannon entropy and Bayesian optimisation, to identify the best compounds for experimentation based on which new data will improve our models more rapidly. Each cycle our active learning algorithms provide novel insights which strengthen the predictive power of our models. Consequently, we can rapidly progress towards the very best molecule for that specific target designed by our generative design models.

Our Precision Design Process



Step 1: Collecting and curating diverse data to seed models. At the start of the project, we spend considerable time and effort to do a thorough and detailed assessment of all the available data relating to the target of interest. We have a dedicated team of experienced and skilled data scientists to extract and process data from a variety of sources and then perform sophisticated curation and quality control to ensure that it is of the highest quality for model building. Where we need to find new starting points, we proactively generate proprietary data via our precision experiment technologies including fragment screening or virtual screening to supplement data obtained from other sources

Step 2: Model building. The models are deployed using our in-house model platform and the complex calculations orchestrated on our cloud architecture. Picking the right model for the right approach is important, but what is more critical is that the model learns and improves as it is fed with real experimental data. Every drug project is novel, and the molecules being designed have never existed before. We are often at the limit of the domain of applicability of our predictions: put simply, our models

have not seen anything like the compounds we are designing, so our models need to learn how to predict each new compound's properties. This is central to our philosophy that learning is the critical determinate of success in drug discovery. We update the models in our platform with new data that is generated, and we test and validate their performance before deploying them, we then continue to monitor their performance to ensure we are delivering precise predictions. The graphic above illustrates this process.

Step 3: Design cycle objectives. Each cycle of design has clearly defined objectives both in terms of the target properties to optimise but also in terms of the areas of the molecule to be modified. We describe this as an MPO, which enables our algorithms to automatically generate molecules to meet these criteria. An MPO that appears to be a single objective such as dose actually comprises multiple objectives including potency, therapeutic index, bioavailability, solubility and many more that need to be broken down and encoded by the system to optimise. It is important to balance exploration with exploitation to fully map the space around the design objectives, while efficiently optimising towards a development candidate. As projects progress, we measure progress towards the development candidate criteria using our MERIT scoring system.

Step 4: Optimisation. New designs are produced using our generative AI approaches, such as Rogue and Gambit, in parallel to create a population of molecules that meet the optimisation criteria. Those with highest potential are then refined *in silico* using advanced models and prediction of synthetic accessibility.

Step 5: Selection. From the large population produced by generative design, more detailed predictive models combined with active learning are used to create a set of 10 to 20 prioritised molecules in each cycle that will give us the maximum information to improve our models and achieve multiple design goals. The 10 to 20 selected molecules are synthesised and tested extensively in the laboratory. The data are then fed back to build certainty into our predictive models so that the next cycle can commence.

Broad Applicability

The power of our multi-parameter AI driven approach is that in addition to single target focused optimisation, we can optimise against more complex endpoints than have been conventionally possible. We can design against big and small data problems, with and without X-ray structure, and directly using high dimensional, high content data. We are not aware of any other design system that can incorporate such a breadth of data types into design.

Designing small molecule bispecifics. We have completed multiple projects that require the modulation of two unrelated targets while retaining high off-target selectivity. Biologics have historically been used for bispecific molecules; however, our platform has enabled bispecific design for small molecules. Our AI platform has designed bispecific compounds that simultaneously fulfil the binding site requirements of two targets through an integrated pharmacophore. This means we do not use linker technologies that often lead to poor physical properties and high molecular weight. Due to the low molecular weight of our bispecific small molecules, they are more likely to be suitable for oral delivery and CNS penetration.

Designing towards complex phenotypic endpoints. High content assay technologies generate far more data than can be interpreted manually. We apply our deep learning expertise to both digest data and extract knowledge. Image-based data sets are processed to extract thousands of features, which are then encoded into our multi-parameter design map. These data are then clustered and correlated with the chemical profiles of active compounds to build models that can predict activity.

Evidencing the flexibility of our AI, we used our platform to interpret video data from a study of over 100,000 mice tested with a library of compounds. This high dimensional data contained 2,000 features,

such as movement patterns and behaviour, and our algorithms extracted 62 key features that fully described all relevant phenotypic activity. Subsequent analyses then linked these responses to specific chemical structures, enabling our AI system to learn which chemical features were responsible for driving phenotypic changes and generating new chemical structures designed to optimise this activity. Drug design can therefore be implemented effectively by our technologies without any knowledge of the target.

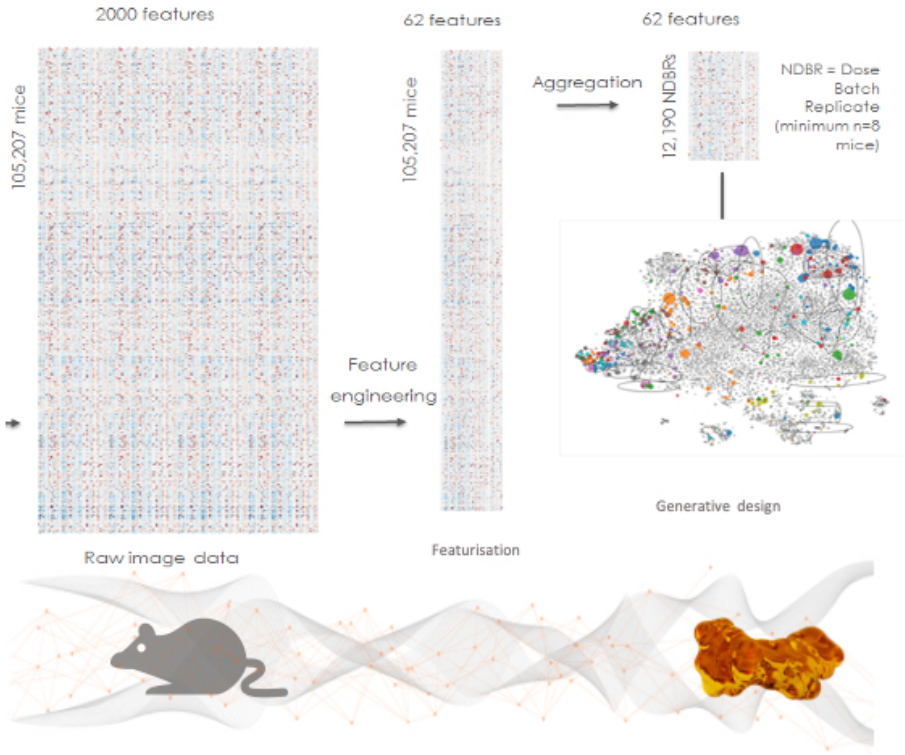


Figure shows the dimensionality reduction and featurisation of high content video data analysing the behaviour of over 100,000 mice converted into molecular design hypotheses.

Ongoing Platform Expansion

Biologics by design not discovery. Our new biologics platform fits within our end to end AI driven drug discovery and development platform. We are building an automated laboratory with proprietary hardware to enable integration of AI design with high-throughput biologics profiling under development. By sequencing paired human antibody data, we believe we can create better AI models for antibody design.

Initial versions of the technology invented by Professor Charlotte Deane, Exscientia's Chief Scientist of Biologics AI, produced accurate protein modelling up to 35,000 times faster than Alphafold2 (Abanades et al. Bioinformatics 2021). Exscientia has significantly expanded the scope, speed and integration of these algorithms while also integrating the capabilities into its broader platform. Exscientia's virtual screening methodology for antibodies is now over three times more accurate than the published state of the art.

Additionally, we have already demonstrated the potential of our existing precision medicine patient tissue models to analyse novel antibodies.

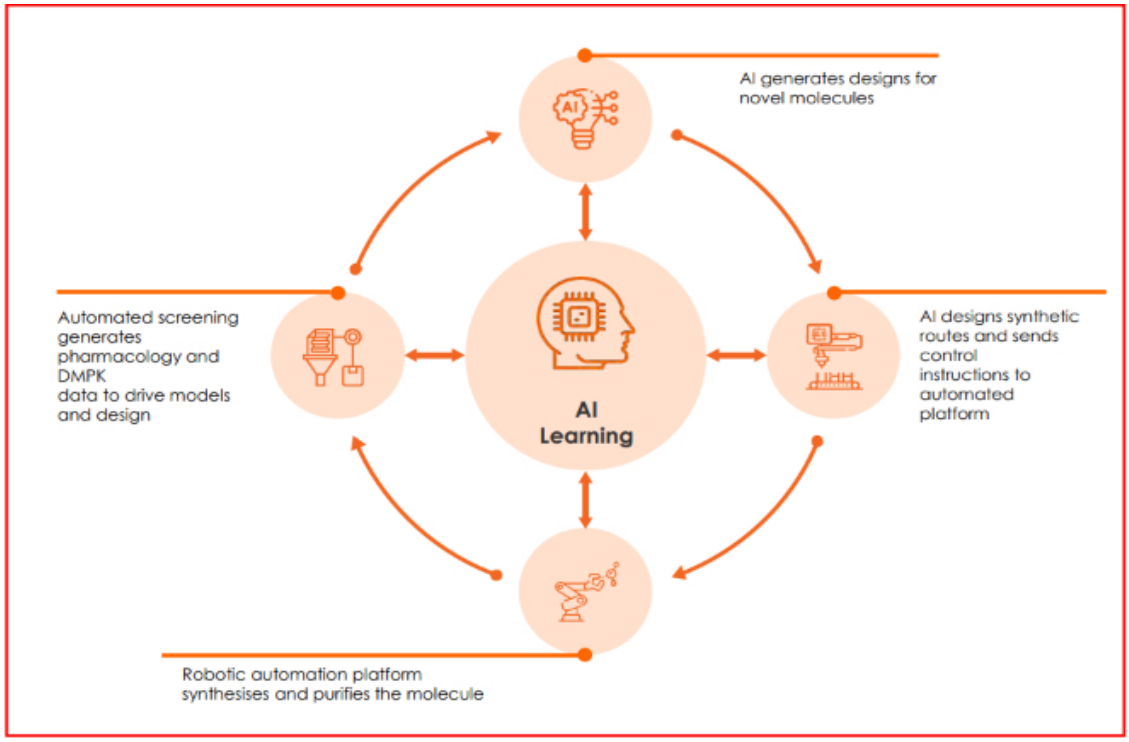
Autonomous Design. The goal of Autonomous Design is to achieve significant efficiency gains through process-level automation of human expert decision making. To achieve this, we are building a rigorous understanding of the strategies that drug designers employ on active discovery projects, and developing new techniques to extract, organise and formalise this domain knowledge and expertise. Capturing drug designer intent and strategic decision-making processes will allow us to identify optimal scenarios in which to apply specific strategies. By adopting a combination of rule based and data driven assessments, a hybrid neurosymbolic approach, we extend the true impact of AI in drug discovery and increase its applicability in sparse-data scenarios.

Closed loop integration of automated experiment with AI. We are currently designing and building what we believe will be the world's most advanced automated drug discovery experimental platform. This new platform will be driven by our autonomous drug design algorithms and be a fully automated, AI-driven Design-Make-Test closed loop experimental engine.

We have built a state of the art automation laboratory in Milton Park, Oxford, which will be operational in 2023.

This automated drug optimisation platform is designed to consist of four components:

- AI autonomous design;
- AI retrosynthesis and chemical reaction design;
- automated chemical synthesis; and
- robotic in vitro, cellular and biochemical screening.



Precision Medicine

Our functional precision oncology platform embeds patient based translational assays throughout our AI-driven drug discovery process. It uses high-content, single-cell resolution analysis and deep learning to measure the activity of drug molecules, *ex vivo*, in primary patient tissues, and then overlays with single cell and bulk next-generation sequencing to understand drug activity.

Testing drug action in primary tissues at single-cell resolution allows us to get as close as one reasonably can to an actual patient prior to clinical trials. We design and test molecules in the context of real-world patient-to-patient heterogeneity, with the goal of improving downstream success in the clinic. Our platform has been extensively used to characterise the cytotoxic activity of small molecules, biologics and cell-based therapies in primary human patient samples both for clinical and preclinical research applications. We believe our platform offers the following benefits:

- **De-risking clinical development.** Testing our drug candidates in our functional precision oncology platform allows us to demonstrate activity directly in patient cells before undertaking clinical studies. This affords us greater confidence that our drug candidates will demonstrate activity in patients.

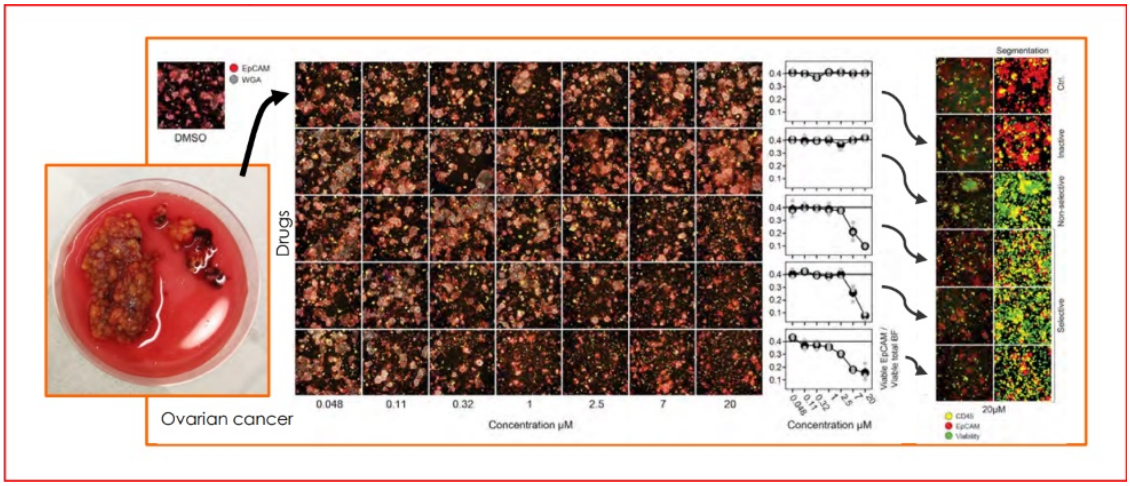


Figure above is an example of the high content images we generate, in this case evaluating five small molecules in seven concentrations with different activities. The red cells are cancer cells and the yellow cells are the immune cells, with the rows representing the different small molecules and the columns the concentrations of each small molecule. We can see in the top row the small molecule did not have an effect. In the second from top row, the samples did not change in appearance but the cells lost membrane integrity. In the bottom three rows, we can see a notable anti-cancer effect, and the drug candidates generated cell death in a dose dependent fashion.

- **Precision trials.** The platform can be used to design specifically tailored clinical trials in oncology where patients are stratified based on their actual response to a drug or combination of drugs. The EXALT-1 trial described below demonstrates the precision that we can apply to our clinical trial design.

- **Patient stratification.** Combining the genomic fingerprints obtained from patient samples with drug activity allows us to stratify patients rapidly and accurately.

We have successfully applied this technology to multiple projects. Two clinical stage examples are our A_{2A} antagonist, EXS21546, and our CDK7 candidate, GTAEXS617. These are highlighted below. Current and future projects will leverage the platform at the target identification stage:

- **Immuno-oncology candidate EXS21546, an A_{2A} antagonist.** We assessed our clinical stage A_{2A} antagonist, EXS21546, in primary tissue samples from patients across a range of solid tumour indications. Not only could A_{2A}-induced immune suppression be reversed in some indications and samples, but the compound also exhibited cancer cell killing activity. We have developed a multi-gene signature, that correlates with adenosine concentration in the tumour micro-environment and can be controlled by EXS21546, that we refer to as the ABS. Ongoing work is continuing for patient selection and pharmacodynamic biomarker discovery is ongoing using this platform, and the signature is being validated observationally alongside the ongoing IGNITE study.

- **Small molecule CDK7 inhibitor, GTAEXS617, in primary malignant ascites of ovarian cancer patients.** We completed a preclinical study evaluating the activity of '617, our CDK7 inhibitor that we developed, in primary tissue samples of ovarian, lung and pancreatic cancer patients. The preliminary data show that '617 exhibited potent antitumour activity with selectivity over immune cells in the same samples in some indications and patients.

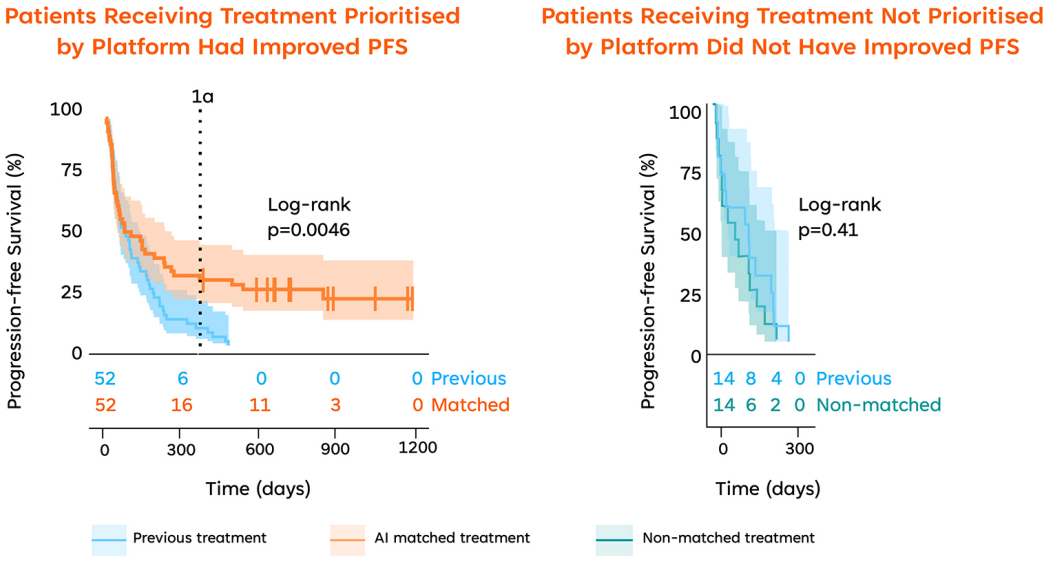
Personalised precision oncology. We have developed the first-ever functional precision oncology platform to successfully guide treatment selection and improve patient outcome in a prospective interventional clinical study. We believe that this not only validates our AI-driven, high content platform as a clinically translatable preclinical drug testing technology, but also potentially positions it as a future companion diagnostics platform that can be used directly for patient selection into clinical trials.

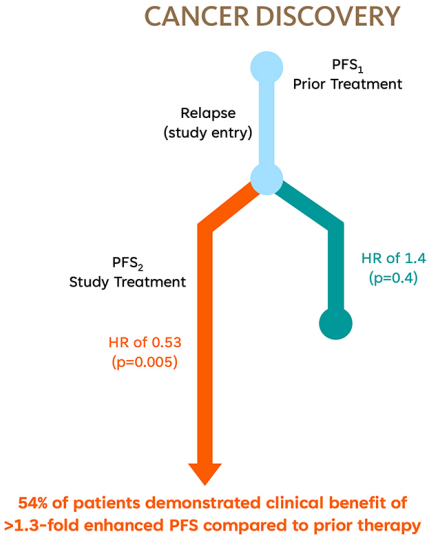
In the first-ever prospective interventional study of its kind, EXALT-1, our platform predicted which therapy was to be most effective for late-stage haematological cancer patients based on drug activity in their own tissue samples. EXALT-1 demonstrated the real-world patient selection capabilities of our platform by achieving a 55% objective response rate and demonstrating an improvement in progression free survival over the prior line of therapy for patients that were treated following the platform's recommendation.

The prospective, single-arm, open label study was a basket trial for patients with a variety of aggressive haematological cancers. The study evaluated a total of 76 patients. Of these, 56 patients were treated according to single-cell functional precision medicine (scFPM) and 20 patients received treatment based on physician's choice. At a median follow-up of 23.9 months, 54% of patients (30/56) demonstrated a clinical benefit of more than 1.3-fold enhanced progression-free survival (PFS) compared to their previous therapy, with 40% of responders (12/30) achieving exceptional responses lasting at least three times longer than expected for their respective disease. The PFS on scFPM-guided treatment was significantly increased (p=0.0093). Of note, 23% of patients (13/56) were progression-free after 12 months after scFPM-guided therapy, compared to only 5% of patients (3/56) on their previous treatment.

We believe that the results of EXALT-1 were very encouraging and warranted further investigation. In June 2020, the EXALT-2 clinical trial was initiated, a Phase 1 prospective, randomised trial of up to 150 patients to further investigate the original findings from the EXALT-1 trial. The final results from the EXALT-1 trial published in *Cancer Discovery*, a journal of the American Association of Cancer research,

in October 2021. In 2023, Exscientia intends to initiate an observational study using its precision medicine platform in solid tumours.





Kornauth et al. *Cancer Discovery* 2021, 1a: Kaplan–Meier plot comparing scFPM-matched treatment with previous treatment. Dotted line denotes 1-year follow-up

Combination screening. Today, anticancer drugs are almost exclusively used in combination regimens. Finding the right combination partner is a complex process that often requires parallel investigation of multiple combinations in costly clinical trials. We envision that our platform can substantially streamline this process, reducing both time to market and cost, by evaluating drug combinations in relevant viable patient tissues before embarking on costly trials. We completed proof-of-concept work to identify efficacious drug combinations with ibrutinib for patients with chronic lymphocytic leukaemia. This work yielded encouraging results that were published in *Nature.*

Our Collaborations

Our partners value our focus on goal-oriented delivery of drug candidates for both best-in-class and first-in-class challenging targets. We believe that our technology platform can be applied to any medical indication when combined with therapeutic area expertise to help set design goals. Subsequently, along with our immuno-oncology focused wholly-owned projects, we have signed a variety of select milestone driven and co-development, co-ownership, deals. In our large pharma partnerships, we provide end-to-end discovery capabilities in exchange for discovery, development and sales milestone payments, plus royalties. In our co-owned programmes where we share asset ownership, in deals ranging from 50% to 90% ownership, we provide end-to-end drug discovery capabilities to accelerate candidate molecule design, and our partners provide additional therapeutic area expertise and, in many cases, oversee clinical and commercial development.

Our Pharma Partners

Bristol Myers Squibb (BMS). We and BMS are collaborating on a portfolio of multiple targets in oncology, autoimmunity, immunology and inflammation. The partnership began in 2019 with Celgene, and it expanded in 2021 directly with BMS following their acquisition of Celgene, with increasingly rewarding terms for Exscientia. BMS provides invaluable therapeutic area expertise, as well as a commitment to fund the development of molecules through the clinic. The second deal, coming just two years after the first, demonstrated the power of our platform to successfully deliver high quality drug candidates to BMS's exacting preclinical candidate criteria. Together, these deals have already delivered $65 million in upfront payments. In August 2021, BMS exercised its option to in-licence an immune-modulating drug candidate we created under the first collaboration agreement, triggering a $20 million milestone payment that we collected in the third quarter of 2021. That candidate, EXS4318 is now in Phase 1 studies with the potential for Exscientia to receive milestones and royalties. Under the second BMS agreement, we could receive pre-clinical milestone payments of up to $125 million. The deal has a potential value of over $1.3 billion in total payments to us, including clinical and sales milestone payments, and additionally provide us with royalties on each marketed asset.

Sanofi. Under our initial collaboration with Sanofi, we delivered a bispecific lead molecule in the area of inflammation and fibrosis in 2019. The project continues, and we can potentially receive up to a total of $250 million in preclinical, clinical and sales milestone payments. This successful partnership further demonstrates the ability of our AI platform to process the added complexity of intentionally targeting multiple therapeutic targets as just another parameter to optimise against. In January 2022, we entered into a new collaboration with Sanofi, pursuant to which we will use our AI-driven, end-to-end integrated platform to discover and validate up to 15 novel targets in the oncology and immunology therapeutic areas. We are collaborating with Sanofi to advance certain of these targets into small molecule inhibitor drug research projects and accelerating the identification of certain small molecule development candidates. In connection with this collaboration, we received an upfront cash payment of $100 million, and we have the potential to receive up to $5.2 billion in total milestone payments plus tiered royalties.

Partnership Agreements with Non-Profit Organisations

Bill & Melinda Gates Foundation. In December 2020, we were awarded a grant for $4.2 million from the Gates Foundation to develop treatments for malaria, tuberculosis and non-hormonal contraception. In June 2021, we received a further $1.5 million grant to expedite the optimisation of a new class of COVID-19 therapeutics created using our AI drug design platform. On September 1, 2021, we further expanded our collaboration and entered into a four year agreement with the Gates Foundation to develop small molecule therapeutics that tackle the current coronavirus pandemic and help prepare for future pandemics. The expanded collaboration will initially focus on developing broad-spectrum coronavirus agents (e.g., SARS-CoV-2 and its variants, MERS), including accelerating our lead programme, which targets the main protease, or Mpro, of SARS-CoV-2, the virus responsible for COVID-19. We have been able to design and synthesise promising compounds that are beginning to meet our design objectives in *in vitro* studies, including one compound that has demonstrated potency levels against SARS-CoV-2 which are more than 200 times higher than a leading approved viral Mpro inhibitor, as measured using surface plasmon resonance imaging in head-to-head *in vitro* studies. We expect that the collaboration will eventually widen focus to develop therapeutics for influenza and paramyxoviridae (e.g., Nipah). As part of this collaboration, the Gates Foundation purchased 1,590,909 of our ADSs in October 2021 in a private placement concurrent to our initial public offering, and we committed to provide $35.0 million in matching contributions over the course of four years, through operations and funding for third party activities.

Co-Owned Collaborations

Rallybio. In 2019, we entered into a co-development and co-ownership joint venture with Rallybio to investigate multiple areas of rare disease. There are 7,000 to 8,000 rare diseases, which affect over 30 million patients in the US alone. And yet data on potential treatments for most of these diseases is sparse or non-existent. The deep learning approach of our platform can accelerate the discovery of novel treatments in knowledge-poor areas such as these. Rallybio's vital therapeutic area and clinical knowledge allows us to enter a therapeutic area we would not otherwise attempt to tackle. Under this joint venture, we jointly select targets after assessment by our AI platform for biological pathway relevance and chemical druggability risks. We are driving the programme through completion of pre-clinical toxicology studies, and then Rallybio will progress the candidates through clinical trials and commercialisation, if any candidates are approved. We also have the option to explore molecules in non-rare disease indications, such as oncology. The partnership has delivered its first discovery candidates on a challenging target, ENPP1.

EQRx. In 2021, we entered into a co-development agreement with EQRx, to accelerate the design of multiple best-in-class molecules for many therapeutic indications, including oncology. We share the vision that there needs to be equity in healthcare and believe that together we can lower the cost of effective treatments by increasing the probability of successfully bringing better molecules to patients. EQRx has committed $7.5 million in upfront research funding per project, and we will drive the design of each candidate until the investigational new drug application, or IND, stage. After that, EQRx, with their business model of lowering risk and development costs in the clinic, and increasing market share through connection to payers, will drive clinical development of the molecule through to commercialisation. We have initiated three early discovery projects in the areas of inflammation & immunity and oncology.

GT Apeiron Therapeutics. GTA was launched in 2019 by GT Healthcare, one of our investors, and they immediately signed a deal with us to fund the discovery of novel checkpoint inhibitor compounds for the treatment of multiple oncology indications. The first candidate has now been designed, selected and entered into IND enabling toxicology studies. Upon achievement of this milestone, we were eligible to

receive an equity stake in GTA of approximately 13%. On July 1, 2021, we jointly terminated this collaboration and entered into a joint operation and cost sharing arrangement with GTA over the development and commercialisation of three programmes, including the candidate developed under the deal executed in 2019. At execution of this new arrangement, we agreed a 30% reduction in the equity stake we were eligible to receive under the original deal and paid GTA $2 million cash. Through this new joint collaboration, we continue to work with GTA on multiple additional checkpoint targets towards our goal to build a deep portfolio of both best-in-class and first-in-class assets together.

Huadong Medicine. In 2020, Forbes ranked Huadong Medicine Co., Ltd., or Huadong, as among the top 10 Chinese pharmaceutical companies. It has more than 10,000 employees and annual revenue of more than $4 billion. We signed an agreement with Huadong to design optimised drug candidates against multiple targets in the area of transcription control of DNA damage response genes. The goal of this co-owned programme is to create a treatment for patients with defective DNA damage repair mechanisms, a common effect in patients with ovarian cancer, breast cancer and other cancer types. As part of the agreement, Huadong is funding discovery activities and we are providing our innovative AI platform in return for rights to the output in all non-Asian territories.

Blue Oak. Blue Oak Pharmaceuticals, Inc, or Blue Oak, is a biotech focused on the discovery of transformative CNS drugs. In late 2020, we signed a deal with them to co-discover and develop new medicines to treat brain disorders. This partnership combines Blue Oak's CNS expertise and our ability to design novel CNS penetrant chemotypes and demonstrated ability to apply our AI technology to the successful design of bispecific small molecules.

Our Team

We have gathered a team of world-class scientists and technologists that work collaboratively across the entire drug development process. They are led by a management team with deep industry experience. We are a global company, headquartered in Oxford, UK with sites in Miami (FL, US), Boston (MA, US), Vienna (Austria), Dundee (Scotland, UK), Cambridge (England, UK) and Osaka (Japan). We recruit talent from across the globe and expect to continue hiring as we scale our operations and continue to expand geographically. As of December 31, 2022, our team of 481 people represented by over 45 nationalities. Our pharmatech credentials are exemplified by the balance between technologists (42% of the company) and drug discovery scientists (44% of the company). Around 52% of our team works from our headquarters in Oxford, which includes a state-of-the-art lab completed in January 2021.

Our people are highly educated and experienced with more than 75% holding a Masters or higher qualification as of December 31, 2022, with more than 52% holding a PhD/DPhil or M.D. Throughout their careers, our expert drug hunters have contributed to the invention of over 40 marketed drugs and over 240 clinical stage molecules, and have been named as an inventor on more than 330 patents between them. We believe that this intellectual diversity and depth of talent is core to our success.

Our people have unique backgrounds but share a common goal of finding smarter and faster ways to discover and develop new drugs at the intersection of technology and experimental innovation.

Our Culture

We believe that people are our most important assets. We believe that our focus on creating a collaborative, entrepreneurial and innovative culture with a non-hierarchical approach is a key reason for our success.

We aim to inspire our employees to act as entrepreneurs in their areas of specialty and to continuously strive for innovation and excellence in fulfilling their duties. Cultural fit is a key part of our recruiting

process as we look to hire individuals who always want to challenge themselves, who take risks and who are bought into our vision of being impatient for patients. We reward people who take initiative and regard failure as an opportunity to learn and inform improved approaches.

In addition to our success at attracting and recruiting talent, we have also focused on providing those who are part of or join our team opportunities to develop, take on additional responsibility and grow their careers. Internal talent growth is important to us as we believe that we fundamentally design drugs differently and so institutional knowledge built upon the methodology developed by our founders is essential to help us design and develop drugs faster.

Diversity is an important area of focus for us. We are a global company, and our internationalism is reflected in our workforce which represents more than 45 nationalities, from six continents. We will continue to work on our internal initiatives and processes to ensure that Exscientia remains an inclusive and welcoming place to work for all while working to improve our sex, racial and cultural diversity at all levels in the organisation.

Competition

The market for AI drug discovery and design is rapidly evolving, competitive and subject to changing technology. The technology utilised by our competitors vary in size, breadth and scope. We anticipate that we will face intense and increasing competition as technologies for drug discovery and design are developed.

We are applying AI, predictive models and advanced bioanalytics to rapidly design and develop precision drugs. Given the breadth of our technology, we compete within multiple categories of the pharmaceutical and biotechnology industries working to integrate AI and computational technologies to advance the speed and precision of drug discovery and development activities as well as other companies that are developing therapies targeting indications we are or may choose to pursue. As such, we face competition from major pharmaceutical companies, biotechnology companies, academic institutions, governmental agencies, consortiums and public and private research institutions, among others.

Many of our competitors, either alone or with their strategic collaborators, have substantially greater financial, technical and human resources than we do. Accordingly, our competitors may be more successful than we are in obtaining approval for treatments and achieving widespread market acceptance and may render our treatments obsolete or non-competitive. Mergers and acquisitions in the biotechnology and pharmaceutical industries may result in even more resources being concentrated among a smaller number of our competitors. These competitors also compete with us in recruiting and retaining qualified scientific and management personnel, as well as in acquiring technologies complementary to our technology. Smaller or early-stage companies may also prove to be significant competitors.

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

Manufacturing

We do not own or operate manufacturing facilities for the production of any product candidates, nor do we currently have plans to develop our own manufacturing operations. We expect to rely on third-party contract manufacturers for all of our required raw materials, drug substance and finished drug product for the preclinical and clinical development of any development candidates we develop ourselves. As we

grow, we will continue to re-evaluate production capabilities and may establish in-house manufacturing; however, we believe that all of our expected manufacturing requirements can be sourced from multiple vendors.

Intellectual Property

We design novel precision drugs and technology and seek to protect our innovations with a combination of patents and trade secrets, and for each novel technology or improvement we develop, we consider the appropriate course of intellectual property protection.

Our commercial success depends in part on our ability to obtain and maintain proprietary protection for drug candidates and any of our future drug candidates, novel discoveries, product development technologies and know how; to operate without infringing, misappropriating or otherwise violating the proprietary rights of others; and to prevent others from infringing, misappropriating or otherwise violating our proprietary rights. Our policy is to seek to protect our proprietary position by, among other methods, filing or in-licensing U.S. and foreign patents and patent applications related to our proprietary technology, inventions and improvements that are important to the development and implementation of our business. We also rely on trademarks, trade secrets, know-how, continuing technological innovation and potential in licensing opportunities to develop and maintain our proprietary position.

Patents

As of December 31, 2022, we owned and co-owned three issued U.S. patents, five pending U.S. patent applications, and over 50 pending foreign patent applications including unpublished foreign priority applications.

These patents and patent applications fall into nine different patent families across 16 different jurisdictions worldwide. We generally rely upon trade secret protections for our AI technology platform as the platform includes hundreds of algorithms and more than 2,500 predictive models. From time to time, we file patent applications directed to aspects of our platform technologies. We own a patent family which includes a granted U.S. patent, a granted European patent, a granted Indian patent, one pending U.S. continuation patent application, and a foreign patent application pending in Europe with claims covering certain aspects of our platform, which, if issued, are expected to expire in 2030, excluding any patent term adjustment or patent term extension. We also own a pending priority patent application with claims directed to aspects of our platform, which, if issued, is expected to expire in 2043, excluding any patent term adjustment or patent term extension alongside three international patent applications which are expected to expire in 2041 and 2042 respectively, excluding any patent term adjustment or patent term extension.

With regards to patent protection on the molecules we design, we either solely own such filings, jointly own filings with our partners, or in some instances our partners solely own the patent filings. For example, we own and co-own four patent families directed to our novel compounds which include one pending U.S. patent application, three international patent applications, two provisional US applications, give UK/European priority applications and 16 foreign patent applications pending in such jurisdictions as Australia, Canada, China, Europe and Japan, which if issued, are expected to expire between 2039 and 2042.

The patent positions of companies like ours are generally uncertain and involve complex legal and factual questions. No consistent policy regarding the scope of claims allowable in patents in the field of biotechnology has emerged in the United States and in Europe, among other countries. Changes in the patent laws and rules, either by legislation, judicial decisions or regulatory interpretation in other

countries may diminish our ability to protect our inventions and enforce our intellectual property rights, and more generally could affect the value of our intellectual property. In particular, our ability to stop third parties from making, using, selling, offering to sell, importing or otherwise commercialising any of our patented inventions, either directly or indirectly, will depend in part on our success in obtaining, defending and enforcing patent claims that cover our technology, inventions and improvements. With respect to company-owned intellectual property, we cannot be sure that patents will be granted with respect to any of our pending patent applications or with respect to any patent applications filed by us in the future, nor can we be sure that any of our existing patents or any patents that may be granted to us in the future will be commercially useful in protecting our platform and drug candidates and the methods used to manufacture them. Moreover, our issued patents and those that may issue in the future may not guarantee us the right to practice our technology in relation to the commercialisation of our platform's drug candidates. The area of patent and other intellectual property rights in biotechnology is an evolving one with many risks and uncertainties, which may prevent us from commercialising our drug candidates and future drug candidates and practicing our proprietary technology.

Our issued patents and those that may issue in the future may be challenged, narrowed, circumvented or invalidated, which could limit our ability to stop competitors from marketing related platforms or drug candidates or limit the length of the term of patent protection that we may have for our drug candidates, and future drug candidates, and platforms. In addition, the rights granted under any issued patents may not provide us with complete protection or competitive advantages against competitors with similar technology. Furthermore, our competitors may independently develop similar technologies that achieve similar outcomes but with different approaches. For these reasons, we may have competition for our drug candidates. Moreover, the time required for development, testing and regulatory review of our candidate products may shorten the length of effective patent protection following commercialisation. For this and other risks related to our proprietary technology, inventions, improvements, platforms and drug candidates, please see the section titled "*Item 3.D – Key Information – Risk Factors – Risks Related to Our Intellectual Property.*"

Our commercial success will also depend in part on not infringing upon the proprietary rights of third parties. It is uncertain whether the issuance of any third-party patent would require us to alter our development or commercial strategies for our products or processes, or to obtain licences or cease certain activities. Our breach of any licence agreements or failure to obtain a licence to proprietary rights that we may require to develop or commercialise our future products may have an adverse impact on us. If third parties prepare and file patent applications in the United States that also claim technology to which we have rights, we may have to participate in interference or derivation proceedings in the

U.S. Patent and Trademark Office, or USPTO, to determine priority of invention. For more information, please see "*Item 3.D – Key Information – Risk Factors – Risks Related to Our Intellectual Property.*"

From time to time we may file provisional patent applications in the United States. Provisional patent applications are not eligible to become issued patents until, among other things, we file a non-provisional patent application within 12 months of filing of one or more of our related provisional patent applications. If we do not timely file any non-provisional patent applications, we may lose our priority date with respect to our provisional patent applications and any patent protection on the inventions disclosed in our provisional patent applications. While we would intend to timely file non-provisional patent applications relating to any provisional patent applications we may file, we cannot predict whether any such patent applications will result in the issuance of patents that provide us with any competitive advantage.

The term of individual patents depends upon the legal term of the patents in the countries in which they are obtained. In most countries in which we file, the patent term is 20 years from the earliest date of filing

a non-provisional patent application related to the patent. However, the actual protection afforded by a patent varies on a product-by-product basis, from country to country, and depends upon many factors, including the type of patent, the scope of its coverage, the availability of regulatory-related extensions, the availability of legal remedies in a particular country, and the validity and enforceability of the patent. A U.S. patent also may be accorded patent term adjustment, or PTA, under certain circumstances to compensate for delays in obtaining the patent from the USPTO. In some instances, such a PTA may result in a U.S. patent term extending beyond 20 years from the earliest date of filing a non-provisional patent application related to the U.S. patent. In addition, in the United States, the term of a U.S. patent that covers an FDA-approved drug may also be eligible for patent term extension, which permits patent term restoration as compensation for the patent term lost during the FDA regulatory review process

Trademarks

As of December 31, 2022, our trademark portfolio comprises 77 trademark registrations or active trademark applications worldwide. Such portfolio includes 70 non-U.S. trademark registrations, 11 pending non-U.S. trademark applications and 5 pending U.S. trademark applications.

Trade Secrets

In addition to our reliance on patent protection for our inventions, drug candidates and programmes, we also rely on trade secrets, know-how, confidentiality agreements and continuing technological innovation to develop and maintain our competitive position. For example, some elements of proprietary assays, analytics techniques and processes, knowledge gained through clinical experience such as approaches to dosing and administration and management of patients, as well as computational-biological algorithms, and related processes and software, are based on unpatented trade secrets and know-how that are not publicly disclosed. Although we take steps to protect our proprietary information and trade secrets, including through contractual means with our employees, advisors and consultants, these agreements may be breached, and we may not have adequate remedies for any breach. In addition, third parties may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets or disclose our technology. As a result, we may not be able to meaningfully protect our trade secrets. It is our policy to require our employees, consultants, outside scientific collaborators, sponsored researchers and other advisors to execute confidentiality agreements upon the commencement of employment or consulting relationships with us. These agreements provide that all confidential information concerning our business or financial affairs developed or made known to the individual or entity during the course of the party's relationship with us is to be kept confidential and not disclosed to third parties except in specific circumstances. In the case of employees, the agreements provide that all inventions conceived of by the individual during the course of employment, and which relate to or are reasonably capable of being used in our current or planned business or research and development are our exclusive property. In addition, we take other appropriate precautions, such as physical and technological security measures, to guard against misappropriation of our proprietary technology by third parties. However, such agreements and policies may be breached, and we may not have adequate remedies for such breaches. For more information regarding the risks related to our intellectual property, see "*Item 3.D – Key Information – Risk Factors – Risks Related to Our Intellectual Property.*"

Government Regulation

Government authorities in the United States, at the federal, state and local level, and in the European Union and other countries and jurisdictions, extensively regulate, among other things, the research, development, testing, manufacturing, quality control, approval, labelling, packaging, storage, record-keeping, promotion, advertising, distribution, post-approval monitoring and reporting, marketing and

export and import of drugs, such as those we are developing. We, along with our vendors, third-party collaborators, CROs, and contract manufacturing organisations, or CMOs, will be required to navigate the various preclinical, clinical and commercial approval requirements of the governing regulatory agencies of the countries in which we wish to conduct studies or seek approval of our drug candidates. The processes for obtaining marketing approvals in the United States and in foreign countries and jurisdictions, along with subsequent compliance with applicable statutes and regulations and other regulatory authorities, require the expenditure of substantial time and financial resources.

U.S. Drug Development Process

In the United States, the FDA regulates drugs under the Federal Food, Drug, and Cosmetic Act, or the FDCA, and its implementing regulations. Failure to comply with the applicable FDA or other requirements at any time during the drug development process, approval process or after approval may subject an applicant to administrative or judicial sanctions or other legal consequences. These sanctions could include, among other things, the FDA's refusal to approve pending applications, suspension or revocation of an approval, a clinical hold, warning or untitled letters, product recalls or withdrawals, product seizures, total or partial suspensions of manufacturing or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties.

The process required by the FDA before a drug may be marketed in the United States generally involves the following:

- completion of preclinical studies, including laboratory tests, animal studies and formulation studies, in accordance with FDA's Good Laboratory Practice, or GLP, requirements and other applicable regulations;
- submission to the FDA of an investigational new drug application, or IND, which must become effective before human clinical trials may begin and must be updated annually or when significant changes are made;
- approval by an independent institutional review board, or IRB, or ethics committee at each clinical site before each trial may be initiated;
- performance of adequate and well-controlled human clinical trials in accordance with Good Clinical Practice, or GCP, requirements to establish the safety and efficacy of the proposed drug for its intended use;
- preparation and submission to the FDA of a New Drug Application, or NDA, after completion of all pivotal trials;
- payment of user fees for FDA review of the NDA;
- a determination by the FDA within 60 days of its receipt of an NDA to file the NDA for review;
- satisfactory completion of an FDA advisory committee review, if applicable;
- satisfactory completion of an FDA pre-approval inspection of the manufacturing facility or facilities at which the drug will be produced to assess compliance with current Good Manufacturing Practice, or cGMP, requirements to assure that the facilities, methods and controls are adequate to ensure and preserve the drug's identity, strength, quality and purity;
- potential FDA audit of the clinical trial sites that generated the data in support of the NDA to assess compliance with GCP requirements; and

- FDA review and approval of the NDA to permit commercial marketing of the drug for particular indications for use in the United States.

Before testing any drug in humans, the product candidate must undergo rigorous preclinical testing. Preclinical studies include laboratory evaluations of chemistry, formulation and stability, as well as *in vitro* and animal studies to assess safety and in some cases to establish the rationale for therapeutic use. The conduct of preclinical studies is subject to federal and state regulations and requirements, including GLP requirements for safety and toxicology studies. Prior to beginning the first clinical trial with a drug candidate in the United States, we must submit an IND to the FDA. An IND is a request for authorisation from the FDA to administer an investigational drug to humans. The central focus of an IND submission is on the general investigational plan and the protocol(s) for clinical studies. Some preclinical testing may continue even after the IND is submitted. The IND also includes results of animal and *in vitro* studies assessing the toxicology, PK, pharmacology and pharmacodynamic characteristics of the product; chemistry, manufacturing and controls information; and any available human data or literature to support the use of the investigational product. An IND must become effective before human clinical trials may begin. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA, within the 30-day time period, raises concerns or questions about the proposed clinical trial, including concerns that human research subjects will be exposed to unreasonable health risks. In such a case, the IND may be placed on clinical hold and the IND sponsor and the FDA must resolve any outstanding concerns or questions before the clinical trial can begin. Submission of an IND therefore may or may not result in FDA authorisation to begin a clinical trial.

Clinical trials involve the administration of the investigational drug to human subjects under the supervision of qualified investigators in accordance with GCP requirements, which include the requirement that all research subjects provide their informed consent for their participation in any clinical study. Clinical trials are conducted under protocols detailing, among other things, the objectives of the clinical trial, dosing procedures, subject selection and exclusion criteria, the parameters to be used in monitoring safety and the effectiveness criteria to be evaluated. A separate submission to the existing IND must be made for each successive clinical trial conducted during product development and for any subsequent protocol amendments. Furthermore, an independent IRB for each site proposing to conduct the clinical trial must review and approve the plan for any clinical trial before the clinical trial begins at that site and must monitor the clinical trial until it is completed. An IRB is charged with protecting the welfare and rights of trial participants and considers such items as whether the risks to individuals participating in the clinical trials are minimised and are reasonable in relation to anticipated benefits. The IRB also approves the informed consent form that must be provided to each clinical trial subject or his or her legal representative and must monitor the clinical trial until completed. FDA, the IRB or the sponsor may suspend or discontinue a clinical trial at any time on various grounds, including a finding that the subjects are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's requirements or if the drug has been associated with unexpected serious harm to patients. Some studies also include oversight by an independent group of qualified experts organised by the clinical study sponsor, known as a data safety monitoring board, which provides authorisation for whether or not a study may move forward at designated check points based on access to certain data from the study and may halt the clinical trial if it determines that there is an unacceptable safety risk for subjects or other grounds, such as no demonstration of efficacy. There are also requirements governing the reporting of ongoing clinical trials and clinical trial results to public registries. In the United States, information about applicable clinical trials, including clinical trial results, must be submitted within specific timeframes for publication on the www.clinicaltrials.gov website.

A sponsor who wishes to conduct a clinical trial outside of the United States may, but need not, obtain FDA authorisation to conduct the clinical trial under an IND. The FDA will accept a well-designed and well-conducted foreign clinical trial not conducted under an IND if the trial was conducted in accordance with GCP requirements, and the FDA is able to validate the data through an onsite inspection if deemed necessary.

Human clinical trials to evaluate therapeutic indications to support an NDA for marketing approval are typically conducted in three sequential phases that may overlap or be combined:

- *Phase 1*: The drug candidate is initially introduced into healthy human subjects or patients with the target disease or condition. These studies are typically designed to test the safety, dosage tolerance, absorption, metabolism and distribution of the investigational product in humans, the side effects associated with increasing doses, and, if possible, to gain early evidence of effectiveness. In the case of some products for severe or life-threatening diseases, such as cancer, especially when the product may be too inherently toxic to ethically administer to healthy volunteers, the initial human testing is often conducted in patients.
- *Phase 2*: The drug candidate is administered to a limited patient population with a specified disease or condition to evaluate the preliminary efficacy, optimal dosages, dose tolerance and dosing schedule and to identify possible adverse side effects and safety risks. Multiple Phase 2 clinical trials may be conducted to obtain information prior to beginning larger and more expensive Phase 3 clinical trials.
- *Phase 3*: The drug candidate is administered to an expanded patient population to further evaluate dosage, to provide statistically significant evidence of clinical efficacy and to further test for safety, generally at multiple geographically dispersed clinical trial sites. These clinical trials are intended to establish the overall risk/benefit ratio of the investigational product and to provide an adequate basis for product approval. Generally, two adequate and well-controlled Phase 3 clinical trials are required by the FDA for approval of an NDA.

Post-approval trials, sometimes referred to as Phase 4 clinical trials, may be conducted after initial marketing approval. These trials are used to gain additional experience from the treatment of patients in the intended therapeutic indication and are commonly intended to generate additional safety data regarding use of the drug in a clinical setting. In certain instances, the FDA may mandate the performance of Phase 4 clinical trials as a condition of approval of an NDA.

During the development of a new drug, sponsors are given opportunities to meet with the FDA at certain points. These points may be prior to submission of an IND, at the end of Phase 2 and before an NDA is submitted. Meetings at other times may be requested. These meetings can provide an opportunity for the sponsor to share information about the data gathered to date, for the FDA to provide advice, and for the sponsor and the FDA to reach agreement on the next phase of development.

Sponsors typically use the meetings at the end of the Phase 2 trial to discuss Phase 2 clinical results and present plans for the pivotal Phase 3 clinical trials that they believe will support approval of the new drug.

Concurrent with clinical trials, companies usually complete additional animal studies and must also develop additional information about the chemistry and physical characteristics of the drug candidate and finalise a process for manufacturing the drug candidate in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the drug candidate and, among other things, the manufacturer must develop methods for testing the identity, strength, quality and purity of the final drug product. In addition, appropriate packaging must

be selected and tested, and stability studies must be conducted to demonstrate that the product candidate does not undergo unacceptable deterioration over its shelf life.

While the IND is active, progress reports summarizing the results of the clinical trials and nonclinical studies performed since the last progress report must be submitted at least annually to the FDA, and written IND safety reports must be submitted to the FDA and investigators fifteen days after the trial sponsor determines the information qualifies for reporting for serious and unexpected suspected adverse events, findings from other studies suggesting a significant risk to humans exposed to the same or similar drugs, findings from animal or *in vitro* testing suggesting a significant risk to humans, and any clinically important increased incidence of a serious suspected adverse reaction compared to that listed in the protocol or investigator brochure. The sponsor must also notify the FDA of any unexpected fatal or life-threatening suspected adverse reaction as soon as possible but in no case later than seven calendar days after the sponsor's initial receipt of the information.

U.S. Review and Approval Process

Assuming successful completion of all required testing in accordance with all applicable regulatory requirements, the results of product development, preclinical and other non-clinical studies and clinical trials, along with descriptions of the manufacturing process, analytical tests conducted on the chemistry of the drug, proposed labelling and other relevant information are submitted to the FDA as part of an NDA requesting approval to market the drug for one or more indications. Data may come from company-sponsored clinical trials intended to test the safety and effectiveness of a use of a drug, or from a number of alternative sources, including studies initiated by investigators. To support marketing approval, the data submitted must be sufficient in quality and quantity to establish the safety and effectiveness of the investigational drug to the satisfaction of the FDA. The submission of an NDA is subject to the payment of substantial user fees; a waiver of such fees may be obtained under certain limited circumstances. FDA approval of an NDA must be obtained before a drug may be marketed in the U.S.

The FDA reviews an NDA to determine, among other things, whether a drug is safe and effective for its intended use and whether its manufacturing is cGMP-compliant to assure and preserve the drug's identity, strength, quality and purity. Under the goals and policies agreed to by the FDA under the Prescription Drug User Fee Act, or PDUFA, the FDA has a goal of ten months from the date of "filing" of a standard NDA for a new molecular entity to review and act on the submission, and six months from the filing date of an NDA subject to priority review. The FDA does not always meet its PDUFA goal dates for standard or priority NDAs, and the review process is often extended by FDA requests for additional information or clarification. The FDA conducts a preliminary review of all NDAs within the first 60 days after submission, before accepting them for filing, to determine whether they are sufficiently complete to permit substantive review. The FDA may request additional information rather than accept an NDA for filing. In this event, the NDA must be resubmitted with the additional information. The resubmitted application also is subject to review before the FDA accepts it for filing.

Further, under PDUFA, as amended, each NDA must be accompanied by a user fee. FDA adjusts the PDUFA user fees on an annual basis. Fee waivers or reductions may be available in certain circumstances, including a waiver of the application fee for the first application filed by a small business. Additionally, no user fees are assessed on NDAs for drugs designated as orphan drugs, unless the product also includes a non-orphan indication.

The FDA may refer an application for a drug to an advisory committee. An advisory committee is a panel of independent experts, including clinicians and other scientific experts, that reviews, evaluates and provides a recommendation as to whether the application should be approved and under what conditions.

The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

Before approving an NDA, the FDA will typically inspect the facility or facilities where the drug is manufactured. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the drug within required specifications. Additionally, before approving an NDA, the FDA will typically inspect one or more clinical sites to assure compliance with GCP and other requirements relating to the integrity of the clinical data submitted to the FDA. If the FDA determines that the application, manufacturing process or manufacturing facilities are not acceptable, it will outline the deficiencies in the submission and often will request additional testing or information. Notwithstanding the submission of any requested additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval.

After the FDA evaluates an NDA, including the advisory committee recommendation, if any, and inspection reports regarding the manufacturing facilities and clinical trial sites, the FDA may issue an approval letter or a Complete Response Letter. An approval letter authorises commercial marketing of the drug with prescribing information for specific indications. A Complete Response Letter indicates that the review cycle of the application is complete, and the application will not be approved in its present form. A Complete Response Letter usually describes the specific deficiencies in the NDA identified by the FDA, except that where the FDA determines that the data supporting the application are inadequate to support approval, the FDA may issue the Complete Response Letter without first conducting required inspections and/or reviewing proposed labelling. In issuing the Complete Response Letter, the FDA may require additional clinical data, such as an additional pivotal Phase 3 trial or other significant and time-consuming requirements related to clinical trials, nonclinical studies or manufacturing. If a Complete Response Letter is issued, the sponsor must resubmit the NDA, addressing all of the deficiencies identified in the letter, or withdraw the application or request a hearing. Even if such data and information are submitted, the FDA may decide that the NDA does not satisfy the criteria for approval. If and when the deficiencies are addressed to the FDA's satisfaction, the FDA will typically issue an approval letter.

If regulatory approval of a product is granted, such approval will be granted for particular indications and may contain limitations on the indicated uses for which such product may be marketed. For example, the FDA may approve the NDA with a Risk Evaluation and Mitigation Strategy, or REMS, to ensure the benefits of the product outweigh its risks. A REMS is a safety strategy to manage a known or potential serious risk associated with a medicine and to enable patients to have continued access to such medicine by managing its safe use, and could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimisation tools. The FDA also may condition approval on, among other things, changes to proposed labelling or the development of adequate controls and specifications. Once approved, the FDA may withdraw the product approval if compliance with pre- and post-marketing requirements is not maintained or if problems occur after the product reaches the marketplace. The FDA may also require one or more Phase 4 post-market studies and surveillance to further assess and monitor the product's safety and effectiveness after commercialisation, and may limit further marketing of the product based on the results of these post-marketing studies. In addition, new government requirements, including those resulting from new legislation, may be established, or the FDA's policies may change, which could impact the timeline for regulatory approval or otherwise impact ongoing development programmes.

Paediatric Information and Exclusivity

Under the Pediatric Research Equity Act, or PREA, as amended, certain NDAs and certain NDA supplements must contain data that can be used to assess the safety and efficacy of the drug candidate for the claimed indications in all relevant paediatric subpopulations and to support dosing and administration for each paediatric subpopulation for which the drug is safe and effective. The FDA may grant deferrals for submission of paediatric data or full or partial waivers. The FDCA requires that a sponsor who is planning to submit a marketing application for a drug candidate that includes a new active ingredient, new indication, new dosage form, new dosing regimen or new route of administration submit an initial Pediatric Study Plan, or PSP, within 60 days of an end-of-Phase 2 meeting or, if there is no such meeting, as early as practicable before the initiation of the Phase 3 or Phase 2/3 study. The initial PSP must include an outline of the paediatric study or studies that the sponsor plans to conduct, including study objectives and design, age groups, relevant endpoints and statistical approach, or a justification for not including such detailed information, and any request for a deferral of paediatric assessments or a full or partial waiver of the requirement to provide data from paediatric studies along with supporting information. The FDA and the sponsor must reach an agreement on the PSP. A sponsor can submit amendments to an agreed-upon initial PSP at any time if changes to the paediatric plan need to be considered based on data collected from preclinical studies, early phase clinical trials and/or other clinical development programmes. Unless otherwise required by regulation, PREA does not apply to a drug for an indication for which orphan designation has been granted, except that PREA will apply to an original NDA for a new active ingredient that is orphan-designated if the drug is a molecularly targeted cancer product intended for the treatment of an adult cancer and is directed at a molecular target that FDA determines to be substantially relevant to the growth or progression of a paediatric cancer.

A drug can also obtain paediatric market exclusivity in the United States. Paediatric exclusivity, if granted, adds six months to existing exclusivity periods and patent terms. This six-month exclusivity, which runs from the end of other exclusivity protection or patent term, may be granted based on the voluntary completion of a paediatric study in accordance with an FDA-issued "Written Request" for such a study.

Orphan Drug Designation and Exclusivity

Under the Orphan Drug Act, the FDA may grant orphan drug designation, or ODD, to a drug or biologic intended to treat a rare disease or condition, defined as a disease or condition with either a patient population of fewer than 200,000 individuals in the United States, or a patient population greater of than 200,000 individuals in the United States when there is no reasonable expectation that the cost of developing and making available the drug or biologic in the United States will be recovered from sales in the United States of that drug or biologic. ODD must be requested before submitting an NDA or biologics licence application, or BLA. After the FDA grants ODD, the generic identity of the therapeutic agent and its potential orphan use are disclosed publicly by the FDA.

If a product that has received ODD and subsequently receives the first FDA approval for a particular clinically active component for the disease for which it has such designation, the product is entitled to orphan product exclusivity, which means that the FDA may not approve any other applications, including a full NDA or BLA, to market the same drug or biologic for the same indication for seven years from the approval of the NDA or BLA, except in limited circumstances, such as a showing of clinical superiority to the product with orphan drug exclusivity. Orphan drug exclusivity does not prevent the FDA from approving a different drug or biologic for the same disease or condition, or the same drug or biologic for a different disease or condition. Among the other benefits of ODD are tax credits for certain research and a waiver of the NDA or BLA application user fee.

A designated orphan drug may not receive orphan drug exclusivity if it is approved for a use that is broader than the indication for which it received ODD. In addition, orphan drug exclusive marketing rights in the United States may be lost if the FDA later determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantities of the product to meet the needs of patients with the rare disease or condition.

Expedited Development and Review Programmes

The FDA has a number of programmes intended to expedite the development or review of products that meet certain criteria. For example, new drugs are eligible for Fast Track designation if they are intended to treat a serious or life-threatening disease or condition and demonstrate the potential to address unmet medical needs for the disease or condition. Fast track designation applies to the combination of the product and the specific indication for which it is being studied. The sponsor of a fast track product has opportunities for more frequent interactions with the review team during product development, and the FDA may consider for review sections of the NDA on a rolling basis before the complete application is submitted, if the sponsor provides a schedule for the submission of the sections of the NDA, the FDA agrees to accept sections of the NDA and determines that the schedule is acceptable, and the sponsor pays any required user fees upon submission of the first section of the NDA.

Any product submitted to the FDA for approval, including a product with a fast track designation, may also be eligible for other types of FDA programmes intended to expedite development and review, such as priority review. A product is eligible for priority review if it is intended to treat a serious disease, and if approved, would provide a significant improvement in safety or effectiveness. The FDA will attempt to direct additional resources to the evaluation of an application for a new drug designated for priority review in an effort to facilitate the review. The FDA endeavours to review applications with priority review designations within six months of the filing date as compared to ten months for review of new molecular entity NDAs under its current PDUFA review goals.

In addition, a product may be eligible for accelerated approval. Drug candidates intended to treat serious or life-threatening diseases or conditions may be eligible for accelerated approval upon a determination that the product has an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit, or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality, that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity or prevalence of the condition and the availability or lack of alternative treatments. As a condition of approval, the FDA may require that a sponsor of a drug receiving accelerated approval perform, in a diligent manner, adequate and well-controlled post-marketing confirmatory clinical trials to verify and describe the product's clinical benefit. The FDA may withdraw approval of a drug or an indication approved under accelerated approval if, for example, the confirmatory trial fails to verify the predicted clinical benefit of the product. In addition, the FDA generally requires, unless otherwise informed by the agency, pre-approval of promotional materials for products being considered for accelerated approval, which could adversely impact the timing of the commercial launch of the product.

In addition, a new drug may be eligible to receive breakthrough therapy designation if the product is intended, alone or in combination with one or more other products, to treat a serious or life-threatening disease or condition and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. This designation includes all of the fast track designation programme features, as well as more intensive FDA interaction and guidance on an efficient development programme beginning as early as Phase 1, and FDA organisational commitment to

expedited development, including involvement with senior managers and experienced review staff in a cross-disciplinary review, where appropriate. The breakthrough therapy designation is a distinct status from both accelerated approval and priority review, which can also be granted to the same drug if relevant criteria are met. If a product is designated as breakthrough therapy, the FDA will work to expedite the development and review of such drug.

Fast track designation, breakthrough therapy designation, priority review and accelerated approval do not change the standards for approval or the quality of evidence necessary to support approval, but may expedite the development or approval process. Even if a product qualifies for one or more of these programmes, the FDA may later decide that the product no longer meets the conditions for qualification or decide that the time period for FDA review or approval will not be shortened. We may explore some of these opportunities for our product candidates as appropriate.

Post-approval Requirements

Any products manufactured or distributed pursuant to FDA approvals are subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to record-keeping, reporting of adverse experiences, periodic reporting, product sampling and distribution and advertising and promotion of the product. After approval, most changes to the approved product, such as adding new indications or other labelling claims, are subject to prior FDA review and approval. There also are continuing, annual programme fees for any marketed products. Drug manufacturers and their subcontractors involved in the manufacture of approved products are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP, which impose certain procedural and documentation requirements upon us and our third-party manufacturers. Additionally, manufacturers and other parties involved in the drug supply chain for prescription drug products must also comply with product tracking and tracing requirements and for notifying FDA of counterfeit, diverted, stolen and intentionally adulterated products or products that are otherwise unfit for distribution in the United States. Changes to the manufacturing process are strictly regulated, and, depending on the significance of the change, may require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from cGMP and impose reporting requirements upon us and any third-party manufacturers that we may decide to use. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain compliance with cGMP and other aspects of regulatory compliance.

The FDA may withdraw approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labelling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution restrictions or other restrictions under a REMS programme. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market or product recalls;
- fines, warning letters or untitled letters;
- clinical holds on clinical studies;

- refusal of the FDA to approve pending applications or supplements to approved applications, or suspension or withdrawal of product approvals;
- product seizure or detention, or refusal to permit the import or export of products;
- consent decrees, corporate integrity agreements, debarment or exclusion from federal healthcare programmes;
- mandated modification of promotional materials and labelling and the issuance of corrective information;
- the issuance of safety alerts, Dear Healthcare Provider letters, press releases and other communications containing warnings or other safety information about the product; or
- injunctions or the imposition of civil or criminal penalties.

The FDA also may require post-marketing testing, known as Phase 4 testing, and surveillance to monitor the effects of an approved product. Discovery of previously unknown problems with a product or the failure to comply with applicable FDA requirements can have negative consequences, including adverse publicity, judicial or administrative enforcement, warning letters from the FDA, mandated corrective advertising or communications with doctors, and civil or criminal penalties, among others. Newly discovered or developed safety or effectiveness data may require changes to a product's approved labelling, including the addition of new warnings and contraindications, and also may require the implementation of other risk management measures

The FDA closely regulates the marketing, labelling, advertising and promotion of drugs. A company can make only those claims relating to safety and efficacy that are approved by the FDA and in accordance with the provisions of the approved label. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses. Failure to comply with these requirements can result in, among other things, adverse publicity, warning letters, corrective advertising and potential administrative, civil and criminal penalties. Physicians may prescribe, in their independent professional medical judgement, legally available products for uses that are not described in the product's labelling and that differ from those tested by us and approved by the FDA. Physicians may believe that such off-label uses are the best treatment for many patients in varied circumstances. The FDA does not regulate the behaviour of physicians in their choice of treatments. The FDA does, however, restrict a manufacturer's communications on the subject of off-label use of their products. The federal government has levied large civil and criminal fines against companies for alleged improper promotion of off-label use and has enjoined companies from engaging in off-label promotion. The FDA and other regulatory agencies have also required that companies enter into consent decrees or permanent injunctions under which specified promotional conduct is changed or curtailed. However, companies may share truthful and not misleading information that is otherwise consistent with a product's FDA-approved labelling.

In addition, the distribution of prescription pharmaceutical products is subject to the Prescription Drug Marketing Act, or PDMA, which regulates the distribution of drugs and drug samples at the federal level, and sets minimum standards for the registration and regulation of drug distributors by the states. Both the PDMA and state laws limit the distribution of prescription pharmaceutical product samples and impose requirements to ensure accountability in distribution.

Patent Term Restoration and Extension

Depending upon the timing, duration and specifics of FDA approval of a sponsor's product candidates, some of a sponsor's U.S. patents may be eligible for limited patent term extension under the Drug Price

Competition and Patent Term Restoration Act of 1984, commonly referred to as the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent restoration term of up to five years as compensation for patent term lost during product development and the FDA regulatory review process. However, patent term restoration cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date and only those claims covering such approved drug product, a method for using it or a method for manufacturing it may be extended. The patent term restoration period generally is one-half the time between the effective date of an IND and the submission date of a NDA, plus the time between the submission date of an NDA and the approval of that application, less any time the sponsor did not act with due diligence during these periods. Only one patent applicable to an approved drug is eligible for the extension and the application for the extension must be submitted prior to the expiration of the patent. Moreover, a given patent may only be extended once based on a single product. The USPTO, in consultation with the FDA, reviews and approves the application for any patent term extension or restoration. Similar provisions are available in Europe and other foreign jurisdictions to extend the term of a patent that covers an approved drug. In the future, if and when our products receive FDA approval, we expect to apply for patent term extensions on patents covering those products, however there is no guarantee that the applicable authorities, including the FDA in the United States, will agree with our assessment of whether such extensions should be granted, and if granted, the length of such extensions. For more information regarding the risks related to our intellectual property, see "*Item 3.D – Key Information – Risk Factors – Risks Related to Our Intellectual Property*."

Marketing Exclusivity

Market exclusivity provisions authorised under the FDCA can delay the submission or the approval of certain marketing applications. The FDCA provides a five-year period of non-patent marketing exclusivity within the United States to the first applicant to obtain approval of an NDA for a new chemical entity. A drug is a new chemical entity if the FDA has not previously approved any other new drug containing the same active moiety, which is the molecule or ion responsible for the action of the drug substance. During the exclusivity period, the FDA may not approve or even accept for review an abbreviated new drug application, or ANDA, or an NDA submitted under Section 505(b)(2), or a 505(b)(2) NDA, submitted by another company for another drug based on the same active moiety, regardless of whether the drug is intended for the same indication as the original innovative drug or for another indication, where the applicant does not own or have a legal right of reference to all the data required for approval. However, an application may be submitted after four years if it contains a certification of patent invalidity or non-infringement to one of the patents listed with the FDA by the innovator NDA holder.

The FDCA also provides three years of marketing exclusivity for an NDA, or supplement to an existing NDA if new clinical investigations, other than bioavailability studies, that were conducted or sponsored by the applicant are deemed by the FDA to be essential to the approval of the application, for example for new indications, dosages or strengths of an existing drug. This three-year exclusivity covers only the modification for which the drug received approval on the basis of the new clinical investigations and does not prohibit the FDA from approving ANDAs or 505(b)(2) NDAs for drugs containing the active agent for the original indication or condition of use. Five-year and three-year exclusivity will not delay the submission or approval of a full NDA. However, an applicant submitting a full NDA would be required to conduct or obtain a right of reference to any preclinical studies and adequate and well-controlled clinical trials necessary to demonstrate safety and effectiveness.

Regulation and Procedures Governing Approval of Medicinal Products in Europe

To market any product outside of the United States, a company also must comply with numerous and varying regulatory requirements of other countries and jurisdictions regarding quality, safety and efficacy and governing, among other things, clinical trials, marketing authorisation, commercial sales and distribution of products. Whether or not it obtains FDA approval for a product, an applicant will need to obtain the necessary approvals by the comparable foreign regulatory authorities before it can initiate clinical trials or marketing of the product in those countries or jurisdictions. Specifically, the process governing approval of medicinal products in the European Union generally follows the same lines as in the United States. It entails satisfactory completion of pharmaceutical development, nonclinical studies and adequate and well-controlled clinical trials to establish the safety and efficacy of the medicinal product for each proposed indication. It also requires the submission to relevant competent authorities for clinical trials authorisation and to the European Medicines Agency, or EMA, or to competent authorities in European Union Member States for a marketing authorisation application, or MAA, and granting of a marketing authorisation by these authorities before the product can be marketed and sold in the European Union.

The requirements and process governing the conduct of clinical trials, product licensing, pricing and reimbursement vary from country to country. In all cases, the clinical trials must be conducted in accordance with GCP and the applicable regulatory requirements and the ethical principles that have their origin in the Declaration of Helsinki. Medicines used in clinical trials must be manufactured in accordance with cGMP.

Clinical Trial Approval

Clinical trials of medicinal products in the European Union must be conducted in accordance with European Union and national regulations and the international council for harmonisation, or ICH, guidelines on GCP. Additional GCP guidelines from the EC, focusing in particular on traceability, apply to clinical trials of advanced therapy medicinal products. The sponsor must take out a clinical trial insurance policy, and in most European Union countries, the sponsor is liable to provide “no fault” compensation to any study subject injured in the clinical trial.

Prior to commencing a clinical trial, the sponsor must obtain a clinical trial authorisation from the national competent authority of the relevant Member State, and a positive opinion from an independent ethics committee. The application for a clinical trial authorisation must include, among other things, a copy of the trial protocol and an investigational medicinal product dossier containing information about the manufacture and quality of the medicinal product under investigation. Currently, clinical trial authorisation applications must be submitted to the national competent authority in each European Union Member State in which the trial will be conducted and all suspected unexpected serious adverse reactions to the investigated drug that occur during the clinical trial have to be reported to the national competent authority and relevant ethics committees of each Member State where the clinical trial is authorised.

In the European Union, pursuant to the Clinical Trials Regulation (EU) No 536/2014, which came into application on January 31, 2022, a clinical trial application, or CTA, must be submitted to via the EMA's Clinical Trials Information System, which will cover all regulatory and ethics assessments applicable to the member states in which the sponsor is anticipating having trial sites. Once the CTA is approved in accordance with a country’s requirements, clinical trial development may proceed. Approval and monitoring of clinical trials in the European Union is the responsibility of individual member states, but compared to the position prior to the applicability of the Clinical Trials Regulation there is likely to be greater collaboration, information-sharing, and decision-making between member states. The United Kingdom implemented the previous EU legislation, namely the Clinical Trials Directive 2001/20/EC, into

national law through the Medicines for Human Use (Clinical Trials) Regulations 2004. The regulation of clinical trials in the United Kingdom has therefore diverged from the position in the European Union.

During the development of a medicinal product the EMA and national medicines regulators within the European Union provide the opportunity for dialogue and guidance on the development programme. At the EMA level, this is usually done in the form of scientific advice, which is given by the Scientific Advice Working Party of the EMA's Committee for Medicinal Products for Human Use, or CHMP. A fee is incurred with each scientific advice procedure. Advice from the EMA is typically provided based on questions concerning, for example, quality (chemistry, manufacturing and controls testing), nonclinical testing and clinical studies, and pharmacovigilance plans and risk-management programmes.

Marketing Authorisations

To market a new medicinal product in the European Economic Area, or EEA (comprising the EU Member States plus Norway, Iceland and Liechtenstein), a company must submit an MAA to either the EMA, using the centralised procedure, or the competent authorities in the Member States using the other procedures (decentralised procedure, mutual recognition procedure and national procedures). A marketing authorisation, or MA may only be granted to an applicant established in the EEA. Medicinal products can only be commercialised after obtaining an MA pursuant to one of the processes outlined below:

- the centralised MA is issued by the European Commission through the centralised procedure, based on the scientific opinion of the CHMP, and is valid throughout the entire territory of the EEA. The centralised procedure is mandatory for certain types of products, such as (i) biotechnology medicinal products, (ii) orphan medicinal products, (iii) medicinal products containing a new active substance indicated for the treatment of HIV/AIDS, cancer, neurodegenerative disorders, diabetes, autoimmune and other immune dysfunctions and viral diseases and (iv) advanced-therapy medicinal products, i.e. gene therapy, somatic cell therapy or tissue-engineered medicines. The centralised procedure is optional for products containing a new active substance in therapeutic areas other than those listed as mandatory for the centralised procedure not yet authorised in the EEA, or for products that constitute a significant therapeutic, scientific or technical innovation or which are in the interest of public health. Under the centralised procedure the maximum timeframe for the evaluation of an MAA by the EMA is 210 days, excluding procedural clock stops, which provide the applicant with the time to provide additional written or oral information in response to questions asked by the CHMP. Therefore, clock stops may extend the timeframe of evaluation of an MAA considerably beyond 210 days. Where the CHMP gives a positive opinion, the EMA provides the opinion together with supporting documentation to the European Commission, who make the final decision upon whether to grant an MA. If an MA is to be granted, it is usually issued within 67 days of receipt of the EMA's recommendation. Accelerated assessment might be granted by the CHMP in exceptional cases, when a medicinal product is expected to be of a major public health interest, particularly from the point of view of therapeutic innovation. The timeframe for the evaluation of an MAA under the accelerated assessment procedure is 150 days, excluding stop-clocks, but it is possible that the CHMP may revert to the standard time limit for the centralised procedure if it determines that the application is no longer appropriate to conduct an accelerated assessment.
- Decentralised procedure MAs are available for products not falling within the mandatory scope of the centralised procedure. An identical dossier is submitted to the competent authorities of each of the Member States in which the MA is sought, one of which is selected by the applicant as the Reference Member State, or RMS, to lead the evaluation of the regulatory submission. The competent authority of the RMS prepares a draft assessment report, a draft summary of the

product characteristics, or SmPC, and a draft of the labelling and package leaflet as distilled from the preliminary evaluation, which are sent to the other Member States (referred to as the Concerned Member States) for their approval. If the Concerned Member States raise no objections, based on a potential serious risk to public health, to the assessment, SmPC, labelling, or packaging proposed by the RMS, the RMS records the agreement, closes the procedure and informs the applicant accordingly. Each Concerned Member State is required to adopt a national decision to grant a national MA in conformity with the approved assessment report, SmPC and the labelling and package leaflet as approved. Where a product has already been authorised for marketing in a Member State of the EEA, the granted national MA can be used for mutual recognition in other Member States through the mutual recognition procedure.

- National MAs, which are issued by a single competent authority of the Member States of the EEA and only cover their respective territory, are also available for products not falling within the mandatory scope of the centralised procedure. Once a product has been authorised for marketing in a Member State of the EEA through a national procedure, this national MA can also be recognised in other Member States through the mutual recognition procedure, as described above.

Under the procedures described above, before granting the MA, the EMA or the competent authority(ies) of the Member State(s) of the EEA prepare an assessment of the risk-benefit balance of the product against the scientific criteria concerning its quality, safety and efficacy.

Data and Market Exclusivity in Europe

Under Regulation (EC) No 726/2004/EC and Directive 2001/83/EC (each as amended), the EEA has adopted a harmonised approach to data and market protection or exclusivity (known as the 8 + 2 + 1 formula). The data exclusivity period for a product begins to run on the date when the first MA for such product is granted in the EEA. It confers on the MA holder of the reference medicinal product eight years of data exclusivity and an additional two years of market exclusivity. A reference medicinal product is a medicinal product (including both small molecules and biological medicinal products), which is authorised based on a full stand-alone dossier consisting of pharmaceutical and preclinical testing results and clinical trial data. The data exclusivity, if granted, prevents generic or biosimilar applicants from referencing the innovator's preclinical and clinical trial data contained in the dossier of the reference product when applying for a generic or biosimilar marketing authorisation, for a period of eight years from the date on which the reference product was first authorised in the EEA. Even if the generic or biosimilar marketing authorisation is granted, the generic or biosimilar product cannot be marketed until the two-year market exclusivity expires. The ten-year market protection can be extended cumulatively to a maximum period of eleven years if during the first eight years of those ten years, the MA holder obtains an authorisation for one or more new therapeutic indications that are deemed to bring a significant clinical benefit compared to existing therapies. Even if an innovative medicinal product gains the prescribed period of data exclusivity, this exclusivity right against cross-referencing does not stop another company from seeking grant of a marketing authorisation based on data generated by its own independent research and development programme to support a full stand-alone application consisting of the data relating to preclinical tests and clinical trials.

In addition to the above, where an application is made for a new indication for a well-established substance, a non-cumulative period of one year of data exclusivity may be granted, provided that significant preclinical or clinical studies were carried out in relation to the new indication. Finally, where a change of classification of a medicinal product has been authorised on the basis of significant preclinical tests or clinical trials, the competent authority shall not refer to the results of those tests or trials when

examining an application by another applicant for or holder of marketing authorisation for a change of classification of the same substance for one year after the initial change was authorised.

European Orphan Designation and Exclusivity

Regulation (EC) No. 141/2000 and Regulation (EC) No. 847/2000 provide that a product can be designated as an orphan drug by the European Commission if its sponsor can establish: (i) that the product is intended for the diagnosis, prevention or treatment of a life-threatening or chronically debilitating condition; (ii) either such condition affects not more than five in ten thousand persons in the European Union when the application is made, or, without incentives, it is unlikely that the marketing of the drug in the European Union would generate sufficient return to justify the necessary investment in its development; and (iii) there exists no satisfactory method of diagnosis, prevention or treatment of the condition in question that has been authorised in the European Union or, if such method exists, the product is of significant benefit compared to products available for the condition.

An Orphan Drug Designation provides a number of benefits, including fee reductions, regulatory assistance and the possibility to apply for a centralised EEA-wide marketing authorisation. Marketing authorisation for an orphan drug leads to a ten-year period of market exclusivity. During this market exclusivity period, neither the EMA (or the European Commission on the EMA's recommendation) nor the competent authorities of the member states can accept an application or grant a marketing authorisation for a "similar medicinal product." A "similar medicinal product" is defined as a medicinal product containing a similar active substance or substances as contained in an authorised orphan medicinal product, and which is intended for the same therapeutic indication. During the period of market exclusivity, marketing authorisation may only be granted to a "similar medicinal product" if: (i) a second applicant can establish that its product, although similar to the authorised product, is safer, more effective or otherwise clinically superior; (ii) the marketing authorisation holder for the authorised product consents to a second orphan medicinal product application; or (iii) the marketing authorisation holder for the authorised product cannot supply enough orphan medicinal product. The market exclusivity period for the authorised therapeutic indication may, however, be reduced to six years if, at the end of the fifth year, it is established that the product no longer meets the criteria for Orphan Drug Designation because, for example, the product is sufficiently profitable not to justify market exclusivity. Orphan drug designation must be requested before submitting an application for marketing approval. Orphan drug designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process.

Post-Authorisation Obligations in the European Union

The holder of a centralised MA or national MA is subject to various obligations under the applicable European Union laws, such as pharmacovigilance obligations, requiring it to, among other things, report and maintain detailed records of adverse reactions, and to submit periodic safety update reports, or PSURs, to the competent authorities. All new MAAs must include a risk management plan, or RMP, describing the risk management system that the company will put in place and documenting measures to prevent or minimise the risks associated with the product. The regulatory authorities may also impose specific obligations as a condition of the marketing authorisation. Such risk-minimisation measures or post-authorisation obligations may include additional safety monitoring, more frequent submission of PSURs, or the conduct of additional clinical trials or post-authorisation safety studies. RMPs and PSURs are routinely available to third parties requesting access, subject to limited redactions. All advertising and promotional activities for the product must be consistent with the approved SmPC, and therefore all off-label promotion is prohibited. Direct-to-consumer advertising of prescription medicines is also prohibited in the European Union. The holder must also ensure that the manufacturing and batch release of its product is in compliance with the applicable requirements. The MA holder is further obligated to ensure

that the advertising and promotion of its products complies with applicable European Union laws and industry code of practice as implemented in the domestic laws of the Member States of the EEA. The advertising and promotional rules are enforced nationally by the EEA Member States.

Paediatric Development in the European Union

In the EEA, companies developing a new medicinal product must agree to a Paediatric Investigation Plan, or PIP, with the EMA's Paediatric Committee, or PDCO, and must provide the data in compliance with the agreed PIP to accompany an application for marketing authorisation, unless a deferral or waiver applies, (e.g., because the relevant disease or condition occurs only in adults), unless a deferral or waiver applies, (e.g., because the relevant disease or condition occurs only in adults). The agreed PIP sets out the timing and measures proposed to generate data to support a paediatric indication of the drug for which marketing authorisation is being sought. Products that are granted a marketing authorisation on the basis of the paediatric clinical trials conducted in accordance with the PIP (even where such results are negative) are eligible for a six month extension of the protection under a supplementary protection certificate, or SPC (provided an application for such extension is made at the same time as filing the SPC application for the product, or at any point up to 2 years before the SPC expires), or, in the case of orphan medicinal products, a two year extension of the orphan market exclusivity. This paediatric reward is subject to specific conditions and is not automatically available when data in compliance with the PIP are developed and submitted.

Brexit and the Regulatory Framework in the United Kingdom

On June 23, 2016, the electorate in the United Kingdom voted in favour of Brexit and the United Kingdom officially withdrew from the European Union on January 31, 2020. Pursuant to the formal withdrawal arrangements agreed between the United Kingdom and the European Union, the United Kingdom was subject to a transition period until December 31, 2020, during which European Union pharmaceutical law continued to apply in the UK. The European Union and the United Kingdom concluded the TCA, which has been provisionally applicable since January 1, 2021 and formally entered into force on May 1, 2021. The TCA includes specific provisions concerning pharmaceuticals, which include the mutual recognition of GMP inspections of manufacturing facilities for medicinal products and GMP certificates, but does not foresee wholesale mutual recognition of United Kingdom and European Union pharmaceutical regulations. As the regulatory framework in the United Kingdom covering the quality, safety and efficacy of medicinal products, clinical trials, marketing authorisation, commercial sales and distribution of medicinal products is derived from EU directives and regulations, Brexit has, and could continue to materially impact the future regulatory regime which applies to products and the approval of product candidates in the United Kingdom.

For example, Great Britain is no longer covered by the European Union's procedures for the grant of marketing authorisations (under the Northern Ireland Protocol, centralised MAs will continue to be recognised in Northern Ireland and Northern Ireland remains subject to European Union legislation). A separate marketing authorisation will therefore be required to market drugs in Great Britain. For three years from January 1, 2021, the Medicines and Healthcare products Regulatory Agency, or the MHRA, may adopt decisions taken by the European Commission on the approval of new marketing authorisations through the centralised procedure to more quickly grant a new Great Britain MA, and the MHRA will have regard to marketing authorisations approved in a country in the European Economic Area (although in both cases a marketing authorisation will only be granted if any Great Britain-specific requirements are met). Various national procedures are now available to place a drug on the market in the United Kingdom, Great Britain or Northern Ireland, with the main national procedure having a maximum timeframe of 150 days (excluding time taken to provide any further information or data required). The

data exclusivity periods in the United Kingdom are currently in line with those in the European Union, but the TCA provides that the periods for both data and market exclusivity are to be determined by domestic law, and so there could be divergence in the future.

Following Brexit pre-marketing authorisation orphan designation is not available in Great Britain, however, as a result of the Northern Ireland Protocol European Union orphan designation and time periods of market exclusivity still remain valid for marketing products in Northern Ireland. The MHRA reviews applications for Great Britain orphan designation in parallel with the corresponding application for a marketing authorisation. The criteria are essentially the same as those in place in the European Union, but based on the prevalence of the condition in Great Britain. Products awarded Great Britain orphan designation will benefit from 10 years of orphan market exclusivity from the date of the relevant marketing authorisation, and an additional two years of exclusivity are available where paediatric data requirements are met.

Other Healthcare Laws and Regulations

Healthcare providers and third-party payors play a primary role in the recommendation and use of pharmaceutical products that are granted marketing approval. Arrangements with third-party payors, existing or potential customers and referral sources, including healthcare providers, are subject to broadly applicable fraud and abuse, and these laws and regulations may constrain the business or financial arrangements and relationships through which manufacturers conduct research, market, sell and distribute the products for which they obtain marketing approval. Such restrictions under applicable federal and state healthcare laws and regulations include the following:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons and entities from knowingly and wilfully soliciting, receiving, offering or paying remuneration, directly or indirectly, overtly or covertly, in cash or kind, in exchange for, or to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service for which payment may be made, in whole or in part, under federal healthcare programmes such as the Medicare and Medicaid programmes. This statute has been interpreted to apply to arrangements between pharmaceutical manufacturers, on the one hand, and prescribers, purchasers, formulary managers and other individuals and entities on the other. The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, or collectively, the ACA, amended the intent requirement of the federal Anti-Kickback Statute such that a person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it to commit a violation;

- the federal civil and criminal false claims, including the civil False Claims Act, or the FCA, and civil monetary penalties laws, which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid or other third-party payors that are false or fraudulent, or knowingly making, or causing to be made, a false record or statement material to a false or fraudulent claim to avoid, decrease, or conceal an obligation to pay money to the federal government. Certain marketing practices, including off-label promotion, also may implicate the FCA. In addition, the ACA codified case law that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the FCA.

- the federal Health Insurance Portability and Accountability Act, or HIPAA, imposes criminal and civil liability, among other things, for executing, or attempting to execute, a scheme to defraud any healthcare benefit programme or making false statements relating to healthcare matters;

- the federal Physician Payments Sunshine Act, which requires certain manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid, or the Children's Health Insurance Programme, with specific exceptions, to report annually to the Centers for Medicare & Medicaid Services, or CMS, information related to payments and other transfers of value made to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals, and ownership and investment interests held by physicians and their immediate family members. Effective January 1, 2022, applicable manufacturers will also be required to report such information regarding payments and other transfers of value made during the previous year to physician assistants, nurse practitioners, clinical nurse specialists, anaesthesiologist assistants, certified registered nurse anaesthetists and certified nurse midwives;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, and their implementing regulations, which imposes certain obligations, including mandatory contractual terms, with respect to safeguarding the transmission, security and privacy of individually identifiable health information on covered entities, such as health plans, health care clearinghouses and certain healthcare providers, and their respective business associates that create, receive, maintain or transmit individually identifiable health information for or on behalf of a covered entity, and their subcontractors that use, disclose, access or otherwise process individually identifiable protected health information; and
- state and foreign law equivalents of each of the above federal laws, such as anti-kickback and false claims laws which may apply to items or services reimbursed by any third-party payor, including commercial insurers; state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government that otherwise restrict payments that may be made to healthcare providers and other potential referral sources; state laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers, drug pricing and/or marketing expenditures; state and local laws requiring the registration of pharmaceutical sales representatives; and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and often are not pre-empted by HIPAA, and may not have the same effect, thus complicating compliance efforts.

Violation of the laws described above or any other governmental laws and regulations may result in significant penalties, including administrative, civil and criminal penalties, damages, fines, the curtailment or restructuring of operations, the exclusion from participation in federal and state healthcare programmes, disgorgement, contractual damages, reputational harm, diminished profits and future earnings, imprisonment and additional reporting requirements and oversight if a person becomes subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws. Furthermore, efforts to ensure that business activities and business arrangements comply with applicable healthcare laws and regulations can be costly.

Coverage and Reimbursement

Significant uncertainty exists as to the coverage and reimbursement status of any products for which we may obtain regulatory approval. In the United States, sales of any product candidates for which regulatory approval for commercial sale is obtained will depend in part on the availability of coverage and adequate reimbursement from third-party payors. Third-party payors include government authorities and health programmes in the United States such as Medicare and Medicaid, managed care providers, private health

insurers and other organisations. These third-party payors are increasingly reducing reimbursements for medical products and services. The process for determining whether a payor will provide coverage for a drug product may be separate from the process for setting the reimbursement rate that the payor will pay for the drug product. Third-party payors may limit coverage to specific drug products on an approved list, or formulary, which might not include all of the FDA-approved drugs for a particular indication. Additionally, the containment of healthcare costs has become a priority of federal and state governments, and the prices of drugs have been a focus in this effort. The U.S. government, state legislatures and foreign governments have shown significant interest in implementing cost-containment programmes, including price controls, restrictions on reimbursement and requirements for substitution of generic products for branded prescription drugs. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit our net revenue and results.

A payor's decision to provide coverage for a drug product does not imply that an adequate reimbursement rate will be approved. Further, coverage and reimbursement for drug products can differ significantly from payor to payor. As a result, the coverage determination process is often a time-consuming and costly process that will require us to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance.

Third-party payors are increasingly challenging the price and examining the medical necessity and cost-effectiveness of medical products and services, in addition to their safety and efficacy. New metrics frequently are used as the basis for reimbursement rates, such as average sales price, average manufacturer price and actual acquisition cost. To obtain coverage and reimbursement for any product that might be approved for sale, it may be necessary to conduct expensive pharmacoeconomic studies to demonstrate the medical necessity and cost-effectiveness of the products, in addition to the costs required to obtain regulatory approvals. If third-party payors do not consider a product to be cost-effective compared to other available therapies, they may not cover the product after approval as a benefit under their plans or, if they do, the level of payment may not be sufficient to allow a company to sell its products at a profit. Additionally, any companion diagnostic test that we develop will be required to obtain coverage and reimbursement separate and apart from the coverage and reimbursement we seek for our product candidates, if approved. If any companion diagnostic is unable to obtain reimbursement or is inadequately reimbursed, that may limit the availability of such companion diagnostic, which would negatively impact prescriptions for our product candidates, if approved.

The marketability of any product candidates for which we receive regulatory approval for commercial sale may suffer if the government and third-party payors fail to provide adequate coverage and reimbursement. In addition, emphasis on managed care in the United States has increased and we expect will continue to increase the pressure on pharmaceutical pricing. Coverage policies and third-party reimbursement rates may change at any time. Even if favourable coverage and reimbursement status is attained for one or more products for which we or our collaborators receive regulatory approval, less favourable coverage policies and reimbursement rates may be implemented in the future.

In the European Union, pricing and reimbursement schemes vary widely from country to country. Some countries provide that products may be marketed only after a reimbursement price has been agreed. Some countries may require the completion of additional studies that compare the cost-effectiveness of a particular product candidate to currently available therapies. European Union member states may approve a specific price for a product or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the product on the market. Other member states allow companies to fix their own prices for products, but monitor and control company profits. The downward pressure on

health care costs has increased over the last few years. As a result, increasingly high barriers are being erected to the entry of new products. In addition, in some countries, cross-border imports from low-priced markets exert competitive pressure that may reduce pricing within a country. Any country that has price controls or reimbursement limitations may not allow favourable reimbursement and pricing arrangements.

Health Reform

The United States and some foreign jurisdictions are considering or have enacted a number of reform proposals to change the healthcare system. There is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality or expanding access. In the United States, the pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by federal and state legislative initiatives, including those designed to limit the pricing, coverage and reimbursement of pharmaceutical and biopharmaceutical products, especially under government-funded health care programmes, and increased governmental control of drug pricing.

By way of example, in March 2010, the ACA was signed into law, and was intended to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add transparency requirements for the healthcare and health insurance industries, impose taxes and fees on the healthcare industry and impose additional health policy reforms. Among the provisions of the ACA of importance to our business are:

- an annual, non-deductible fee on any entity that manufactures or imports specified branded prescription drugs and biologic agents, apportioned among these entities according to their market share in certain government healthcare programmes;
- an increase in the statutory minimum rebates a manufacturer must pay under the Medicaid Drug Rebate Programme to 23.1% and 13.0% of the average manufacturer price for most branded and generic drugs, respectively;
- a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Programme are calculated for drugs that are inhaled, infused, instilled, implanted or injected;
- extension of a manufacturer's Medicaid rebate liability to covered drugs dispensed to individuals who are enrolled in Medicaid managed care organisations;
- expansion of eligibility criteria for Medicaid programmes by, among other things, allowing states to offer Medicaid coverage to certain individuals with income at or below 133% of the federal poverty level, thereby potentially increasing a manufacturer's Medicaid rebate liability;
- a new Medicare Part D coverage gap discount programme, in which manufacturers must agree to offer 50% (increased to 70% pursuant to the Bipartisan Budget Act of 2018, effective as of January 1, 2019) point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for a manufacturer's outpatient drugs to be covered under Medicare Part D;
- expansion of the entities eligible for discounts under the Public Health Service pharmaceutical pricing programme; and
- a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in and conduct comparative clinical effectiveness research, along with funding for such research.

Since its enactment, there have been executive, judicial and Congressional challenges to certain aspects of the ACA. For example, various portions of the ACA are currently undergoing legal and constitutional

challenges in the United States Supreme Court. Further, on February 10, 2021, the Biden administration withdrew the federal government's support for overturning the ACA. Although the Supreme Court has not yet ruled on the constitutionality of the ACA, on January 28, 2021, President Biden issued an executive order to initiate a special enrolment period for purposes of obtaining health insurance coverage through the ACA marketplace, which began on February 15, 2021 and will remain open through August 15, 2021. In addition, the 2020 federal spending package permanently eliminated, effective January 1, 2020, the ACA-mandated "Cadillac" tax on high-cost employer-sponsored health coverage and medical device tax and, effective January 1, 2021, also eliminated the health insurer tax. We cannot predict what effect further changes to the ACA would have on our business, especially given the new administration.

Other legislative changes have been proposed and adopted in the United States since the ACA was enacted. For example, in August 2011, the Budget Control Act of 2011 was signed into law, which, among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2012 through 2021, was unable to reach its target goals, thereby triggering the legislation's automatic reduction to several government programmes. This includes aggregate reductions of Medicare payments to providers of up to 2% per fiscal year, which went into effect in April 2013 and, due to subsequent legislative amendments to the statute, will remain in effect through 2030 unless additional Congressional action is taken. The Coronavirus Aid, Relief and Economic Security Act, or CARES Act, and other COVID-19 pandemic relief legislation have suspended the 2% Medicare sequester from May 1, 2020 through December 31, 2022. In January 2013, the American Taxpayer Relief Act of 2012, among other things, further reduced Medicare payments to certain providers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

There also has been heightened governmental scrutiny in the United States of pharmaceutical pricing practices in light of the rising cost of prescription drugs and biologics. Such scrutiny has resulted in several recent congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programmes, and reform government programme reimbursement methodologies for products. At the federal level, the former presidential administration used several means to propose or implement drug pricing reform, including through federal budget proposals, executive orders and policy initiatives. For example, on July 24, 2020 and September 13, 2020, former President Trump announced several executive orders that are intended to lower the costs of prescription drug products and seek to implement several of the administration's proposals. As a result, the FDA released a final rule, effective November 30, 2020, implementing a portion of the importation executive order providing guidance for states to build and submit importation plans for drugs from Canada. Further, on December 2, 2020, the Department of Health and Human Services, or HHS, published a regulation removing safe harbour protection for price reductions from pharmaceutical manufacturers to plan sponsors under Part D, either directly or through pharmacy benefit managers, unless the price reduction is required by law. The implementation of the rule has been delayed by the Biden administration from January 1, 2022 to January 1, 2023. The rule also creates a new safe harbour for price reductions reflected at the point-of-sale, as well as a safe harbour for certain fixed fee arrangements between pharmacy benefit managers and manufacturers, the implementation of which have been delayed by the Biden administration until January 1, 2023. On November 20, 2020, CMS issued an interim final rule implementing the Most Favored Nation, or MFN, Model under which Medicare Part B payments will be calculated for certain physician-administered drugs and biologics based on the lowest price drug manufacturers receive in Organisation for Economic Cooperation and Development countries with a similar gross domestic product per capita. The MFN Model regulations mandate participation by identified Part B providers and

would have applied to all U.S. states and territories for a seven-year period beginning January 1, 2021 and ending December 31, 2027. However, on December 28, 2020, the United States District Court in Northern California issued a nationwide preliminary injunction against implementation of the interim final rule. On January 13, 2021, in a separate lawsuit brought by industry groups in the U.S. District of Maryland, the government defendants entered a joint motion to stay litigation on the condition that the government would not appeal the preliminary injunction granted in the U.S. District Court for the Northern District of California and that performance for any final regulation stemming from the MFN Interim Final Rule shall not commence earlier than 60 days after publication of that regulation in the Federal Register. Further, authorities in Canada have passed rules designed to safeguard the Canadian drug supply from shortages. If implemented, importation of drugs from Canada and the MFN Model may materially and adversely affect the price we receive for any of our product candidates. It is unclear whether the Biden administration will work to reverse these and other proposed measures or pursue similar policy initiatives. At the state level, individual states in the United States have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

We expect that these initiatives, as well as other healthcare reform measures that may be adopted in the future, may result in more rigorous coverage criteria and lower reimbursement, and in additional downward pressure on the price that we receive for any approved product. It is also possible that additional governmental action is taken to address the COVID-19 pandemic. Further, any reduction in reimbursement from Medicare or other government-funded programmes may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability or commercialise our product candidates.

Further, additional healthcare reform initiatives may arise from future legislation or administrative action, particularly as a result of the recent U.S. presidential election.

Data Privacy and Security Laws

We also are or may become subject to privacy laws in the jurisdictions in which we are established, have partners or sell or market our products or run clinical trials. For example, we are or may become subject to privacy and data protection laws, such as the EU GDPR and/or U.K. GDPR and HIPAA in the United States, among many others. Our regulatory obligations in foreign jurisdictions could harm the use or cost of our solution in international locations as data protection and privacy laws and regulations around the world continue to evolve.

Certain aspects of our business, including those for which we rely upon collaborators, service providers, contractors or others, are or may become subject to HIPAA and its implementing regulations, which establish standards for covered entities (healthcare providers, health plans and healthcare clearinghouses) governing the conduct of certain electronic healthcare transactions and protecting the security and privacy of protected health information, including, among other requirements, mandatory contractual terms and technical safeguards designed to protect the privacy, security and transmission of protected health information and notification to affected individuals and regulatory authorities in the event of certain breaches of security of protected health information. The American Recovery and Reinvestment Act of 2009, commonly referred to as the economic stimulus package, included sweeping expansion of HIPAA's privacy and security standards called for by HITECH, which became effective on February 17, 2010. Among other things, HITECH makes HIPAA's privacy and security standards directly applicable to

business associates, or independent contractors or agents of covered entities, that receive or obtain protected health information in connection with providing a service on behalf of a covered entity. HITECH also increased the civil and criminal penalties that may be imposed against covered entities, business associates and possibly other persons, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorney's fees and costs associated with pursuing federal civil actions.

Even when HIPAA does not apply, failing to take appropriate steps to keep consumers' personal information secure can constitute unfair acts or practices in or affecting commerce and be construed as a violation of Section 5(a) of the Federal Trade Commission Act, or the FTCA, 15 U.S.C § 45(a). The Federal Trade Commission expects a company's data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities.

In Europe, the EU GDPR and the U.K. GDPR impose strict requirements in relation to processing the personal data of individuals located, respectively, within the EEA and/or U.K. and/or to processing that occurs in the context of an establishment in, respectively, the EEA and/or U.K. For example, under the EU GDPR and the U.K. GDPR, government regulators may impose temporary or definitive bans on data processing, as well as fines of up to: 20 million euros under the EU GDPR or 17.5 million pounds sterling under the U.K. GDPR; or 4% of annual global revenue, whichever is greater. Further, individuals may initiate litigation related to our processing of their personal data. Other countries outside of Europe have enacted or are considering enacting similar comprehensive data privacy and security laws and regulations, which could increase the cost and complexity of delivering our services and operating our business.

In particular, many jurisdictions have enacted data localisation laws and cross-border personal data transfer laws. These laws may make it more difficult for us to transfer personal data across jurisdictions, which could impede our business. If we cannot implement a valid compliance mechanism for cross-border data transfers, we may face increased exposure to regulatory actions, substantial fines, and injunctions against processing or transferring personal data from the EU, U.K. or elsewhere. Furthermore, the inability to transfer personal data to the United States or other jurisdictions outside the EEA and U.K. could significantly and negatively impact our business operations, including by limiting our ability to collaborate with parties that are subject to European and other data privacy and security laws or requiring us to increase our personal data processing capabilities in Europe and/or elsewhere at significant expense.

In the United States, state laws may be more stringent, broader in scope or offer greater individual rights with respect to health information than HIPAA, and state laws may differ from each other, which may complicate compliance efforts. By way of example, California recently enacted the California Consumer Privacy Act, or CCPA, which creates new individual privacy rights for California residents and places increased privacy and security obligations on entities handling certain personal data of such residents. The CCPA requires covered companies to provide new disclosures to California residents about such companies' data collection, use and sharing practices and provide such residents new ways to opt out of certain disclosures of personal information and provides such residents with additional causes of action. The CCPA became effective on January 1, 2020, and (a) allows enforcement by the California Attorney General, with fines set at $2,500 per non-intentional violation or $7,500 per intentional violation and (b) authorises private lawsuits to recover statutory damages for certain data breaches. Additionally, a new privacy law, the California Privacy Rights Act, or CPRA, was recently approved by California voters in November 2020. The CPRA significantly modifies the CCPA, resulting in further uncertainty and requiring us to incur additional costs and expenses to comply.

Our obligations related to data privacy and security are quickly changing in an increasingly stringent fashion. These obligations may be subject to differing applications and interpretations, which may be inconsistent or in conflict among jurisdictions. Preparing for and complying with these obligations requires us to devote significant resources (including, without limitation, financial and time-related resources). These obligations may necessitate changes to our information technologies, systems, and practices and to those of any third parties that process personal data on our behalf. In addition, these obligations may require us to change our business model. Although we endeavor to comply with all applicable data privacy and security obligations, we may at times fail (or be perceived to have failed) to do so. Moreover, despite our efforts, our personnel or third parties upon whom we rely may fail to comply with such obligations which could impact our compliance posture. If we fail, or are perceived to have failed, to address or comply with data privacy and security obligations, we could face significant consequences. These consequences may include, but are not limited to, government enforcement actions (e.g., investigations, fines, penalties, audits, inspections, and similar), litigation (including class-related claims), additional reporting requirements and/or oversight, bans on processing personal data; orders to destroy or not use personal data; and imprisonment of company officials. Any of these events could have a material adverse effect on our reputation, business, or financial condition, including but not limited to: loss of customers, interruptions or stoppages in our business operations, inability to process personal data or to operate in certain jurisdictions, limited ability to develop or commercialize our products, expenditure of time and resources to defend any claim or inquiry, adverse publicity, or revision or restructuring of our operations.

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

Additional Regulation

In addition to the foregoing, provincial, state and federal U.S. and European Union laws regarding environmental protection and hazardous substances affect our business. These and other laws govern our use, handling and disposal of various biological, chemical and radioactive substances used in, and wastes generated by, our operations. If our operations result in contamination of the environment or expose individuals to hazardous substances, we could be liable for damages and governmental fines.

We believe that we are in material compliance with applicable environmental laws and that continued compliance therewith will not have a material adverse effect on our business. We cannot predict, however, how changes in these laws may affect our future operations.

Anti-Corruption Laws

We are subject to the U.S. Foreign Corrupt Practices Act of 1977, as amended, or the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, the UK Bribery Act 2010 and the UK Proceeds of Crime Act 2002 and possibly other state and national anti-bribery and anti-money laundering laws in countries in which we conduct activities, collectively, Anti-Corruption Laws. Among other matters, such Anti-Corruption Laws prohibit corporations and individuals from directly or indirectly paying, offering to pay or authorizing the payment of money or anything of value to any foreign government official, government staff member, political party or political candidate or certain other persons, to obtain, retain or direct business, regulatory approvals or some other advantage in an improper manner. We can also be held liable for the acts of our third-party agents under the FCPA, the UK Bribery Act 2010 and possibly other Anti-Corruption Laws. In the healthcare sector, anti-

corruption risk can also arise in the context of improper interactions with doctors, key opinion leaders and other healthcare professionals who work for state-affiliated hospitals, research institutions or other organisations.

Government Regulation Outside of the United States, the European Union and the United Kingdom

In addition to regulations in the United States, the European Union and the United Kingdom, we may be subject to a variety of regulations in other jurisdictions governing, among other things, clinical studies and any commercial sales and distribution of their products. Whether or not we obtain FDA, MHRA, or EMA approval for a product, we must obtain the requisite approvals from regulatory authorities in foreign countries prior to the commencement of clinical studies or marketing of the product in those countries. Certain countries outside of the United States, the United Kingdom and the European Union have a similar process that requires the submission of a clinical study application much like the IND, or CTA, prior to the commencement of human clinical studies. The requirements and process governing the conduct of clinical studies, product licensing, coverage, pricing and reimbursement vary from country to country. In all cases, the clinical studies are conducted in accordance with GCP and the applicable regulatory requirements and the ethical principles that have their origin in the Declaration of Helsinki.

Legal Proceedings

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. We are not currently subject to any material legal proceedings.

C. Organisational structure

Exscientia plc is the ultimate parent entity in our group. Our direct wholly owned subsidiary, Exscientia (UK) Holdings Limited, owns the equity interests of our subsidiaries listed below (whether directly or indirectly), as of December 31, 2022:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest
Exscientia Inc.	United States	100%
Exscientia Ventures I, Inc.	United States	100%
RE Ventures I, LLC	United States	50%
Exscientia Ventures II, Inc.	United States	100%
RE Ventures II, LLC	United States	50%
Exscientia KK	Japan	100%
Kinetic Discovery Ltd	Scotland	100%
Exscientia GmbH	Austria	100%
Exscientia AI Limited	Scotland	100%

D. Property, plants and equipment

We currently lease a facility that consists of our global headquarters, as well as research and development and laboratory space, which is approximately 36,600 square feet. We have four leases relating to different floors within our headquarters, which expire in 2028 and 2033. We also have automation laboratory space located in Oxfordshire, United Kingdom of another 24,000 square feet under a lease that expires in 2031. We have committed to leasing approximately 54,990 square feet of office and laboratory space in Vienna, Austria, under leases that expire in 2029. We lease additional facilities in the United Kingdom (Dundee and Cambridge), United States (Boston and Miami) and Japan (Osaka).

Item 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

Item 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and the related notes thereto appearing elsewhere in this annual report. The following discussion is based on our financial information prepared in accordance with the International Financial Reporting Standards, or IFRS, as issued by the IASB, which may differ in material respects from generally accepted accounting principles in other jurisdictions, including U.S. GAAP. Some of the information contained in this discussion and analysis or set forth elsewhere in this annual report, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should review the section titled "Risk Factors" for a discussion of the important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis, as well as the section titled "Special Note Regarding Forward-Looking Statements."

We maintain our books and records in pounds sterling. For the convenience of the reader, we have translated pound sterling amounts as of and for the period ended December 31, 2022 into U.S. dollars at the noon buying rate of the Federal Reserve Bank of New York on December 30, 2022, which was £1.00 to $1.21. These translations should not be considered representations that any such amounts have been, could have been or could be converted into U.S. Dollars at that or any other exchange rate as of that or any other date.

We have historically conducted our business through Exscientia Limited, and therefore our historical financial statements previously presented the consolidated results of operations of Exscientia Limited. Following the completion of our initial public offering in October 2021, our consolidated financial statements present the consolidated results of operations of Exscientia Plc.

Unless otherwise indicated or the context otherwise requires, all references to "Exscientia", the "Company", "we", "our", "us", or similar terms refer to Exscientia Plc.

OVERVIEW

We are an artificial intelligence-driven precision medicine company committed to efficiently discovering, designing and developing the best possible drugs based on complex patient data. Our goal is to change the pharmaceutical industry's underlying pharmacoeconomic model, what we call "Shifting the Curve," by improving the probability of success, time and cost involved with creating new medicines. Our pipeline demonstrates our ability to rapidly translate scientific concepts and patient-centric data into precision-designed therapeutic candidates. We have built an end-to-end solution of artificial intelligence, or AI, and experimental technologies for target identification, drug candidate design, disease relevant translational models and patient selection. These integrated technologies allow us to discover, design and develop precision medicines. Our platform has enabled us to design candidate drug molecules that have progressed into clinical trials as well as to prospectively provide patients with potentially more applicable drug therapies through AI guided assessment. Our patient-first AI process is comprised of the following four elements:

- **Precision Target**: using patient tissue and deep learning approaches to identify new targets;
- **Precision Design**: an extensive platform of AI technologies to design innovative drugs;
- **Precision Experiment**: tech-enabled precision experimentation to derive better data; and
- **Precision Medicine**: advanced patient selection to improve clinical success rates.

Our AI-design capabilities include a wide range of deep learning and machine learning algorithms, generative methods, active learning and natural language processing. These methods are used to guide target selection, to design the precise molecular architecture of potential drug molecules and to analyse patient tissues to prioritise the molecules that are likely to provide the best response for an individual's specific tumour.

Our Strategy

Our focus on encoding and automating critical functions in drug discovery has meant we can readily scale our business. Our target identification and drug design technologies can be applied to small molecule discovery across any therapeutic indication, while our precision medicine platform focuses on oncology and can be applied to both small molecules and biologics. We seek to continuously grow our platform by creating scalable technologies to solve new drug discovery problems in a better, more efficient way. Our goal is for every project, whether internal or partnered, to not only deliver potential high-impact medicines, but also expand our capabilities for future projects.

Internal pipeline:

Our internal pipeline includes wholly owned programmes, majority owned programmes and co-owned programmes. Our wholly owned programmes and majority owned pilot programme primarily focus on oncology, immuno-oncology and antivirals. We perform all activities (experimental and computational) from target identification through to clinical trials, if applicable. We also have a number of co-owned projects with biopharmaceutical companies, the terms of which include cost sharing in the development and commercialisation of drug candidates, with a corresponding share in revenue or profits generated from approved product candidates.

- These programmes include our majority-owned pilot immuno-oncology asset, EXS21546 and our co-owned oncology asset, GTAEXS617, as well as wholly owned EXS73565 and EXS74539. As our broad internal portfolio advances, we continue to assess the optimum development pathway to success, which may include co-developing, partnering or out-licensing, that best fit for our long-term strategy and capabilities.

Partnered programmes:

- We provide end-to-end discovery capabilities across a variety of therapeutic areas in exchange for upfront payments, milestones, opt-in payments and royalties on net sales if a product developed from the partnership is commercialised. We expect to continue to be reliant on our partners to progress drug candidates through clinical trials and regulatory approval in order for us to realise certain development milestones and royalties on commercial sales. We have several collaboration agreements with global pharmaceutical companies, including Bristol Myers Squibb (BMS) and Sanofi. Revenue associated with these agreements is recognised in accordance with IFRS 15 Revenue from Contracts with Customers, with the associated expenses recognised in cost of sales. All of our partnership agreements allow for assets to become wholly owned by Exscientia if a partner decides not to continue development after our operational commitment is satisfied, with no payment required by Exscientia.

Recent Developments

In January 2022, we entered into a Collaboration and Licence Agreement, or the CLA, with Sanofi, pursuant to which we will use our AI-driven, end-to-end integrated platform to discover and validate novel targets in the oncology and immunology therapeutic areas. We will collaborate with Sanofi to advance certain of these targets into small molecule inhibitor drug research projects and accelerate the

identification of certain small molecule development candidates. The Group received an upfront payment of $100 million in April 2022 in relation to this collaboration.

On March 11, 2022, BMS extended its first collaboration arrangement with the Group by six months in order to generate additional data including the use of translational capabilities for key targets under the collaboration using the Group's precision medicine platform, in relation to which the Group received a cash payment of $5 million. The term extension payment has been treated as an addition to the transaction price, in accordance with paragraph 21b of IFRS 15, relating to the collaboration's partially unsatisfied performance obligations for the design and development of candidates for collaboration targets, with a cumulative recognition of revenue at that date based upon the progress towards satisfaction of the related performance obligations. The remaining element of the transaction price is being recognised as revenue as the performance obligations are satisfied, if applicable.

On April 06, 2022, the Group received a $10 million upfront payment from BMS following the selection of a fifth target in relation to the second collaboration arrangement with BMS.

In April 2022, the Company presented three posters on its precision medicine platform and pipeline programmes at the American Association of Cancer Research Annual Meeting (AACR). The data highlighted the potential benefits of Exscientia' AI-driven design to rapidly discovery molecules with optimised properties, including GTAEXS617, as well as the potential of Exscientia's precision medicine platform to find novel pathways as well as make progress towards identifying patients who may better respond to drugs in the clinic.

On May 30, 2022, Exscientia ended its pre-existing collaboration arrangement with Bayer AG. All remaining performance obligations pertaining to the contract were deemed to be fully discharged at that point, resulting in the recognition of revenues totalling £1.2 million. Exscientia will retain optionality to develop one of the two targets that had been pursued under the collaboration The Bayer agreement was the last Exscientia partnership based on only design services (which excludes experimental, project management and precision medicine activities), and this change is aligned with the Company strategy to increasingly focus the pipeline on programmes where Exscientia's AI design and precision medicine platform can be integrated.

On June 14, 2022, the Company announced topline data from its EXS21546 Phase 1a study demonstrating targeted A_{2A} receptor signaling inhibition in healthy volunteers. The data builds upon the body of evidence suggesting '546 is a highly potent and selective $A_{2A}R$ antagonist with low CNS exposure. Translational work to establish a predictive biomarker to determine which patients are most likely to benefit from '546 is ongoing.

The Group has expanded its portfolio of leasehold premises throughout the year. On March 25, 2022 the Group entered into three lease arrangements in relation to additional space at its pre-existing premises within the Schrödinger Building in Oxford, United Kingdom. Further office space at the same premises was leased on July 25, 2022. The Group also entered into a lease arrangement in relation to premises in Boston, United States of America on July 01, 2022. On August 05, 2022 the Group entered into an additional lease arrangement in relation to premises at Fletcher House in Oxford, United Kingdom, with the lease term commencing on October 06, 2022. The Group entered into two 7 year lease arrangements in relation to laboratory and office space in Vienna, Austria on September 3, 2021. The lease term for the office space commenced on December 01, 2022. The lease arrangement for the laboratory space commenced on January 26, 2023. With effect from December 09, 2022, the Group modified the terms of their lease arrangement at Milton Park; originally signed on July 13, 2021. The lease term for the agreement was extended, expiring in July 2036, with a break date in July 2031. On December 21, 2022 the Group entered into a lease arrangement in relation to premises in Miami, United States of America.

On October 26, 2022 the Company presented a poster at the 34th EORTC-NCI-AACR (ENA 2022) Symposium on Molecular Targets and Cancer Therapeutics, being held October 26-28, 2022, in Barcelona, Spain. The poster highlighted new data aimed at enriching patients that are more likely to respond to its precision-designed CDK7 inhibitor, GTAEXS617 (‘617). The research confirmed a CDK7-specific pharmacodynamic (PD) biomarker, while revealing potential novel PD markers, and identified an initial novel patient selection gene expression signature that will, in part, be evaluated in its planned Phase 1/2 study.

On November 3, 2022 the Company announced the expansion of its platform to include the design of biologics, such as human antibodies. The Company has progressed AI-driven capabilities for virtual biologics design throughout the year and is now establishing an automated biologics laboratory in Oxford to internally generate and profile novel antibodies. We believe our approach of combining generative AI design and virtual screening of biologics will allow investigation of a broader antibody space and support our goal to design all of its biologics de novo for specific target epitopes without the need for screening.

On November 14, 2022 the Company entered into a joint operation with MD Anderson to leverage AI in developing novel oncology treatments. The agreement aligns MD Anderson’s drug development expertise with Exscientia’s AI-driven patient-first precision medicine and drug discovery platforms. The research collaboration will utilise Exscientia’s precision medicine platform to identify novel anti-cancer, cell-intrinsic small-molecule compounds based on jointly identified therapeutic targets. Promising candidates will advance for further development with the team at MD Anderson’s Therapeutics Discovery division. MD Anderson and Exscientia anticipate that successful target discovery programmes may be advanced into proof-of-concept clinical trials at MD Anderson. Under the agreement terms, Exscientia and MD Anderson will jointly contribute to and support each programme designated to move forward.

On November 28, 2022 Exscientia announced that it received CTA approval to initiate IGNITE, a phase 1 / 2 trial of EXS21546 in patients with relapsed / refractory RCC and NSCLC. The two-part trial will evaluate safety, efficacy, pharmacokinetics and pharmacodynamics of ‘546 in combination with a PD-1 inhibitor in approximately 110 patients. The trial is designed to prospectively evaluate Exscientia’s novel multi-gene signature, the adenosine burden score, or ABS in comparison to patient responses in order to validate its use in patient selection. Exscientia also presented data from its novel multi-gene signature, the adenosine burden score, or ABS, in December 2022 at the ESMO-IO Annual Congress.

On February 2, 2023 the Company announced that EXS4318 ('4318) a compound precision designed by Exscientia and in-licensed by Bristol Myers Squibb in August 2021, has entered Phase 1 clinical trials in the United States. The compound is in development for immunology & inflammation (I&I) indications. Bristol Myers Squibb will oversee the clinical and commercial development and Exscientia is eligible for milestone payments and, if approved, tiered royalties on net product sales.

On March 14, 2023 Exscientia announced two new wholly-owned precision oncology development candidates, EXS74539 ('539), an LSD1 inhibitor and EXS73565 ('565), a MALT1 protease inhibitor. These compounds have been precision designed to improve patient benefit and solve complex design issues that may limit the probability of success of other compounds in development. IND-enabling studies are underway and the Company expects to provide an update on clinical development plans leveraging Exscientia's personalised medicine platform in the second half of 2023. Both molecules were funded through a 2019 collaboration with Celgene, which was acquired by BMS, and each molecule met the criteria for a molecule for which BMS could exercise its option. BMS's options to the candidates have now lapsed and Exscientia maintains all worldwide rights to both compounds.

A. Operating Results

Components of Results of Operations

Revenue

We generate revenue broadly from two streams that relate to our principal activities:

- Licensing fees: We receive licensing fees from partnered programmes where we develop intellectual property on behalf of a collaboration partner. These agreements either assign all of the designated intellectual property to the partner from inception or grant an exclusive option to the partner to acquire rights to the future development and commercialisation of the intellectual property. As part of these agreements, we may receive future milestone and royalty payments upon achievement of clinical, regulatory and commercial milestones; and
- Service fees: We generate service fees from drug discovery collaboration agreements where we are utilising our proprietary technology to develop novel intellectual property on behalf of the collaboration partner, but do not have any rights to future milestones and royalties as a direct result of the agreement. We also generate service revenues through our Exscientia GmbH entity related to collaboration agreements that existed with Exscientia GmbH at the time of our acquisition, which we expect to discontinue at the earliest commercially viable point.

We receive four types of payments within the two revenue streams:

- Upfront payments, which are generally payable upon execution of the collaboration agreement or on initiation of a project;
- Research funding (including term extension payments), which is generally payable throughout the collaboration at defined intervals that are set out in the agreement (e.g., quarterly or at the beginning of a specific phase of work) and is intended to fund research (internal and external) to develop the drug compound that is the subject of the collaboration;
- Milestone payments, which are linked to the achievement of events that are defined in the agreement, such as clinical and regulatory milestones; and
- Opt-in payments, which are similar in principle to milestone payments, but are payable when the partner exercises its option to take ownership of the designated intellectual property. These payments only exist where we initially retained ownership of the designated intellectual property.

In addition to the payments described above, we may also receive milestone payments upon the first commercial sale of a product, if and when approved, the amount of which is based on the territory the sale occurs in, and royalties based on worldwide net sales. These amounts have not been included within the transaction price for any contract as of December 31, 2022, 2021 and 2020. We have only recognised revenue in respect of non-cancellable, non- refundable payments and achieved milestones due under executed collaboration contracts. Any payments which relate to future milestones or options under the control of our collaboration partners have not been recognised.

Costs of Sales

Costs of sales relates to costs from third-party CRO's, as well as internal labour and absorbed overhead incurred in relation to collaboration arrangements and drug discovery agreements for third parties which have been designated as contracts with customers in accordance with IFRS 15. External CRO costs are the main driver for our costs of sales, representing 77%, 89% and 91% of total costs of sales during the

periods ending December 31, 2022, 2021 and 2020, respectively. We expect our costs of sales to increase in future as we commence additional collaboration projects.

Gross (loss)/profit

Gross (loss)/profit represents revenue less costs of sales. Gross margin is gross (loss)/profit expressed as a percentage of revenue. Our gross margin may fluctuate from period to period as a result of our drug discovery collaboration activities. For example, the revenue associated with collaboration up-front payments is recognised over time and is adjusted due to changes in the estimated costs to be incurred in satisfying the related performance obligation, while certain opt-in and milestone payments are recognised when assessed to be highly probable, which is generally upon achievement.

For obligations in which revenue is recognised at a point in time, that point in time is the date at which the satisfaction of the performance obligation is mutually agreed with our customer. For obligations discharged over time the Group recognises revenue equal to recoverable costs incurred for new collaborations from their inception until such time as the collaboration is sufficiently progressed such that the Group can reliably estimate the level of profit that will be achieved from delivery of the related performance obligations. Revenue from potential milestones or royalties are typically not recognised at the initiation of a contract. Upfront payments that include performance obligations are recognised as those obligations are satisfied. In addition no profit is recognised as costs are incurred until such a time as costs and time to programme completion can be reasonably estimated, with revenues recognised equal to a percentage of costs incurred until that time. As a result of this, until total costs and time to completion can be reliably estimated, a gross loss may be recognised on individual customer contracts despite the expectation that the relevant contract will be profitable overall.

Therefore, we believe that gross (loss)/profit is not currently a helpful predictor of the future performance of our business.

Research and Development Expenses

Research and development expenses consist of costs associated with our majority-owned and co-owned drug discovery programmes and costs incurred for the ongoing development of our technology platform. All research and development costs are expensed as incurred due to scientific and technological uncertainty. Research and development expenses primarily consist of:

- internal personnel-related expenses, including salaries, benefits, bonuses and stock-based compensation for employees engaged in research and development functions;
- external expenses incurred under agreements with CROs and other consultants involved in our research and development;
- facilities, depreciation and amortisation, insurance and other direct and allocated expenses incurred as a result of research and development activities;
- costs associated with operating our digital infrastructure, including allocated software, computing capacity costs, and laboratory-related costs, including laboratory equipment depreciation; and

All direct external research and development expenditures are tracked on a programme-by-programme basis and consist primarily of fees paid to CROs relating to wholly and jointly operated discovery programmes in the later stages of drug discovery, including lead optimisation, preclinical and clinical studies, and are assigned to the individual programmes. We utilise internal employee time tracking data to allocate internal research and development expenses, such as employee costs, laboratory supplies,

facilities, depreciation, or other indirect costs, to specific programmes because these costs are deployed across multiple programmes.

We expect our research and development expenses to increase substantially for the foreseeable future as we continue to expand and advance our wholly and jointly operated drug pipeline, invest in our technology platform and hire additional personnel directly involved in such efforts. Drug development generally becomes more costly as programmes advance into later stages, as these trials typically require a higher number of patients enrolled and sites operated. We cannot determine with certainty the timing of initiation, the duration, or the completion costs of current or future clinical trials of our drug candidates due to the inherently unpredictable nature of drug development. At this time, we cannot reasonably estimate or know the nature or timing of the efforts that will be necessary to complete the development and commercialisation of any drug candidates that we develop from our programmes. As a result, our research and development expenses may vary substantially from period to period based on the timing of our research and development activities. All of our programmes are at an early stage of development, and we may experience numerous unforeseen events during, or as a result of, the clinical trial process that could delay or prevent commercialisation of our drug candidates and result in a significant change in the costs and timing associated with the development of programmes.

General and Administrative Expenses

General and administrative expenses consist of personnel-related expenses associated with our executive, legal, finance, human resources, information technology and other administrative functions, including salaries, benefits, bonuses and stock-based compensation. General and administrative expenses also include professional fees (including fees relating to external legal, accounting and consulting services), allocated overhead costs, including depreciation charges associated with our information technology, facilities and other administrative functions.

We expect that our general and administrative expenses will increase for the foreseeable future to support the anticipated growth of our business.

Share-based Compensation

Share-based compensation expenses are recorded within either research and development expenses or administrative expenses depending on the activities of the employees to which they relate.

Our share-based compensation relates to share awards granted to employees, non-employees and directors in connection with Exscientia's share-based compensation plans. Share-based payment awards primarily consist of service based awards, some of which also have market-based performance conditions. We measure the fair value of service based awards at the grant date using the Black-Scholes option pricing model, whilst the fair value of those awards also containing market-based conditions is determined at the grant date using a Monte Carlo simulation model. These models incorporate various assumptions including the expected volatility of our ordinary shares, the expected term of the awards and a risk-free interest rate. We amortise the fair value over the vesting term on a straight-line basis. At each statement of financial position date, the Group revises its estimate of the number of awards that are expected to become exercisable based on forfeiture rates, and with the exception of changes in the estimated probability of achieving market-based performance conditions, adjustments are made such that at the end of the vesting period the cumulative charge is based on the number of awards that eventually vest. If any of the assumptions used in the models change significantly for future grant valuations, share-based compensation expense may differ materially in the future from that recorded in the current period.

We expect that our share-based compensation expenses will increase for the foreseeable future as the business continues to grow.

Other Income

Other income consists of income from grants, tax credits receivable from the United Kingdom's Research and Development Expenditure Credit Scheme, or RDEC, and Austrian R&D tax credits.

As of December 31, 2022, we had four grants, a European governmental grant, a grant provided by the Gates Foundation, a grant provided by The Austrian Research Promotion Agency, or FFG and a grant provided by the Austrian Wirtshaftsservice. The maximum amounts receivable under our current grants are £0.4 million, £3.3 million, £1.7 million and £0.1 million, respectively.

The first two grants provide reimbursement for certain personnel, consumables and overhead costs incurred in the performance of research and development activities, while the FFG grant relates to the early stage testing of a drug's action in solid tumour patient samples with high content microscopy and deep-learning. These grants compensate us for research and development activities and are recognised as other income in the periods in which the expenses are incurred, unless the conditions for receiving the grant are met after the related expenses have been incurred. In each case, the grant is recognised when it becomes receivable. The grant provided by the Austrian Wirtshaftsservice relates to funding support in respect of the acquisition of certain property, plant and equipment over the period from August 2020 to end February 2022 and is recognised as income as the related assets are depreciated.

The other component of other income relates to certain R&D tax credits received by the Group as follows:

- RDEC relates to UK tax credits receivable in relation to eligible research and development expenditures that are not eligible to be included in the Small and Medium-sized Enterprises research and development tax relief programme, or SME Programme, as discussed below under the section entitled Income Tax Benefit, such as when we receive income from a collaboration partner or grant funding for certain projects. These costs are claimed under the RDEC scheme, which offers a tax credit of up to 13% for qualifying expenditures, with certain subcontracted expenditures receiving an 8.5% tax credit. Under the RDEC regime, qualifying subcontracted costs are limited to those undertaken with certain institutions such as charities, higher education institutes, or scientific research organisations.

  Under the RDEC regime, the tax credit is accounted for in our profit before tax under other income, with an associated tax charge recognised at the prevailing rate of corporation tax in the United Kingdom (currently 19%) before total loss for the year. In the future, we may only be able to continue to claim certain research and development tax credits under the RDEC regime, if we no longer qualify as a small or medium-sized company as defined under HM Revenue and Customs criteria.

  On July 20, 2022, HM Revenue and Customs published draft legislation for changes to the UK R&D relief schemes. Most notably, the new legislation excludes subcontracted R&D undertaken outside of the UK from the eligible costs criteria, with a small number of exceptions including clinical trials. Should this draft legislation come into law it may negatively impact our future SME and RDEC credits.

  Following the announcements at the Autumn Statement, an increase in RDEC rate from 13% to 20% has now been enacted, and will apply to expenditure incurred on or after April 1, 2023.

- The Group also receives an Austrian Research Premium in relation to eligible research and experimental development expenditures. The research premium is accounted for within other income at a rate of 14%.

Foreign Exchange Gains/(Losses)

Foreign exchange gains/(losses) arises primarily on the translation of our non-pounds sterling denominated cash and cash equivalents, in addition to outstanding monetary non-pounds sterling financial assets and liabilities, including trade receivables.

Losses on Forward Contracts

The Group enters into contracts whereby fixed amounts of currencies are exchanged at a pre-determined rate at a future date. These currency forward contracts are initially recognised at fair value on the date at which the derivative contract is executed, and are subsequently re-measured at fair value each period-end. Any gains and losses arising from changes in the fair value of derivatives are recognised within profit or loss.

Finance Income

Finance income arises primarily from interest income on cash, cash equivalents and short-term bank deposits.

Finance Expenses

Finance expenses consist of interest expenses related to lease liabilities as recognised under the accounting standard IFRS 16 ‘Leases’, interest in relation to unwinding the discounting of restoration provisions recognised in relation to the Group’s leased premises and loan and bank interest payable.

Share of Loss of Joint Venture

Share of loss of joint ventures consist of our share of costs incurred by RE Ventures I, LLC, the joint venture entity we own equally with RallyBio. We incorporated an additional joint venture entity with Rallybio, RE Ventures II, LLC, during the year ended December 31, 2021, however no expenses were incurred during the year.

Should we establish additional joint collaborations that meet the Joint Venture definition under IFRS 11, our share of the profits or losses of those arrangements will impact this in future.

Income Tax Benefit

Our income tax balance is comprised of research and development tax credits recoverable in the United Kingdom and income tax payable in the United States and Japan. We are subject to corporation taxation in the United Kingdom. Exscientia AI Limited’s wholly owned U.S. subsidiaries, Exscientia, Inc. and Exscientia Ventures I, Inc., are subject to corporation taxation in the United States. Exscientia AI Limited’s wholly owned subsidiary Exscientia KK is subject to corporation taxation in Japan. Exscientia AI Limited’s wholly owned subsidiary Exscientia GmbH is subject to corporation tax in Austria. Due to the nature of our business, we have generated losses since inception. Exscientia, Inc. and Exscientia KK both generate taxable profits due to intercompany transfer pricing arrangements.

As a company that carries out extensive research and development activities, we benefit from the United Kingdom’s small-and-medium enterprises research and development tax credit regime, or SME Programme, and are able to surrender some of our losses for a cash rebate of up to 33.35% of

expenditures related to eligible research and development projects. Qualifying expenditures largely consist of employment costs for relevant staff, external workers provided by CROs, and software and consumables used in research and development projects. Certain subcontracted qualifying research and development expenditures are eligible for a cash rebate of up to 21.68%. A large portion of costs relating to our research and development is eligible for inclusion within the tax credit cash rebate claims. The SME Programme credit is recognised in full in the income tax benefit.

The SME Programme cash rebate rate will reduce to 18.6% for qualifying research and development expenditure incurred on or after April 1,2023, unless we qualify as "R&D intensive" for an accounting period (broadly, a loss making SME whose qualifying research and development expenditure for an accounting period represents 40% or more of its total expenditure for that accounting period will qualify), in which case the cash rebate that may be claimed will be 26.97% of qualifying expenditure).

Gain on Financial Assets through Other Comprehensive Income

Unlisted equity securities

On March 31, 2021, we successfully reached a clinical candidate milestone under our collaboration with GT. As a result, we became entitled to receive, as non-cash revenue consideration, a number of Ordinary shares and Preference shares in GT equivalent to just over 12% on a fully diluted basis. Under the accounting standard IFRS 9 'Financial Instruments', these shares represent unlisted equity securities to be recognised at fair value and then re-measured at each reporting date. We have taken the election provided within the accounting standard IFRS 9 'Financial Instruments' to recognise fair value gains and losses within Other Comprehensive Income, therefore these are not shown in the *Results of Operations* below but are included on the face of the Consolidated Statement of Loss and Other Comprehensive Income for the year ended December 31, 2022.

Segmented and Enterprise Wide Information

We manage our operations as a single operating segment for the purposes of assessing performance and making operating decisions. Our focus is on the discovery and development of small molecule drug candidates.

Comparison of the Years Ended December 31, 2022 and 2021

The following table summarises our Consolidated Statement of Comprehensive Loss for each period presented (in thousands):

	Years ended December 31,		
	2022		2021
Revenue	$ 32,877	£ 27,223	£ 27,359
Costs of sales	(40,213)	(33,297)	(17,112)
Gross (loss)/profit	**(7,336)**	**(6,074)**	**10,247**
Research and development expenses	(155,630)	(128,865)	(44,047)
General administrative expenses	(46,396)	(38,416)	(25,783)
Foreign exchange gains/(losses)	40,590	33,609	938
Loss on forward contracts	(13,631)	(11,287)	—
Other income	6,935	5,742	3,749
Operating loss	**(175,468)**	**(145,291)**	**(54,896)**
Finance income	6,861	5,681	26
Finance expenses	(403)	(334)	(169)
Share of loss of joint venture	(835)	(691)	(1,152)
Loss before taxation	**(169,845)**	**(140,635)**	**(56,191)**
Income tax benefit	26,458	21,907	6,960
Loss for the period	**$ (143,387)**	**£ (118,728)**	**£ (49,231)**

Revenue

The following table presents our revenue for the years indicated (in thousands):

	Year ended December 31,		
	2022		2021
Service fees	$ 809	£ 670	£ 452
Licensing fees- opt-in payments and milestones achieved	—	—	18,583
Licensing fees- upfront payments and research funding (including term extension payments)	32,068	26,553	8,324
Revenue	**$ 32,877**	**£ 27,223**	**£ 27,359**

Service fees during the year ended December 31, 2022 relate to revenues generated from legacy contracts held by Exscientia GmbH, in relation to which revenue is recognised at a point in time; with service fees for the year ended December 31, 2021 relating to obligations discharged over time consisting of services provided under the same legacy contracts in addition to services provided to the Group's joint venture arrangement with RallyBio, RE Ventures I, LLC, whereby Exscientia AI Limited provided services under a separate agreement to the joint venture entity, in which we hold a 50% interest. The scope of work under this service agreement was completed in June 2021.

On January 4, 2022 the Group entered into a strategic research collaboration with Sanofi to develop an AI-driven pipeline of precision engineered medicines. Research will be focused on up to 15 novel small molecule candidates across oncology and immunology, in relation to which the Group will receive an up-front cash payment of £74,242,000 ($100,000,000) with the potential of $5,200,000,000 in total milestones plus tiered royalties over the duration of the collaboration.

March 11, 2022, BMS extended its first collaboration arrangement with the Group by six months in order to generate additional data including the use of translational capabilities for key targets under the collaboration using the Group's precision medicine platform, in relation to which the Group received a cash payment of $5,000,000 (£3,821,000).The term extension payment has been treated as an addition to the transaction price relating to the collaboration's partially unsatisfied performance obligations relating to the design and development of candidates for collaboration targets, with a cumulative recognition of revenue at that date based upon the progress towards satisfaction of the related performance obligations in accordance with paragraph 21b of IFRS 15. The remaining element of the transaction price was recognised as revenue over the remainder of 2022 as the performance obligations were satisfied.

On May 30, 2022, the Group ended its pre-existing collaboration arrangement with Bayer AG by mutual agreement. Upon ending the agreement all remaining performance obligations pertaining to the contract were deemed to be fully discharged, resulting in the recognition of revenues totalling £1,153,000 at that point.

During the year ended December 31, 2021, £14,437,000 was recognised in relation to a candidate opt-in milestone achieved in respect of the Group's collaboration with Celgene, in addition to £3,349,000 recognised as revenue in relation to a candidate selection milestone achieved in respect of the Group's collaboration with GTA.

The Group has assessed its significant collaboration arrangements with commercial partners and determined that no provision for future operating losses is required as at December 31, 2022 and 2021 taking into account expected future cash inflows and remaining contract liabilities amounts for each collaboration relative to the remaining unavoidable costs of meeting the contracts' obligations in each instance.

Costs of Sales

The following table presents our costs of sales for the periods indicated (in thousands):

	Year ended December 31,		
	2022		2021
External CRO costs	$ 31,145	£ 25,789	£ 15,294
Internal labour and overheads	9,068	7,508	1,818
Total costs of sales	**$ 40,213**	**£ 33,297**	**£ 17,112**

Cost of sales for the year ended December 31, 2022 were £33.3 million, £33.3 million as compared to £17.1 million for the same period ended December 31, 2021. The increase in cost of sales was primarily due to the expansion of the Group's collaborations with BMS as well as the commencement of work in relation to the collaboration with Sanofi. Our external cost of sales relate to third-party Contract Research Organisations, or CRO's, representing 77% and 89% of total cost of sales during the year ended December 31, 2022 and 2021, respectively.

Research and Development Expenses

	Year ended December 31,		
	2022		2021
EXS21546	$ 3,303	£ 2,735	£ 3,128
Preclinical research projects	55,925	46,307	12,486
Total external research and development expense	**59,228**	**49,042**	**15,614**
Headcount related expenses	72,439	59,981	18,288
Laboratory consumables and equipment	9,850	8,156	3,053
Equipment	3,684	3,050	1,020
Software and data	9,532	7,893	3,399
Amortisation of acquired IP	5,569	4,611	1,877
Depreciation and Amortisation	2,656	2,199	800
Other	2,700	2,236	744
Reimbursements from joint arrangement partners	(10,028)	(8,303)	(748)
Total internal research and development expenses	**96,402**	**79,823**	**28,433**
Total research and development expenses	**$ 155,630**	**£ 128,865**	**£ 44,047**

Research and development expenses for the year ended December 31, 2022 were £128.9million, as compared to £44.0 million for the same period ended December 31, 2021. The increase in research and development expenses was in part due to the growth of our internal and co-owned portfolio, in addition to increased headcount and other costs associated with our continued technology investments. Amortisation of acquired IP represents a full year charge as opposed to the partial year amortisation from the date of acquisition reflected during the period ended December 31, 2021.

General and Administrative Expenses

General and administrative expenses for the year ended December 31, 2022 were £38.4 million, as compared to £25.8 million for the same period ended December 31, 2021. The increase in general and administrative expenses was primarily due to an increase in personnel costs associated with growth in average headcount from 175 during the period ended December 31, 2021 to 405 during the year ended December 31, 2022, in addition to additional costs incurred in relation to the operation of a listed company following the company's IPO in October 2021.

Foreign Exchange Gains/(Losses)

Foreign exchange gains/(losses) for the year ended December 31, 2022 were a gain of £33.6 million, as compared to a gain of £0.9 million for the same period ended December 31, 2021. The gain over the year ended December 31, 2022 was primarily driven by the weakening of pounds sterling against U.S dollars over this period as a result of the significant USD denominated cash deposits held by the group throughout the period.

Loss on Forward Contracts

In April 2022 the Group entered into one specific set of foreign exchange transactions, whereby a commitment was made to exchange US dollars for a fixed number of pounds Sterling at future dates between one and three months from the trade dates based on the estimated future cashflow needs of the Group. All of the transactions were settled within the quarter ended June 30, 2022 for a cumulative loss of £11.3 million. No such transactions were entered into subsequent to this date, and the group does not use derivative financial instruments for speculative purposes.

Other Income

Other income for the year ended December 31, 2022 was £5.7 million, as compared to £3.8 million for the same period ended December 31, 2021. The increase in other income was primarily due to the UK RDEC tax credit which has increased as a result of increases in the underlying research and development expenditure upon which the claim is made.

Net Finance Income/(Expense)

Net finance income for the year ended December 31, 2022 was £5.3 million, as compared to £0.1 million of net expense during the same period ended December 31, 2021. The increase is primarily due to increased interest on bank deposits as a result of increasing interest rates throughout the period.

Share of Loss of Joint Ventures

Share of loss of joint ventures for the year ended December 31, 2022 were £0.7 million, as compared to £1.2 million during the period ended December 31, 2021.

Income Tax Benefit

Income tax benefit for the year ended December 31, 2022 was £21.9 million, as compared to £7.0 million for the same period ended December 31, 2021. Our income tax benefit balance largely consists of research and development tax credits which increased over the year due to an underlying increase in qualifying research and development expenditure.

Results of Operations

Comparison of the Years Ended December 31, 2021 and 2020

The following table summarises our Consolidated Statement of Comprehensive Loss for each period presented (in thousands):

	Year ended December 31,	
	2021	2020
Revenue	£ 27,359	£ 9,672
Costs of sales	(17,112)	(14,226)
Gross (loss)/profit	10,247	(4,554)
Research and development expenses	(44,047)	(10,917)
General administrative expenses	(25,783)	(5,861)
Foreign exchange gains/(losses)	938	(3,062)
Other income	3,749	1,205
Operating loss	(54,896)	(23,189)
Finance income	26	110
Finance expenses	(169)	(89)
Share of loss of joint venture	(1,152)	(1,211)
Loss before taxation	(56,191)	(24,379)
Income tax benefit	6,960	2,096
Loss for the year	**£ (49,231)**	**£ (22,283)**

Revenue

The following table presents our revenue for the years indicated (in thousands).

	Year ended December 31,	
	2021	2020
Service fees	£ 452	£ 786
Licensing fees- opt-in payments and milestones achieved	18,583	8,886
Licensing fees- upfront payments and research funding (including term extension payments)	8,324	—
Revenue	**£ 27,359**	**£ 9,672**

Revenue for the year ended December 31, 2021 was £27.4 million, as compared to £9.7 million for the same period ended December 31, 2020. The increase in revenue was primarily due to the achievement of the opt-in milestone of £14.4 million ($20.0 million) on the first candidate in-licensed on our collaboration with BMS. In addition, following the achievement of the clinical candidate milestone under our collaboration with GT, we were entitled to receive equity with a fair value of £3.4 million which was recognised in revenue in the year ended December 31, 2021.

Costs of Sales

The following table presents our costs of sales for the years indicated (in thousands)

	Year ended December 31,	
	2021	2020
External CRO costs	£ 15,294	£ 12,887
Internal labour and overheads	1,818	1,339
Total costs of sales	**£ 17,112**	**£ 14,226**

Cost of sales for the year ended December 31, 2021 were £17.1 million, as compared to £14.2 million for the same period ended December 31, 2020. The increase in cost of sales was primarily due to the expansion of our collaboration with BMS, with four of the five targets under the expansion initiated by December 31, 2021. Our external cost of sales relate to third-party Contract Research Organisations, or CRO's, representing 89% and 91% of total cost of sales during the year ended December 31, 2021 and 2020, respectively.

Research and Development Expenses

	Year ended December 31,	
	2021	2020
EXS21546	£ 3,128	£ 1,196
Preclinical research projects	12,486	1,640
Total external research and development expense	**15,614**	**2,836**
Headcount related expenses	18,288	5,733
Laboratory consumables and equipment	3,053	1,075
Equipment	1,020	—
Software and data	3,399	981
Other	1,888	292
Total internal research and development expenses	**27,648**	**8,081**
Total research and development expenses	**£ 43,262**	**£ 10,917**

Research and development expenses for the year ended December 31, 2021 were £44.0 million, as compared to £10.9 million for the same period ended December 31, 2020. The increase in research and development expenses was in part due to the growth of our wholly and majority owned portfolio and our co-ownership portfolio, which has resulted in an increase of £12.8 million in external research and development expenditures including costs associated with our Phase 1a study for EXS21546 that commenced in December 2020. In addition, our research and development headcount costs have increased by £12.6 million to support our portfolio growth and continued technology investments. Associated laboratory, software and data costs have increased in line with the headcount growth.

General and Administrative Expenses

Foreign exchange gains/(losses) for the year ended December 31, 2021 were a gain of £0.9 million, as compared to a loss of £3.1 million for the same period ended December 31, 2020. The gain over the year ended December 31, 2021 was primarily driven by the weakening of pounds sterling against U.S dollars over this period as a result of the USD denominated cash deposits held by the group throughout the period.

Other Income

Other income for the year ended December 31, 2021 was £3.8 million, as compared to £1.2 million for the same period ended December 31, 2020. The increase in other income was primarily due to grants received from the Gates Foundation which were executed during 2021 and the UK RDEC tax credit.

Net Finance Expense/(Income)

Net finance expense for the year ended December 31, 2021 was £0.1 million, as compared to £0.02 million of net income during the same period ended December 31, 2020.

Share of Loss of Joint Ventures

Share of loss of joint ventures for the year ended December 31, 2021 were £1.2 million, consistent with the loss achieved during the period ended December 31, 2020.

Income Tax Benefit

Income tax benefit for the year ended December 31, 2021was £7.0 million, as compared to £2.1 million for the same period ended December 31, 2020. Our income tax benefit balance largely consists of research and development tax credits which increased over the year due to an underlying increase in qualifying research and development expenditure.

B. Liquidity and Capital Resources

Sources of Liquidity

Since our inception, we have not generated any revenue from the commercialisation of drug candidates and we have financed our operations through sales of our ordinary and preferred shares in addition to research funding and milestone payments resulting from our collaboration partners. We had cash, cash equivalents and short term bank deposits of £505.8 million and £562.2 million as of December 31, 2022 and 2021, respectively.

As of December 31, 2022, we have raised an aggregate of £533.8 million through the sales of our preferred and ordinary shares net of transaction costs, including £351.3 million ($477.1 million) gross proceeds following the completion of our initial public offering and concurrent private placements.

During the year ended December 31, 2022 we received £91.9 million and during the years ended December 31, 2021 and 2020, we received £61.6 million and £6.6 million, respectively, from our collaboration partners.

The Group's primary uses of capital are, and are expected to continue to be, research and development expenses, compensation and related personnel expenses, and other operating expenses, including facilities. Cash used to fund operating expenses is impacted by the timing of when we pay expenses, as reflected in the change in our outstanding accounts payable and accrued expenses. We expect to incur substantial expenses in connection with the advancement of our drug candidates through the phases of clinical development.

The following table summarises the primary sources and uses of cash and short term bank deposits for each period presented (in thousands):

	Year ended December 31,			
	2022	2022	2021	2020
Net cash flows used in operating activities	$ (73,084)	£ (60,515)	£ (6,703)	£ (21,433)
Net cash flows used in investing activities	(148,162)	(122,681)	(26,566)	(3,745)
Net cash flows (used in)/from financing activities	(4,828)	(3,998)	532,949	56,311
Net (decrease)/increase in cash and cash equivalents	$ (226,074)	£ (187,194)	£ 499,680	£ 31,133
Increase in short term bank deposits	122,260	101,234	—	—
Exchange gain/(loss) on cash and cash equivalents	35,745	29,598	(91)	(3)
Net (decrease)/increase in cash, cash equivalents and short term bank deposits including foreign exchange gains/(losses) on cash and cash equivalents	**$ (68,069)**	**£ (56,362)**	**£ 499,589**	**£ 31,130**

Operational Activities

Net cash outflows from operating activities totalled £60.5 million for the year ended December 31, 2022 compared to £6.7 million of net cash used for the year ended December 31, 2021. This was primarily due to an primarily as a result of increased research and development expenditure offset by cash inflows from collaborations.

Cash inflows from collaborations during the year ended December 31, 2022 included £74.2 million ($100.0 million) from Sanofi relating to the collaboration initiated with that counterparty on January 4, 2022, and £11.4 million ($15.0 million) from BMS, comprising a $10.0 million upfront payment relating to the fifth target in our second collaboration with that counterparty and a $5.0 million payment relating to the extension of the Group's first collaboration with BMS.

We expect that our cash inflows will continue to be highly variable from period to period, primarily due to the structure of our collaboration agreements. These agreements generally include payments to us at inception of the contract and also upon the achievement of milestones, the timing and achievement of which are highly uncertain and difficult to predict.

Net cash used in operating activities decreased to £6.7 million for the year ended December 31, 2021 from £21.4 million of net cash used for the year ended December 31, 2020. This was primarily due to an increase in payments received from our collaboration partners, totalling £61.4 million, including £43.4 million and £16.3 million in relation to our agreements with BMS and EQRx, respectively, the latter of which represents EQRx's 50% share of programme research costs, in comparison to £6.6 million received in the year ended December 31, 2020. This increase has been offset by an increase in research and development and general and administrative expenses.

Investing Activities

Net cash used in investing activities for the year ended December 31, 2022 was £122.7 million, as compared to net cash used of £26.6 million for the year ended December 31, 2021. The majority of the current period investing cash outflow relates to the investment of £100.0 million into a 12 month fixed term bank deposit on June 21, 2022 as well as the purchase of property, plant and equipment.

Net cash used in investing activities for the year ended December 31, 2021 primarily related to the cash consideration for the acquisition of Allcyte, totalling £19.9 million, which was completed on August 18, 2021.

Net cash used in investing activities for the year ended December 31, 2020 was £3.8 million primarily related to capital expenditure on property, plant and equipment.

Financing Activities

Net cash provided by financing activities for the year ended December 31, 2022 was £4.0 million, as compared to net cash provided of £533.0 million for the same period ended December 31, 2021. The majority of the current period financing cash outflow relates to £2.3 million paid in settlement of employee tax liabilities as part of the net settlement of share based payment award exercises. The prior year cash provided reflects the closing of our initial public offering and concurrent private placements in October 2021, as well as our March and April 2021 private financings.

Net cash used in financing activities during the year ended December 31, 2020 totalled £56.3 million and included included £56.8 million of net funding received from the closing of the Series C preferred share financing during 2020.

Funding Requirements

Since our inception, we have incurred significant losses due to our research and development expenses. We expect to continue to incur significant losses in the foreseeable future and expect our expenses to increase in connection with our ongoing operations, particularly as we advance our product candidates into clinical development and commercialisation.

We believe that our existing cash and cash equivalents will be sufficient to fund our operations and capital expenditure requirements for the foreseeable future.

We may need to obtain additional financing to fund our future operations, including completing the development and commercialisation of our drug candidates. We are subject to risks related to the development and commercialisation of pharmaceutical products, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business. Our forecast of sufficient financial runway to support our operations is a forward-looking statement and involves risks and uncertainties, and actual results could vary as a result of a number of factors. Our future capital requirements will depend on many factors, including, but not limited to:

- progress, timing, scope and costs of our clinical trials, including the ability to timely initiate clinical sites, enrol subjects and manufacture drug candidates for our ongoing, planned and potential future clinical trials;
- time and costs required to perform research and development to identify and characterise new drug candidates from our research programmes;

- time and costs necessary to obtain regulatory authorisations and approvals that are required to execute clinical trials or commercialise our products;
- our ability to successfully commercialise our drug candidates, if approved;
- our ability to have clinical and commercial products successfully manufactured consistent with the regulations of the U.S. Food and Drug Administration, the European Medicines Agency and other applicable regulatory authorities;
- amount of sales and other revenues from drug candidates that we may commercialise, if any, including the selling prices for such potential products and the availability of adequate third-party coverage and reimbursement for patients;
- sales and marketing costs associated with commercialising our products, if approved, including the cost and timing of building our marketing and sales capabilities;
- terms and timing of any revenue from our existing and future collaborations;
- costs of operating as a public company;
- time and cost necessary to respond to technological, regulatory, political and market developments;
- costs of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights;
- costs associated with, and terms and timing of, any potential acquisitions, strategic collaborations, licensing agreements or other arrangements that we may establish; and
- inability of clinical sites to enrol patients as healthcare capacities are required to cope with natural disasters (that could be a result of climate change) or other health system emergencies, such as the COVID-19 pandemic.

The outcome of any of these or other variables with respect to the development of any of our current and future drug candidates could significantly change the costs and timing associated with the development and commercialisation of that drug candidate. Furthermore, our operating plans may change in the future, and we may need additional funds to meet operational needs and capital requirements associated with such operating plans.

C. Research and Development

For a discussion of our research and development activities, see "*Item 4.B – Business Overview*" and "*Item 5.A – Operating Results*."

D. Trend Information

For a discussion of trends, see "*Item 4.B – Business Overview*," "*Item 5.A – Operating Results*" and "*Item 5.B – Liquidity and Capital Resources*."

E. Critical Accounting Policies and Significant Judgements and Estimates

Our consolidated financial statements for the years ended December 31, 2022 and 2021, respectively, have been prepared in accordance with IFRS as issued by IASB. The preparation of the consolidated financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the

value of assets and liabilities — as well as contingent assets and liabilities — as reported on the statement of financial position date, and revenues and expenses arising during the fiscal year. The estimates and associated assumptions are based on information available when the consolidated financial statements are prepared, historical experience and various other factors which are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Judgements and assumptions are primarily made in relation to revenue recognition to determine 1) the appropriate method of identifying the performance obligations under each agreement, 2) the appropriate allocation of revenue to the identified performance obligations, and 3) when variable consideration is considered highly probable to be achieved. Estimates and judgements are also made in relation to the estimated future costs to be incurred in the satisfaction of performance obligations delivered over time, whether the unavoidable future costs of meeting the obligations under customer contracts exceed the economic benefits to be received, the valuation of share-based payments, the incremental borrowing rate for leases, lease terms with reference to exercising break clauses, buy-back rights on the Gates Foundation private placement, the fair value of the Group's investment in GTA, the impairment of goodwill and intangible assets, and the recoverability of the Group's deferred tax assets. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond our control. Hence, our estimates may vary from the actual values.

Our significant accounting policies are more fully described in the notes to our consolidated financial statements appearing elsewhere in this annual report. We believe that the following accounting policies are critical to the process of making significant judgements and estimates in the preparation of our consolidated financial statements.

Recognition of revenue

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

At contract inception, we assess the goods or services promised within each contract that falls under the scope of IFRS 15 to identify distinct performance obligations. We then recognise as revenue the amount of the transaction price that is allocated to the respective performance obligation when or as the performance obligation is satisfied. Revenue is measured at the contract price excluding value added tax and other sales taxes.

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

At the inception of each arrangement that includes research, development or regulatory milestone payments, we evaluate whether the milestones (i) relate to the one or more distinct performance obligations under the agreement and (ii) are considered probable of being reached and estimate the amount to be included in the transaction price using the most likely amount method. If it is highly probable that a significant revenue reversal would not occur, the associated milestone value is included in

the transaction price. Milestone payments that are not within our control or that of the licencee, such as regulatory approvals, are not considered probable of being achieved until those approvals are received.

Any development milestone revenue adjustments are recorded on a cumulative catch-up basis, which would affect revenues and earnings in the period of adjustment.

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

No variable consideration was included as at December 31, 2022, 2021 and 2020.

The transaction price is then allocated to each performance obligation, typically represented by the individual target projects under each collaboration agreements, on a relative stand-alone selling price basis, for which we recognise revenue as or when the performance obligations under the contract are satisfied.

When determining whether performance obligations have been satisfied, progress is measured using the input method utilising either external costs or labour hours incurred depending on the nature of the collaboration arrangement to establish and estimate the progress of completion. Management has determined the input method represents a faithful depiction of our progress towards completion of performance obligations because the time and costs incurred depict the progress of development of the underlying intellectual property which may be transferred to the customer. At the end of each reporting period, we re-evaluate costs/hours incurred compared with total expected costs/hours to recognise revenue for each performance obligation.

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

For obligations in which revenue is recognised at a point in time, that point in time is the date at which the title of the goods is transferred to the customer.

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

Loss-making contracts

For collaborations that meet the criteria under IFRS 15, management judgement is required to determine whether the estimated unavoidable costs of meeting the obligations under each collaboration arrangement exceed the economic benefits expected to be received under it. Where such costs are in excess of our best estimate of future revenues to be generated from the arrangement a provision is recorded in accordance with IAS 37. Management have assessed that no provision for future operating losses is required as at December 31, 2022.

Share-based compensation

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

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

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

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

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

Prior to the Group's IPO in October 2021 a significant estimate was present in relation to determining the market value of the underlying shares at the award grant date. In 2022 the level of estimation uncertainty relating to establishing the fair value of equity awards with no associated performance conditions is considered to be low due to the presence of an external share price at the date of grant. Estimation is present however in relation to establishing the probability that the related market-based performance conditions will be achieved, and this estimation is deemed to have a significant impact on the fair value of the performance awards at the grant date.

Leases

Our right of use assets and lease liabilities associated with leases for leasehold properties are recognised at lease commencement date based on the present value of minimum lease payments over the lease term. Since the rate implicit in the lease is not readily determinable, we use the incremental borrowing rates based on indicative borrowing rates that would be available based on the value, currency and borrowing term provided by financial institutions, adjusted for company and market specific factors. This incremental borrowing rate is the rate of interest that we would have to pay to borrow on a collateralised basis on an amount equal to the lease payments over a similar term in a similar economic environment based on the information available at commencement date in determining the discount rate used to calculate the present value of lease payments.

In applying IFRS 16 'Leases', management has applied judgement in respect of the lease term in order to determine whether the Group is reasonably certain to exercise extension options or invoke break clauses included in the lease contracts. For all of the Group's leased properties management have determined that it is not reasonably certain that extension options will be exercised and/or break clauses not utilised as at

December 31, 2022 and as such the lease term in each instance has been set with reference to the break clause date rather than the lease end date.

Deferred tax recoverability

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Management has made a judgement about the availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised. At December 31, 2022 and 2021, the board of directors decided not to recognise a deferred tax asset of £43.0 million and £32.4 million, respectively, relating to losses, share-based payment charges and other temporary differences due to the uncertainty involved in determining the future profitability of our company.

Gates Foundation private placement buy-back rights

Under the terms of the Company's private placement with the Gates Foundation, the latter has the right to sell, or require the Group to buy-back any shareholdings in the Group held by the Gates Foundation at the higher of the public offering price and the market value of the shares if the Group is in breech of certain terms within the agreement. This right constitutes a derivative financial liability for the Company which is recognised at fair value through profit and loss. The Group has assessed the likelihood of a default occurring as very low as at December 31, 2022, and as such the fair value of this liability has been estimated as nil at the balance sheet date.

Fair value of the Group's investment in GTA

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

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

GTA is an unlisted early-stage business, with projects in the discovery and development stages of drug development which are pre-revenue generation. As such the key source of estimation uncertainty is the value per share of these unlisted equity securities. The shares in question are very illiquid, and the

primary valuation input is cost or the price of recent investment where third party share acquisition transactions have taken place adjusted to reflect other factors as appropriate.

Internal Control Over Financial Reporting

In connection with the preparation of our financial statements for the year ended December 31, 2021, our management identified the following material weaknesses in our internal control over financing reporting, which material weaknesses were determined not to have been remediated as of December 31, 2022:

a. We have not maintained effective process and controls throughout the period, including with respect to consistent review procedures within our financial statement close process to appropriately analyse, record and disclose accounting matters timely and accurately while maintaining appropriate segregation of duties.

b. We did not implement and maintain effective information technology general controls for information systems that are significant to the preparation of our financial statements, including controls to verify that conflicting duties were appropriately segregated within such systems in addition to controls over change management and programme development.

As a result of the material weaknesses described above, our management has concluded that our internal control over financial reporting was not effective at the reasonable assurance level as of December 31, 2022.

Management's Plan for Remediation of Current Material Weaknesses

With the oversight of senior management and our audit committee, we continue to evaluate our internal control over financial reporting and are taking several remedial actions to further address the material weaknesses that has been identified, including:

a. We are in the process of implementing and operating the designed information technology general controls, including controls over the maintenance of appropriate segregation of duties,

b. We have engaged an external professional advisor with sufficient technical accounting expertise to assist us in the implementation and evaluation of internal controls over financial reporting, including the implementation and documentation of formal processes and controls to address the components of the COSO framework, which included formal accounting policies and procedures, maintaining evidence of control operation and segregating duties amongst accounting personnel,

c. We engaged an external professional advisor with sufficient technical accounting expertise to assist us in finalizing the design of our financial control environment, including information technology general controls and controls over the maintenance of appropriate segregation of duties; and

d. We have grown our accounting and finance headcount from six at December 31, 2021 to ten at March 23, 2023, and we will enhance training of our personnel and clearly communicate control responsibilities.

Notwithstanding such material weaknesses, our management has concluded that the financial statements included elsewhere in this Annual Report present fairly, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with IFRS.

If we fail to fully remediate the material weaknesses or fail to maintain effective internal controls in the future, it could result in a material misstatement of our financial statements that would not be prevented or

detected on a timely basis, which could cause investors to lose confidence in our financial information or cause our stock price to decline. Our independent registered public accounting firm has not assessed the effectiveness of our internal control over financial reporting, which may increase the risk that weaknesses or deficiencies in our internal control over financial reporting go undetected.

For additional information regarding our internal control over financial reporting, see "*Item 15 — Controls and Procedures.*"

Recently Issued and Adopted Accounting Pronouncements

For information on the standards applied for the first time as of January 1, 2022 and 2021, please refer to our consolidated financial statements as of December 31, 2022 included elsewhere in this annual report.

Item 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

The following table sets forth information regarding our executive officers and directors, including their ages as of March 1, 2023.

Name	Age	Position(s)
Executive Officers:		
Andrew L. Hopkins, DPhil	51	Founder, Chief Executive Officer and Director
Ben Taylor	45	Chief Financial and Strategy Officer and Director
David Hallett, Ph.D.	53	Chief Scientific Officer
Garry Pairaudeau, Ph.D.	57	Chief Technology Officer
Michael Krams Ph.D	62	Chief Quantitative Medical Officer
Non-Executive Directors:		
David Nicholson, Ph.D.[(1)(2)(3)]	68	Chairman of the Board of Directors
Elizabeth Crain[(1)(2)(3)]	58	Director
Robert Ghenchev	39	Director
Mario Polywka, DPhil[(1)(2)(3)]	60	Director

(1) Member of the audit committee
(2) Member of the remuneration committee
(3) Member of the nomination and corporate governance committee

Executive Officers

Professor Andrew L. Hopkins, DPhil LLD FRSE FRSC FRSB FLSW, founded Exscientia and has acted as Chief Executive Officer and served on our board of directors since our inception in 2012. Prior to founding Exscientia, Professor Hopkins spent near 10 years at Pfizer Inc., from 1998 to 2007, and five years in academia. He is also an Honorary Professor at the School of Life Sciences, University of Dundee, where he previously held the Chair of Medicinal Informatics from 2007 to 2020 and was the SULSA Research Professor of Translational Biology from 2007 to 2020. He was also the Director of Scottish Universities Life Sciences Alliance (SULSA) from 2011 to 2016. Professor Hopkins holds a First Class B.Sc (Hons) from the University of Manchester, conducted his graduate research at Wadham College, Oxford, University of Oxford and earned his Doctor of Philosophy degree in Molecular Biophysics from University of Oxford (D.Phil. (Oxon)). Professor Hopkins was also awarded a Doctor of Laws (LL.D. *honoris causa*) from University of Dundee. In 2022, Professor Hopkins led the team that was awarded the *Prix Galien* for the Best Digital Health Solution (USA). We believe his extensive experience in the healthcare industry and being a founder of our company qualifies him to serve on our board of directors.

Ben Taylor serves as our Chief Financial and Strategy Officer and as a member of the board of directors, having joined Exscientia in November 2020. Mr. Taylor has more than two decades of experience, including 15 years in healthcare investment banking, primarily at Goldman Sachs & Co. LLC, or Goldman Sachs, and seven years in biotech and healthtech executive roles. During this period, Mr. Taylor focused on strategy, financings, communications, clinical development and business development in the biopharmaceutical industry. Prior to joining Exscientia, Mr. Taylor was interim Chief Financial Officer at Aetion, Inc., a healthtech company using real world data analytics to optimise biopharma clinical development and commercialisation, from April 2020 to November 2020. Mr. Taylor served as President and Chief Financial Officer for Tyme Technologies, Inc., where he oversaw operations for the oncology company from April 2017 to August 2020. Mr. Taylor served as Head of Commercial Pharma, Managing Director for Barclays Capital Inc. from February 2016 to March 2017 and in a variety of roles with Goldman Sachs from July 2006 to February 2016. He received a B.A. with Honors from Brown

University in East Asian Studies. We believe his extensive experience in the healthcare industry qualifies him to serve on our board of directors.

David Hallett, *Ph.D.,* has served as our Chief Scientific Officer since February 2023 and before that was our Chief Operations Officer since January 2020. Dr. Hallett has more than two decades of experience in drug discovery and alliance management. Prior to joining Exscientia, Dr. Hallett served as Executive Vice President of Chemistry and Executive Vice President of Alliance Management at Evotec from September 2005 to December 2019. Dr. Hallett trained as a medicinal chemist and served as a Research Fellow at Merck & Co., Inc. He holds a B.A. from the University of Cambridge in Natural Sciences, a Ph.D. from the University of Manchester in Synthetic Organic Chemistry and was a post-doctoral fellow in Synthetic Organic Chemistry at the University of Texas Austin.

Garry Pairaudeau, *Ph.D.*, has served as our Chief Technology Officer since November 2020. Dr. Pairaudeau has more than 25 years of experience in the drug hunting and technology leadership space. Prior to joining Exscientia, Dr. Pairaudeau served as Head of Hit Discovery at AstraZeneca plc from January 2017 to November 2020 and as Head of External Sciences from October 2014 to January 2017. He was also Chair of the Global Chemistry Leaders Network. Dr. Pairaudeau holds a Bachelor of Science and Ph.D. in Chemistry from Southampton University and was a post-doctoral fellow at the University of California, Irvine.

Michael Krams, M.D., has served as our Chief Quantitative Medical Officer since April 2022. Dr. Krams has more than 30 years of experience in the Clinical leadership space. Prior to joining Exscientia, Dr. Krams served as Global Head of Quantitative Sciences at The Janssen Pharmaceutical Companies of Johnson & Johnson from April 2013 to February 2022. Dr. Krams trained as a M.D. in Internal Medicine and Neurology and holds a Dr.med from the University of Munich. His postgraduate research focused on functional brain imaging, where he worked at the Wellcome Department of Cognitive Neurology in London, UK.

Non-Executive Directors

David Nicholson, Ph.D., has served on our board of directors since October 2020. Dr. Nicholson joined Exscientia having held senior US-based leadership roles in the pharmaceutical industry, most recently as Executive Vice President and Chief R&D Officer at Allergan plc. Dr. Nicholson joined Allergan plc (then known as Actavis plc) as Senior Vice President, Global Brands R&D in August 2014. Previously, he served as Chief Technology Officer and EVP, R&D for Bayer Crop Science from March 2012 to August 2014; Vice President of Licensing and Knowledge Management at Merck & Co., Inc. from 2009 to December 2011; and Senior Vice President, responsible for Global Project Management and Drug Safety at Schering-Plough Corporation from 2007 to 2009. From 1988 to 2007, Dr. Nicholson held various leadership positions at Organon International, where he most recently served as Executive Vice President, Research & Development and was a member of the company's Executive Management Committee. Dr. Nicholson also serves on the board of directors of Actinium Pharmaceuticals Inc. and Wild Biosciences. He received a B.Sc. from the University of Manchester and his Ph.D. from the University of Wales. We believe his extensive experience in the healthcare industry qualifies him to serve on our board of directors.

Elizabeth Crain has served on our board of directors since February 2021. Ms. Crain is a co-founder of Moelis & Company and has served as its Chief Operating Officer since 2007, where she leads the firm's global strategy, infrastructure and business management functions. Ms. Crain has been in the investment banking and private equity industries for over 30 years as a banker, principal and operations executive. Prior to founding Moelis & Company, Ms. Crain worked at UBS Group AG, or UBS, from 2001 to 2007, where she was most recently a Managing Director in the UBS Investment Bank Office of the CEO and

President, Manager of the Investment Bank Client Committee, a member of the Investment Bank Board, and previously Chief Operating Officer and Chief Administrative Officer of the UBS Investment Banking Department Americas franchise. Before joining UBS, Ms. Crain was in the private equity industry from 1997 to 2001. She began her career in investment banking in 1988 at Merrill Lynch. Ms. Crain serves on the Graduate Executive Board of The Wharton School and the Board of Trustees of The Windward School. Ms. Crain holds a B.S. from Arizona State University and an M.B.A. from the Wharton School at the University of Pennsylvania. We believe that Ms. Crain's experience in finance and business development qualifies her to serve on our board of directors.

Mario Polywka, DPhil, has served on our board of directors since September 2017 and on our Audit, Remuneration and Nominations Committees since June 2021. Dr. Polywka was Chief Operating Officer of Evotec SE before retiring in 2018 and has been a member of the supervisory board of Evotec SE since June 2019. Dr. Polywka also currently serves on the boards of C4X Discovery Holdings plc, Blacksmith Medicines Inc. (which merged with Forge Therapeutics Inc. in 2022), and Orbit Discovery Limited. Dr. Polywka has previously served on the boards of Nanotether Discovery Services Limited from 2015 to 2016, Pharminox Ltd. from 2003 to 2018, and Glycoform Ltd. from 2004 to 2010. Dr. Polywka was a Founding Chemist of Oxford Asymmetry International (OAI) in 1991, became Director of Chemistry in 1993 and became a member of the Board of Directors in 1996. In 1999 he was appointed Chief Operating Officer and in 2000 Chief Executive Officer of OAI plc. From 1989 to 1991 he worked as Senior Chemist at Oxford Chirality Ltd., the predecessor to OAI. Dr Polywka received a doctorate from the University of Oxford in Mechanistic Organometallic Chemistry under Professor Steve Davies and continued at Oxford with post-doctoral studies on the Biosynthesis of Penicillins under Professor Sir Jack Baldwin. Dr. Polywka is a Fellow of the Royal Society of Chemistry. We believe Dr. Polywka's breadth of experience in managing growth, operations and business development in the biopharma and life sciences industries qualifies him to serve on our board of directors.

Robert Ghenchev has served on our board of directors since May 2020. Mr. Ghenchev has been employed by Novo Holdings since January 2018 (and since August 2019, by its wholly owned subsidiary, Novo Holdings Equity US Inc., which provides certain consulting services to Novo Holdings). He is currently employed as a Managing Partner, with responsibility over growth equity investments. Before joining Novo Holdings, Mr. Ghenchev was a Senior Vice President at Moelis & Company in London from April 2010 to January 2018, where he focused on mergers and acquisitions within the healthcare industry. Prior to Moelis, Mr. Ghenchev was part of the UK Mergers & Acquisitions team at Deutsche Bank in London from June 2007 to April 2010. Mr. Ghenchev also currently serves on the boards of Tempus Labs, Inc., Oxford Biomedica plc, Mission Bio, Inc., Quanta Dialysis Technologies Inc. and MightyOwl, Inc. Mr. Ghenchev holds a J.Hons. B.A. degree in Finance and Economics from McGill University and a M.Sc. degree in Financial Economics from the University of Oxford. We believe that Mr. Ghenchev's experience in finance and business development qualifies him to serve on our board of directors.

Board Diversity Matrix (as of December 31, 2022)

Country of Principal Executive Offices:				United Kingdom
Foreign Private Issuer:				Yes
Disclosure Prohibited under Home Country Law:				No
Total Number of Directors:				6
Part I: Gender Identity				
	Female	**Male**	**Non-Binary**	**Did Not Disclose Gender**
Directors	1	5	0	0
Part II: Demographic Background				
Underrepresented Individual in Home Country Jurisdiction				0
LGBTQ+				0
Did Not Disclose Demographic Background				6

Family Arrangements and Selection Arrangements

There are no family relationships among any of our executive officers or directors.

B. Compensation

Compensation of Executive Officers and Directors

For the year ended December 31, 2022, the aggregate compensation paid to the members of our board of directors and our executive officers for services in all capacities, including retirement and similar benefits, was £1,112,656. Of that aggregate amount, £189,213 was related to compensation paid to the non-executive members of our board of directors. In 2022, our highest paid director was Dr. Andrew Hopkins, our Chief Executive Officer, who received compensation of £542,895 for all services he provided to us.

We maintain performance-based bonus arrangements with specific executives pursuant to the terms of their service agreements (or otherwise pursuant to our discretionary annual bonus arrangements). The compensation amounts above include bonus amounts in respect of the year ended December 31, 2022 payable to members of our board of directors and our executive officers of £178,554, of which £116,956 relates to bonus amounts owing to our Chief Executive Officer. We do not set aside or accrue any amounts to provide pension, retirement or similar benefits to members of our board of directors or executive officers, although we made defined contribution pension contributions on behalf of our directors or executive officers in an aggregate amount of £2,642 during the year ended December 31, 2022, which amount is included in the foregoing aggregate compensation figure.

Name	Salary	Benefits	Pension (401(k))	Total Fixed Remuneration	Annual Bonus	Share Based Awards[1]	Total Remuneration
	£	£	£	£	£	£	£
Executive Officers							
Andrew Hopkins[2]	422,981	1,637	1,321	425,939	116,956	3,673,595	4,216,490
Ben Taylor[3]	315,961	1,668	1,321	318,950	61,598	1,558,799	1,939,347
Non-Executive Directors							
Mario Polywka	48,255	—	—	48,255	—	106,340	154,595
Elizabeth Crain	57,837	—	—	57,837	—	259,699	317,536
David Nicholson	83,121	—	—	83,121	—	122,701	205,822
Robert Ghenchev[4]	—	—	—	—	—	—	—
Joanne Xu[4] [5]	—	—	—	—	—	—	—

(1) Represents the charge for the period recorded within the Consolidated Statement of Profit and Loss as determined in accordance with IFRS2 'Share-based payment'. See note 31 to our audited financial statements included elsewhere in this document for a discussion of the assumptions made by us in determining the fair value per award.

(2) Includes a performance-based cash bonus awarded to Dr. Hopkins in connection with the achievement of 2022 annual performance milestones (paid in 2023) pursuant to the terms of his amended and restated employment agreement. Dr. Hopkins was assigned a target bonus expressed as a percentage of his base salary, and the percentage for Dr. Hopkins for 2022 was 50%. For 2022, the board of directors determined to award Dr. Hopkins an annual bonus of $141,247.76 (reflecting an achievement level of 55% of target as well as a winter bonus payment for all eligible employees) as reflected in the "Annual Bonus" column of the table above.

(3) Includes a performance-based cash bonus awarded to Mr. Taylor in connection with the achievement of 2022 annual performance milestones (paid in 2023) pursuant to the terms of his amended and restated employment agreement. Mr. Taylor was assigned a target bonus expressed as a percentage of his base salary, and the percentage for Mr. Taylor was 35% for the 2022 fiscal year. For 2022, the board of directors determined to award Mr. Taylor an annual bonus of $74,391.90 (reflecting an achievement level of 55% of target as well as a winter bonus payment for all eligible employees), as reflected in the "Annual Bonus" column of the table above.

(4) Robert Ghenchev and Joanne Xu were nominated to our board of directors by Novo Holdings A/S and Softbank, respectively, pursuant to our Series D1 Shareholders'Agreement, which granted a right to each of Novo Holdings A/S and Softbank to appoint an individual to our board. Both directors elected to forgo remuneration in respect of their services as non-executive directors.

(5) Joanne Xu resigned as a director on May 18, 2022.

Executive Officer Employment Arrangements and Director Service Agreements

The compensation for each member of our executive officers comprises the following elements: base salary, annual performance bonus, personal benefits (including healthcare and insurances and assistance with relocation, immigration and tax matters) pension or 401(k) plan and equity incentives. These equity incentives include participation in certain of the Legacy Plan and will include participation in the 2021 EIP. We entered into new service agreements with our executive officers and director service agreements with our executive directors, Andrew Hopkins and Ben Taylor in connection with our October 2021 initial public offering (IPO).

Executive Director Employment Agreements

Andrew Hopkins

Exscientia AI Limited entered into an amended and restated employment agreement with Dr. Andrew Hopkins at IPO, which governs the terms of his employment. Pursuant to this agreement and subsequent

remuneration committee review, for 2023 Dr. Hopkins is entitled to a gross annual base salary of £433,260, and is eligible to receive an annual performance bonus with a target amount of 60% of his annual base salary, as determined by our board of directors or the remuneration committee thereof.

The period of notice required to terminate Dr. Hopkins' employment is 12 months. In addition to this, the agreement provides Dr. Hopkins with certain severance benefits, subject to his execution of an effective release of claims and compliance with certain post-termination obligations and resignation from all positions with us. Pursuant to Dr. Hopkins' agreement, if Exscientia AI Limited terminates his employment without cause or he resigns for good reason (each as defined in the employment agreement), then he is eligible for severance benefits in the form of (i) a pro rata portion of his annual bonus for the year in which termination occurs (calculated to the date on which his employment terminates) (ii) a lump sum cash payment in an amount equal to any earned but unpaid annual bonus for the year immediately preceding the year in which termination occurs, (iii) vesting acceleration for all outstanding equity awards so he shall be treated, for vesting purposes, as if he had vested pro rata until the date on which his employment terminates (or, if later, the date on which his employment would have terminated had he not been paid in lieu of his notice period), and (iv) the payment of health insurance premiums for up to 12 months. If such termination without cause or resignation for good reason occurs within three months prior to or within 12 months following a change in control, then, in lieu of the severance benefits described above, Dr. Hopkins is eligible for severance benefits in the form of (i) continued base salary and payment of health insurance premiums for up to 18 months (reduced by any base salary payments made to Dr. Hopkins in respect of any notice period during which he is not required to provide any services), (ii) a payment equal to one-and-a-half (1.5) times his target bonus for the year in which termination occurs, (iii) a lump sum cash payment in an amount equal to any earned but unpaid annual bonus for the year immediately preceding the year in which termination occurs, and (iv) vesting acceleration for all outstanding equity awards.

We have also entered into a director appointment letter with Dr. Hopkins in respect of his appointment as an executive director of Exscientia plc. Dr. Hopkins will not receive any additional compensation in respect of his role as an executive director.

Ben Taylor

Exscientia AI Limited entered into an amended and restated employment agreement with Ben Taylor at IPO, which governs the terms of his employment. Pursuant to this agreement and subsequent remuneration committee review, for 2023 Mr. Taylor is entitled to a gross annual base salary of £323,640 and is eligible to receive an annual performance bonus with a target amount of 45% of his annual base salary, as determined by our board of directors or the remuneration committee thereof.

The period of notice required to terminate Mr. Taylor's employment is six months. In addition to this, the agreement provides Mr. Taylor with certain severance benefits, subject to his execution of an effective release of claims and compliance with certain post-termination obligations and resignation from all positions with us. Pursuant to Mr. Taylor's agreement, if Exscientia AI Limited terminates his employment without cause or he resigns for good reason (each as defined in the employment agreement), then he is eligible for severance benefits in the form of (i) continued base salary and payment of health insurance premiums for up to 12 months (reduced by any base salary payments made to Mr. Taylor in respect of any notice period during which he is not required to provide any services), (ii) a pro rata portion of his annual bonus for the year in which termination occurs (calculated to the date on which his employment terminates or, if earlier, the date of commencement of any period of garden leave), (iii) a lump sum cash payment in an amount equal to any earned but unpaid annual bonus for the year immediately preceding the year in which termination occurs, and (iv) vesting acceleration for all

outstanding equity awards so he shall be treated, for vesting purposes, as if he had vested pro rata until the date on which his employment terminates (or, if later, the date on which his employment would have terminated had he not been paid in lieu of his notice period). If such termination without cause or resignation for good reason occurs within three months prior to or within 12 months following a change in control, then, in lieu of the severance benefits described above, Mr. Taylor is eligible for severance benefits in the form of (i) continued base salary and payment of health insurance premiums for up to 12 months (reduced by any base salary payments made to Mr. Taylor in respect of any notice period during which he is not required to provide any services), (ii) a payment equal to one (1) times his target bonus for the year in which termination occurs, (iii) a lump sum cash payment in an amount equal to any earned but unpaid annual bonus for the year immediately preceding the year in which termination occurs, and (iv) vesting acceleration for all outstanding equity awards.

We also entered into a director appointment letter with Mr. Taylor in respect of his appointment as an executive director of Exscientia plc. Mr. Taylor will not receive any additional compensation in respect of his role as an executive director.

Non-Executive Director Appointment Letters

Non-executive directors are engaged on letters of appointment that set out their duties and responsibilities. The non-executive directors do not receive benefits upon termination or resignation from their respective positions as directors. Under the non-executive director appointment letters, our non-executive directors are entitled to receive annual fees in accordance with our non-executive director remuneration policy as described below, and in each case inclusive of fees payable for all duties.

Non-Executive Director Remuneration Policy

In August 2021, following advice from its compensation consultant, our board of directors adopted a non-executive director remuneration policy.

Cash Compensation

Under this policy, we will pay each of our non-executive directors a cash retainer for service on our board of directors and committees of our board of directors. The annual cash compensation amount set forth below is payable to eligible directors under the policy in equal quarterly instalments, payable in arrears on the last day of each fiscal quarter in which the service occurred.

If an eligible director joins our board of directors or a committee of our board of directors at a time other than effective as of the first day of a fiscal quarter, each annual retainer set forth below will be pro-rated based on days served in the applicable fiscal year, with the pro-rated amount paid for the first fiscal quarter in which the eligible director provides the service and regular full quarterly payments thereafter.

All annual retainers are vested upon payment. At their election, eligible directors residing in the United Kingdom will be paid the applicable amounts converted from U.S. dollars to pounds sterling at the time of payment.

Directors are eligible to receive cash compensation as follows:

- Annual Board of Directors Service Retainer:
    - All Eligible Directors: $50,000
    - Independent Chair of the Board of Directors Service Retainer (in addition to Eligible Director Service Retainer): $40,000

- Annual Committee Chair Service Retainer (in addition to Annual Committee Member Service Retainer):
  - Chair of the Audit Committee: $20,000
  - Chair of the Remuneration Committee: $15,000
  - Chair of the Nominations and Governance Committee: $10,000

Equity Compensation

In addition to cash compensation, each eligible director may receive the equity compensation set forth below, which compensation is granted under the Non-Employee Sub-Plan to our 2021 EIP. All share options granted under this policy will be nonstatutory stock options, with an exercise price per share equal to 100% of the fair market value (as such term is defined in our 2021 EIP) of the underlying shares on the date of grant, and a term of ten years from the date of grant, subject to earlier termination in connection with a termination of service (as such term is defined in our 2021 EIP).

Initial Grant

Each eligible director who is first elected or appointed to our board of directors, will automatically, and without further action by our board of directors or the Remuneration Committee of our board of directors, upon the date of his or her initial election or appointment to be an eligible director (or, if such date is not a market trading day, the first market trading day thereafter), be granted equity awards in respect of an estimated $500,000 of ordinary shares to be delivered in equal proportions of options and restricted stock units unless the eligible director requests to be granted a greater proportion of options, or the Initial Grant. The shares subject to each Initial Grant will vest in equal monthly instalments over a three-year period such that the option or restricted stock is fully vested on the third anniversary of the date of grant; provided, that the eligible director continues to be a service provider (as such term is defined in our 2021 EIP) through each such vesting date.

Annual Grant

At the close of business on the date of each of our annual general meetings, each eligible director who continues to serve as a non-employee member of our board of directors at such time will be automatically, and without further action by our board of directors or the Remuneration Committee of our board of directors, be granted an equity award in respect of an estimated $250,000 of ordinary shares to be delivered in equal proportions of options and restricted stock units unless the eligible director requests to be granted a greater proportion of options, or the Annual Grant. The shares subject to the Annual Grant will vest at the earlier of (i) the one-year anniversary of the date of grant and (ii) the day immediately prior to the date of our next annual general meeting; provided, that the eligible director continues to be a service provider (as defined in the 2021 EIP) through such vesting date.

Vesting

All vesting is subject to the eligible director continuing to be a service provider (as such term is defined in our 2021 EIP) on each applicable vesting date.

Expenses

We will also reimburse our directors for their reasonable out-of-pocket expenses in connection with attending board and committee meetings.

Outstanding Equity Awards, Grants and Option Exercises

Name	Ordinary Share Underlying Option Award	RSU Award	Exercise Price	Grant Date	Expiry date
Executive Officers					
Andrew L. Hopkins, DPhil [2] [8] [9]	750,000		£ 0.03	3 April 2021	2 April 2031
	146,284		£ —	1 April 2022	31 March 2032
	585,136		£ —	1 April 2022	31 March 2032
Ben Taylor[1][2][3] [8] [9]	375,000		£ 0.02	27 November 2020	26 November 2030
	120,000		£ 0.03	3 April 2021	2 April 2031
	105,000		£ 0.08	1 July 2021	1 July 2031
		59,428	£ —	1 April 2022	31 March 2032
		146,284	£ —	1 April 2022	31 March 2032
David Hallett, Ph.D.[2][4] [8] [9]	375,000		£ 0.02	22 May 2020	21 May 2030
	120,000		£ 0.03	3 April 2021	2 April 2031
	73,142		£ —	1 April 2022	31 March 2032
	146,284		£ —	1 April 2022	31 March 2032
Garry Pairaudeau, Ph.D.[2][3] [8] [9]	300,000		£ 0.02	27 November 2020	26 November 2030
	120,000		£ 0.03	3 April 2021	2 April 2031
	73,142		£ —	1 April 2022	31 March 2032
	146,284		£ —	1 April 2022	31 March 2032
Michael Krams M.D.[10]		138,888	£ —	18 May 2022	17 May 2032
Non-Executive Directors					
David Nicholson, Ph.D.[1] [7]		9,398	£ —	18 May 2022	17 May 2032
	9,398		£ 8.11	18 May 2022	17 May 2032
Elizabeth Crain[1] [7]		50,100	£ —	1 July 2021	1 July 2028
		9,398	£ —	18 May 2022	17 May 2032
	9,398		£ 8.11	18 May 2022	17 May 2032
Robert Ghenchev[4]	-		-	-	
Mario Polywka, DPhil [5] [6] [7]	3,900		£ 0.02	18 October 2019	17 October 2029
	75,000		£ 0.02	15 June 2020	14 June 2030
		9,398	£ —	18 May 2022	17 May 2032
	9,398		£ 8.11	18 May 2022	17 May 2032
Joanne Xu[4] [5]	-		-	-	-

———

Notes to the equity awards table

(1) Awards granted on July 1, 2021 vest over a four- year period from the start date of the grant. Twenty-five percent of the shares subject to the July 1, 2021 award vest on the first anniversary of the vesting commencement date, and the remaining shares vest in quarterly instalments thereafter, subject to the officer's continued service through each vesting date.

(2) Options granted on April 3, 2021 vest over a four- year period from the start date of the grant. Twenty-five percent of the shares subject to the April 3, 2021 award vest on the first anniversary of the vesting commencement date, and the remaining shares vest in quarterly instalments thereafter, subject to the officer's continued service through each vesting date.
(3) Options granted on November 27, 2020 vest over a four-year period from the start date of the grant. Twenty-five percent of the shares subject to the November 27, 2020 award vest on the first anniversary of the date of starting employment and each anniversary thereafter, subject to the officer's continued service through each vesting date.
(4) Options granted to David Hallett on May 22, 2020 vest over a four year period. Twenty-five percent of the shares subject to the May 22, 2020 award vest on the date of the grant, and the remaining shares vest on the first anniversary of the date of starting employment and each anniversary thereafter, subject to the officer's continued service through each vesting date.
(5) Options granted to Mario Polywka on June 15, 2020 vest over a three year period. Thirty-seven point five percent of the shares subject to the June 15, 2020 award vested on May 22 2021, with an additional 37.5% the year after, with the final 25.0% vesting on May 22, 2023, subject to the individual's continued service through each vesting date.
(6) Options granted to Mario Polywka l on October 18, 2019 vest over a three year period. A third of the shares subject to the October 18, 2019 award vested on May, 28 2020 with the remaining shares vesting in equal instalments each year thereafter until May 28, 2022, subject to the individual's continued service through each vesting date
(7) Options granted on May 18, 2022 vest at the earlier of either the one year anniversary of the grant or the next AGM subject to the individual's continued service through such vesting date.
(8) Time based awards granted on April 1, 2022 vest as to 1/16th of the total number of shares subject to the option on a quarterly basis, with the first such instalment vesting on July 1, 2022, subject to the individual's continued service through each vesting date.
(9) Options vest over a three year period subject to time and performance conditions being met as follows:
a. Tranche 1 (50% of the shares under award): Twenty-five percent of the shares vest as to time on April 1, 2023, 25.0% vest as to time on April 1, 2024 and 50% vest as to time on April 1, 2025, subject to the holder's continued service through each vesting date and to the extent that the applicable average share price performance targets are met.
b. Tranche 2 (25% of the shares under award): All of the shares vest as to time on April 1, 2025, subject to the holder's continued service through such date and to the extent that the applicable total shareholder return targets are met.
c. Tranche 3 (25% of the shares under award): All of the shares vest as to time on April 1, 2025, subject to the holder's continued service through such date and to the extent that the applicable total shareholder return targets are met.
(10) Awards granted on May 18, 2022 vest over a four-year period from the start date of the grant. Twenty-five percent of the shares subject to the award vest on the first scheduled vesting date following the anniversary of employment, and the remaining shares vest in quarterly instalments thereafter, subject to the officer's continued service through each vesting date.

The principal features of our equity incentive plans are summarised below. These summaries are qualified in their entirety by reference to the actual text of the plan, each of which are filed as exhibits to this annual report.

Equity Incentive Plans

We have granted options and equity incentive awards under our: (1) 2019 Company Share Option Plan, as amended, or the 2019 CSOP; (2) 2018 Unapproved Share Option Plan, as amended, or the 2018 USOP; (3) RSU sub-plan to the 2018 USOP; and (4) 2016 Enterprise Management Incentive Plan, or the 2016 EMI Plan. No further options or awards will be granted under these plans, or the Legacy Plans, following the adoption of the 2021 Equity Incentive Plan, or the 2021 EIP. We have also granted options and equity incentive awards under the 2021 EIP.

The principal features of our equity incentive plans are summarised below. These summaries are qualified in their entirety by reference to the actual text of the applicable plan, which is filed as exhibits to the registration statement of which this annual report is a part.

2021 Equity Incentive Plan

The 2021 EIP was originally adopted by our board of directors on August 11, 2021 and allows for the grant of equity-based incentive awards to our employees and directors, including directors who are also our employees. The material terms of the 2021 EIP are summarised below.

Eligibility and administration

Our employees, executive directors and employees of our subsidiaries are eligible to receive awards under the 2021 EIP. Our consultants, and non-executive directors and those of our subsidiaries, are eligible to receive awards under the Non-Employee Sub-Plan to the 2021 EIP described below. Our U.K. employees

who meet the criteria under the Company Share Option Plan, or CSOP, regime, including that they do not have a material interest in our company (being either beneficial ownership of, or the ability to control directly or indirectly, more than 30% of our ordinary share capital) may be granted options under the CSOP Sub-Plan to the 2021 EIP described below. CSOP options can only be granted for so long as we continue to meet the criteria under the CSOP regime. Persons eligible to receive awards under the 2021 EIP (including the Non-Employee Sub-Plan and the CSOP Sub-Plan) are together referred to as service providers below.

Except as otherwise specified, references below to the 2021 EIP include the Non-Employee Sub-Plan and the CSOP Sub-Plan.

The 2021 EIP is administered by our board of directors, which may delegate its duties and responsibilities to one or more committees of our directors and/or officers (referred to as the Plan Administrator below), subject to certain limitations imposed under the 2021 EIP, and other applicable laws and Nasdaq rules. The Plan Administrator has the authority to take all actions and make all determinations under the 2021 EIP, to interpret the 2021 EIP and award agreements and to adopt, amend and repeal rules for the administration of the 2021 EIP as it deems advisable. The Plan Administrator also has the authority to determine which eligible service providers receive awards, grant awards, set the terms and conditions of all awards under the 2021 EIP, including any vesting and vesting acceleration provisions, subject to the conditions and limitations in the 2021 EIP.

Shares available for awards

The maximum number of ordinary shares, or the Share Reserve, that was reserved for issuance under our 2021 EIP and approved by our shareholders on 15 September 2021, or the Share Reserve, was 10,479,300 ordinary shares. No more than 20,126,700 ordinary shares may be issued under the 2021 EIP upon the exercise of incentive share options. In addition, the number of ordinary shares reserved for issuance under our 2021 EIP will automatically increase on January 1 of each year, commencing on January 1, 2022 and ending on (and including) January 1, 2031, in an amount equal to 5% of the total number of ordinary shares outstanding on December 31 of the preceding calendar year. Our board may act prior to January 1 of a given year to provide that there will be no increase for such year or that the increase for such year will be a lesser (but not greater) number of ordinary shares. As a result of the evergreen increases to date, the Share Reserve as at December 31, 2022 was 12,048,241. Ordinary shares issued under the 2021 EIP may be new shares, shares purchased on the open market or treasury shares.

If an award under the 2021 EIP expires, lapses or is terminated, exchanged for cash, surrendered, repurchased, cancelled without having been fully exercised or forfeited, any unused shares subject to the award will, as applicable, become or again be available for new grants under the 2021 EIP.

If an option granted under the Legacy Plans prior to its effective date expires, lapses or is terminated, exchanged for cash, surrendered, repurchased, cancelled without having been fully exercised or forfeited on or after its effective date, any unused shares subject to the option will, as applicable, become available for new grants under the 2021 EIP and shall be added to the Share Reserve, up to a maximum of 9,647,400 ordinary shares. As at December 31, 2022, a total of 345,413 ordinary shares had been added to the Share Reserve as a result.

Awards granted under the 2021 EIP in substitution for any options or other equity or equity-based awards granted by an entity before such entity's merger or consolidation with us or our acquisition of such entity's property or stock will not reduce the number of ordinary shares available for grant under the 2021 EIP, but will count against the maximum number of ordinary shares that may be issued upon the exercise of incentive stock options.

Options granted under the CSOP Sub-Plan are subject to individual and overall limits as specified by the CSOP regime from time to time.

References in this summary to ordinary shares include an equivalent number of our ADSs.

Awards

The 2021 EIP provides for the grant of options (which may be market value or otherwise, subject to local laws), share appreciation rights (which may be market value or otherwise, subject to local laws), or SARs, restricted shares, restricted share units, or RSUs, and other share-based awards. All awards under the 2021 EIP will be set forth in award agreements, which will detail the terms and conditions of awards, including any applicable vesting and payment terms, change of control provisions and post-termination exercise limitations. A brief description of each award type follows.

Options and SARs. Options provide for the purchase of our ordinary shares in the future at an exercise price set at no less than the nominal value (market value in the case of participants subject to taxation in the United States or options granted under the CSOP Sub-Plan) of an ordinary share on the grant date. SARs entitle their holder, upon exercise, to receive from us an amount equal to the appreciation of the shares subject to the award between the grant date and the exercise date. The Plan Administrator will determine the number of shares covered by each option and SAR, and the conditions and limitations applicable to the exercise of each option and SAR. Only options may be granted under the CSOP Sub-Plan.

Restricted shares and RSUs. Restricted shares are an award of non-transferable ordinary shares that remain forfeitable unless and until specified conditions are met and which may be subject to a purchase price. RSUs are contractual promises to deliver our ordinary shares in the future, which may also remain forfeitable unless and until specified conditions are met. The Plan Administrator may provide that the delivery of the shares underlying RSUs will be deferred on a mandatory basis or at the election of the participant. The terms and conditions applicable to restricted shares and RSUs will be determined by the Plan Administrator, subject to the conditions and limitations contained in the 2021 EIP.

Other share-based awards. Other share-based awards are awards of fully vested ordinary shares and other awards valued wholly or partially by referring to, or otherwise based on, our ordinary shares or other property. Other share-based awards may be granted to participants and may also be available as a payment form in the settlement of other awards, as standalone payments and as payment in lieu of compensation to which a participant is otherwise entitled. The Plan Administrator will determine the terms and conditions of other share-based awards, which may include any purchase price, performance goal, transfer restrictions and vesting conditions.

Performance criteria

The Plan Administrator may set performance goals in respect of any awards in its discretion.

Certain transactions

In connection with certain corporate transactions and events affecting our ordinary shares, including a change of control, another similar corporate transaction or event, the Plan Administrator has broad discretion to take action under the 2021 EIP. This includes cancelling awards for cash or property, accelerating the vesting of awards, providing for the assumption or substitution of awards by a successor entity, adjusting the number and type of shares subject to outstanding awards and/or with respect to which awards may be granted under the 2021 EIP and replacing or terminating awards under the 2021 EIP. In addition, in the event of certain equity restructuring transactions, the Plan Administrator will make

equitable adjustments to the limits under the 2021 EIP and outstanding awards as it deems appropriate to reflect the transaction. The treatment of CSOP options in connection with such a transaction is subject to the requirements of the CSOP regime.

Plan amendment and termination

Our board of directors may amend or terminate the 2021 EIP at any time; however, no amendment, other than an amendment that increases the number of shares available under the 2021 EIP, may materially and adversely affect an award outstanding under the 2021 EIP without the consent of the affected participant and shareholder approval will be obtained for any amendment to the extent necessary to comply with applicable laws. The 2021 EIP will remain in effect until the tenth anniversary of its effective date unless earlier terminated by our board of directors. No awards may be granted under the 2021 EIP after its termination.

Transferability and participant payments

Except as the Plan Administrator may determine or provide in an award agreement, awards under the 2021 EIP are generally non-transferrable, except to a participant's designated beneficiary, as defined in the 2021 EIP. With regard to tax and/or social security withholding obligations arising in connection with awards under the 2021 EIP, and exercise price obligations arising in connection with the exercise of options under the 2021 EIP, the Plan Administrator may, in its discretion, accept cash, wire transfer or check, our ordinary shares that meet specified conditions, a promissory note, a "market sell order," such other consideration as the Plan Administrator deems suitable or any combination of the foregoing, subject, in the case of CSOP options, to the requirements of the CSOP regime.

Non-U.S. and Non-U.K. participants

The Plan Administrator may modify awards granted to participants who are non-U.S. or U.K. nationals or employed outside the U.S. and the U.K. or establish sub-plans or procedures to address differences in laws, rules, regulations or customs of such international jurisdictions with respect to tax, securities, currency, employee benefit or other matters or to enable awards to be granted in compliance with a tax favourable regime that may be available in any jurisdiction.

Non-Employee Sub-Plan

The Non-Employee Sub-Plan governs equity awards granted to our non-executive directors, consultants, advisers and other non-employee service providers and provides for awards to be made on identical terms to awards made under our 2021 EIP.

Legacy Plans

2019 Company Share Option Plan

Overview

The 2019 CSOP was adopted on November 27, 2019, as amended on April 3, 2021 and is intended to qualify as a "company share option plan" that meets the requirements of Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003, or ITEPA. Options granted under the 2019 CSOP are potentially UK tax favoured options up to an individual limit of £30,000 calculated by reference to the market value of the shares under option at the date of grant.

Options granted under the 2019 CSOP must have an exercise price equal to or more than the market value of a share on the date of grant and, where the exercise of an option is to be satisfied by newly issued shares, the exercise price must not be less than the nominal value of a share.

Participation / Eligibility and Administration

Options granted under the 2019 CSOP are granted by the board of directors in its absolute discretion to employees that qualify to be granted an option under Schedule 4 of ITEPA.

Vesting and Exercise of Options

Options granted under the 2019 CSOP may be granted subject to a vesting schedule containing one or more time-based conditions and additionally, or in the alternative, specific performance conditions that must be met before all or part of an option can be exercised. The board of directors has discretion to determine whether and the extent to which a performance condition has been satisfied.

The board of directors may vary or waive one or more performance conditions attaching to an option, provided that such variation to a performance condition can only be effected by the board of directors if an option becomes exercisable before the end of the period over which the original performance condition was to be assessed or it reasonably considers that the performance condition is no longer an appropriate measure of performance. Such varied performance condition must be no more difficult to satisfy than when the original performance condition was set and not materially easier to satisfy than the original performance condition was at the original option's grant date.

Options granted under the 2019 CSOP may not be exercised after the tenth anniversary of the date of grant and generally may only be exercised on the earliest of (1) the company coming under the control (as defined in section 719 ITEPA) of another person; (2) a court sanctioned scheme of arrangement; (3) shareholders becoming bound by a non-UK reorganisation; or (4) a person becoming bound or entitled to acquired shares under sections 979 to 985 of the Companies Act; or (5) the vesting conditions specified in the applicable option agreement being met. Options may also be exercised by certain by participants that cease to be employed by us. See "*Cessation of Employment*" below.

Terms Generally Applicable to Options

Save for transferring an option to a deceased option holder's personal representative on their death, options granted under the 2019 CSOP cannot be transferred, assigned or have any charge or other security created over them.

Options granted under the 2019 CSOP will lapse on the earliest of the following:

- an attempt to transfer, assign or encumber the option (save for a transfer to a personal representative on death);
- a performance condition failing to be met that results in the entire option being incapable of exercise;
- the lapse date stated in the relevant option agreement;
- the first anniversary of an option holder's death;
- the day after the option holder ceases to be an employee or director of the company if the options were unvested, save that:

- if cessation of employment is due to injury, ill-health, disability, a transfer of one of our businesses out of the group, retirement or redundancy (within the meaning of the Employment Rights Act 1996), options will be exercisable for six months after cessation of employment; and
- our board of directors may determine within 90 days of cessation of employment that options may remain exercisable for a specified period of time post-cessation of employment;
- 90 days after the option holder ceases to be employed by the company if the options were vested and cessation of employment was not due to summary dismissal;
- six months after the company coming under the control (as defined in section 719 ITEPA) of another person; (2) a court sanctioned scheme of arrangement; or (3) shareholders becoming bound by a non-UK reorganisation;
- six months after a reorganisation of the company if a replacement option is offered in the acquirer as part of the reorganisation; or
- the option holder becoming bankrupt.

Cessation of Employment

If an option holder that holds an unvested option ceases to be employed by us, their option will lapse and cease to be exercisable on the day after the option holder ceases to be employed by the company unless:

- cessation of employment is due to injury, ill-health, disability, a transfer of one of our businesses out of the group, retirement or redundancy (within the meaning of the Employment Rights Act 1996), in which case the option will be exercisable for six months after cessation of employment; or
- our board of directors determine within 90 days of cessation of employment that the option may remain exercisable for a specified period of time post-cessation of employment.

If an option holder that holds a vested option ceases to be employed by the company and such cessation of employment was not due to summary dismissal, they may exercise their vested option for a period of 90 days after cessation of employment, after which, the option will lapse.

If an option holder ceases to be employed by reason of summary dismissal, the option shall not be capable of exercise unless our board of directors determine within 90 days of cessation of employment that the option may remain exercisable for a specific period of time post-cessation of employment.

Corporate Transactions

If (1) a person or entity acquires control (as defined in section 719 ITEPA) of the company, (2) a court sanctions a scheme of arrangement or (3) shareholders become bound to a non-UK reorganisation, option holders shall be entitled to exercise their options in whole or in part within the period of six (6) months beginning with the date when such relevant event occurs, and to the extent that an option is not exercised within such period it shall lapse and cease to be exercisable. However, in anticipation of the completion of any of the events described in clauses (1) through (3) above, the board of directors may in its absolute discretion make arrangements to permit outstanding options to be exercisable during a period of 20 days ending immediately before such event occurs. If options are not exercised within this period, they shall lapse immediately upon expiry of such period.

A change of control will not trigger a right to exercise options in a scenario in which the acquirer is an entity under which the ultimate beneficial ownership of the remains the same and such entity offers a replacement option to the option holders. If a replacement option is not accepted by option holders in this scenario, their options will lapse six months after the change of control.

Amendments to 2019 CSOP

The board of directors can amend the 2019 CSOP from time to time save that such amendments (1) cannot be made if it would mean that the 2019 CSOP would no longer qualify under Schedule 4 of ITEPA; (2) cannot be made without option holders' prior written consent if the amendment would have a material impact on their rights; or (3) require certain investor approvals if the amendment would (a) make existing options grants materially more generous; (b) increase option limits; or (c) expand the class of employees eligible to participate in the 2019 CSOP.

2018 Unapproved Share Option Plan

Overview

The 2018 USOP was adopted on February 13, 2018 and amended on September 25, 2019 and April 1, 2021, and provides for the grant of options over Ordinary shares or B Ordinary Shares (or an equivalent number of our ADSs) in the capital of the company.

Participation / Eligibility and Administration

Options granted under the 2018 USOP are granted by the board of directors to individuals.

Vesting and Exercise of Options

Options granted under the 2018 USOP may be granted subject to such vesting and exercise conditions as contained in the option agreement relating to such option.

Save where the context otherwise permits, or if otherwise determined by the board of directors, a vested option shall be capable of exercise on any business day. Options granted under the 2018 USOP may be exercised in whole or in part provided that, on any day, an option may be exercised over no fewer than the less of 25% of the vested shares, the total number of shares that remain exercisable at the time, and such other number as the board of directors may determine.

Options can potentially also be exercised by option holders if they cease to be employed or engaged. See "*Cessation of Employment/Engagement*" below.

Terms Generally Applicable to Options

Save for transferring an option to a deceased option holder's personal representative on their death, options granted under the 2018 USOP cannot be transferred, assigned or have any charge or other security created over them.

Options granted under the 2018 USOP will lapse on the earliest of the following:

- the tenth anniversary of the date of grant;
- an attempt to transfer, assign or encumber the option (save for a transfer to a personal representative on death);
- the first anniversary of an option holder's death;

- the date of cessation of employment or engagement if the option holder is a Bad Leaver (as defined below);
- if the option holder is a Good Leaver (as defined below):
- 90 days after the date of cessation of employment or engagement in respect of the portion of the option that is exercisable on cessation (or 12 months if the Good Leaver reason is the death of the option holder); and
- the date of cessation of employment or engagement in respect of the portion of the option that is not exercisable on cessation;
- 60 days after the completion of an asset sale or a share sale resulting in a change of control (or immediately after completion if option holders are given the opportunity to exercise their options by the board of directors prior to completion); or
- the option holder becoming bankrupt.

Cessation of Employment/Engagement

If an option holder ceases to be employed or engaged with us and:

- they are a Good Leaver, then:
- the portion of the option that is exercisable on cessation shall be exercisable for up to 90 days after the date of cessation of employment or cessation (or 12 months if the Good Leaver reason is the death of the option holder); and
- the portion of the option that is not exercisable on cessation shall lapse on the date of cessation; and
- they are Bad Leaver, the option shall lapse in full on the date of cessation.

For the purposes of the 2018 USOP:

“Good Leaver” means an option holder that becomes a leaver as a result of : (a) injury, ill-health or disability (evidenced to the reasonable satisfaction of the board of directors); (b) retirement; (c) redundancy within the meaning of the Employment Rights Act 1996; (d) death; (e) employment being solely with a company which is not the company or one of its subsidiaries or their employment being transferred to a person who is not a member of the company or one of its subsidiaries on completion of the sale of the business or part of the business to which their employment relates; or (f) the board of directors declaring the option holder a Good Leaver in its absolute discretion.

“Bad Leaver” means a leaver that is not a Good Leaver.

Corporate Transactions

If a person makes an offer for the company that results in a company reorganisation, an asset sale or a majority share sale giving rise to a change of control, the board of directors may in its absolute discretion and by notice in writing to all option holders declare all outstanding options to be exercisable in full during a period specified by the board of directors not exceeding three (3) months (and which period shall end immediately before the acquirer obtains control of the company if it has not already ended). If options are not exercised within this period, they shall lapse immediately upon expiry of such period. If no notice

is given to the option holders, options shall lapse 60 days after the completion of a company reorganisation, asset sale or share sale resulting in a change of control.

In the event of the establishment of a new holding company, options shall be substituted for equivalent options over shares in the new holding company.

Amendments to 2018 USOP

The board of directors can make minor alterations or additions to the 2018 USOP from time to time to benefit the administration of the 2018 USOP, to take account of changes in legislation or to obtain or maintain favourable taxation or regulatory treatment for participants.

RSU Sub-Plan to the 2018 Unapproved Share Option Plan

The RSU Sub-Plan governs the terms of restricted stock unit awards, or RSUs, may be granted under the RSU Sub-Plan to the 2018 USOP. RSUs are contractual promises to deliver our ordinary shares or ADSs in the future and are subject to substantially the same terms to options granted under the 2018 USOP.

In connection with certain corporate transactions and events affecting our ordinary shares, including a change of control, another similar corporate transaction or event, our board of directors has broad discretion to take action under the RSU Sub-Plan. This includes cancelling RSUs for cash or property, accelerating the vesting of RSUs, providing for the assumption or substitution of RSUs by a successor entity, adjusting the number and type of shares subject to outstanding RSUs and replacing or terminating RSUs.

2016 Enterprise Management Incentive Plan

Overview

The 2016 EMI Plan was adopted on February 29, 2016 and is intended to qualify as an "enterprise management incentive," or EMI, plan that meets the requirements of Schedule 5 to ITEPA.

The 2016 EMI Plan is operated on the same terms as the 2018 USOP but with the following differences:

Participation / Eligibility and Administration

Notwithstanding the company and option requirements, an individual is eligible to be granted EMI options under the 2016 EMI Plan if they satisfy the employee requirements of Schedule 5 to ITEPA.

Vesting and Exercise of Options

In addition to the terms described above for the 2018 USOP, the board of directors may in its absolute discretion declare an option to be exercisable to such extent as it determines upon the occurrence of a disqualifying event, as set out in sections 533-539 of ITEPA.

Corporate Transactions

In addition to the terms described above for the 2018 USOP, where there is a company reorganisation that includes the creation of a new holding company which has substantially the same identity and proportion of shareholders and such new holding company offers a replacement option to participants of the 2016 EMI Plan, options shall not be exercisable in connection with the aforesaid company reorganisation.

Insurance and Indemnification

To the extent permitted by the Companies Act, we are empowered to indemnify our directors against any liability they incur by reason of their directorship. We maintain directors' and officers' insurance to insure such persons against certain liabilities and have entered into a deed of indemnity with each of our directors and executive officers .

Insofar as indemnification of liabilities arising under the Securities Act may be permitted to our board, executive officers or persons controlling us pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

C. Board Practices

Composition of our Board of Directors

Our board of directors is composed of six members. As a foreign private issuer, under the listing requirements and rules of Nasdaq, we are not required to have independent directors on our board of directors, except that our audit committee is required to consist fully of independent directors, subject to certain phase-in schedules. Our board of directors has determined that David Nicholson, Elizabeth Crain, Robert Ghenchev and Mario Polywka, each of whom serve on our board of directors, do not have a relationship that would interfere with the exercise of independent judgement in carrying out the responsibilities of director and that each of these directors is "independent" as that term is defined under Nasdaq rules.

In accordance with our articles of association, one-third of our directors will retire from office at each annual general meeting of shareholders. See "*Item 10.B – Additional Information – Memorandum and Articles of Association — Appointment of Directors, Classification and Reappointment of Directors*." At each annual general meeting, the directors whose terms expire will retire and are eligible for re-appointment by ordinary resolution at such annual general meeting. At each annual general meeting, the successors to directors whose terms then expire or the directors who have been re-appointed will be elected to serve from the time of election and qualification until the third annual meeting following election. Our directors are divided among the three classes as follows:

- Class I consists of Robert Ghenchev, whose term will expire at our annual general meeting held in 2025;
- Class II consists of David Nicholson, Mario Polywka and Elizabeth Crain whose terms will expire at our annual general meeting held in 2023; and
- Class III consists of Andrew Hopkins and Ben Taylor, whose terms will expire at our annual general meeting held in 2024.

Each director shall serve until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal.

Committees of our Board of Directors

Our board of directors has three standing committees: an audit committee, a remuneration committee and a nomination and corporate governance committee. The board has adopted a written charter for each of the committees that is available to securityholders on our website at https://investors.exscientia.ai/corporate-governance/governance-documents.

Audit Committee

Our audit committee is composed of Elizabeth Crain, David Nicholson and Mario Polywka, and assists the board of directors in overseeing our accounting and financial reporting processes and the audits of our financial statements. Elizabeth Crain serves as chairperson of the audit committee.

The audit committee consists exclusively of members of our board who are financially literate, and Elizabeth Crain is considered an "audit committee financial expert" as defined by applicable SEC rules and has the requisite financial sophistication as defined under the applicable Nasdaq rules and regulations. Our board has determined that all of the members of the audit committee satisfy the "independence" requirements set forth in Rule 10A-3 under the Exchange Act. The audit committee is governed by a charter that complies with Nasdaq rules.

The audit committee's responsibilities include:

- monitoring the integrity of our financial and narrative reporting;
- reviewing accounting policies and key estimates and judgements;
- reviewing the appropriateness and completeness of the internal controls;
- recommending the appointment, re-appointment or removal of the independent auditor to the annual general meeting of shareholders;
- the appointment, compensation, retention and oversight of any accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit services;
- pre-approving the audit services and non-audit services to be provided by our independent auditor before the auditor is engaged to render such services;
- evaluating the independent auditor's qualifications, performance and independence, and presenting its conclusions to the full board of directors on at least an annual basis;
- reviewing and discussing with the executive officers, the board of directors and the independent auditor our financial statements and our financial reporting process; and
- reviewing procedures for detection of fraud, whistleblowing and prevention of bribery, and reports on systems for internal financial control, financial reporting and risk management.

Remuneration Committee

Our remuneration committee is composed of Elizabeth Crain, David Nicholson and Mario Polywka, and assists the board of directors in determining executive officer compensation. Mario Polywka serves as chairman of the remuneration committee.

The remuneration committee's responsibilities include:

- identifying, reviewing and proposing policies relevant to executive officer compensation;
- evaluating each executive officer's performance in light of such policies and reporting to the board;
- analysing the possible outcomes of the variable remuneration components and how they may affect the remuneration of the executive officers;

- recommending any equity long-term incentive component of each executive officer's compensation in line with the remuneration policy and reviewing our executive officer compensation and benefits policies generally;
- evaluating and assessing potential and current compensation advisors in accordance with the independence standards identified in the applicable Nasdaq rules;
- reviewing and recommending to the board of directors the compensation of our directors; and
- reviewing and assessing risks arising from our compensation policies and practices.

Nomination and Corporate Governance Committee

Our nomination and corporate governance committee is composed of Elizabeth Crain, David Nicholson and Mario Polywka, and assists our board of directors in identifying individuals qualified to become members of our board and executive officers consistent with criteria established by our board and in developing our corporate governance principles. David Nicholson serves as chairman of the nomination committee.

The nomination and corporate governance committee's responsibilities include:

- drawing up selection criteria and appointment procedures for directors;
- reviewing and evaluating the size and composition of our board and making a proposal for a composition profile of the board of directors at least annually;
- recommending nominees for election to our board of directors and its corresponding committees;
- assessing the functioning of individual members of our board of directors and executive officers and reporting the results of such assessment to the board of directors; and
- developing and recommending to the board rules governing the board, reviewing and reassessing the adequacy of such rules governing the board and recommending any proposed changes to the board of directors.

D. Employees

As of December 31, 2022, we had 481 employees as 2022 was a period of continuing to scale rapidly across all of our teams. Our people are highly educated and experienced, with more than 75% holding a Masters or higher qualification as of December 31, 2022, and more than 52% holding a PhD/DPhil or M.D. None of our employees outside of Austria are represented by labour unions or covered by collective bargaining agreements. In Austria, we are subject to a government-mandated collective bargaining agreement, which sets minimum wage expectations and grants employees additional benefits beyond those required by the local labour code. We consider our relationship with our employees to be good.

	At December 31,		
Function	**2020**	**2021**	**2022**
Administrative	14	37	75
Research and development	77	248	406
Total	**91**	**285**	**481**
Geography			
United Kingdom	89	242	379
European Union	0	29	69
United States	1	13	32
Japan	1	1	1

E. Share Ownership

For information regarding the share ownership of our directors and executive officers, see *"Item 6.B – Compensation*" and "*Item 7.A – Major Shareholders*."

Item 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table sets forth information with respect to the beneficial ownership of our ordinary shares as of March 1, 2023 for:

- each beneficial owner of 5% or more of our outstanding ordinary shares;
- each of our directors and executive officers; and
- all of our directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities and include ordinary shares issuable upon the exercise of options that are immediately exercisable or exercisable within 60 days of March 1, 2023. Percentage ownership calculations are based on 123,334,891 ordinary shares outstanding as of March 1, 2023.

Except as otherwise indicated, all of the shares reflected in the table are ordinary shares and all persons listed below have sole voting and investment power with respect to the shares beneficially owned by them, subject to applicable community property laws. Our major shareholders do not have different voting rights than other holders of our ordinary shares. The information is not necessarily indicative of beneficial ownership for any other purpose.

Except as otherwise indicated in the table below, addresses of the directors, executive officers and named beneficial owners are care of Exscientia plc The Schrödinger Building, Oxford Science Park, Oxford OX4 4GE, United Kingdom.

Name of Beneficial Owner	Ordinary Shares Beneficially Owned	Percentage Beneficially Owned
5% or Greater Shareholders:		
Softbank Group Corp.[1]	18,977,218	15.4 %
Evotec SE[2]	14,035,200	11.4 %
Novo Holdings A/S[3]	13,086,600	10.6 %
Executive Officers and Directors		
Andrew Hopkins, DPhil, FRSE, FRSC[4]	19,536,651	15.8 %
Ben Taylor[5]	322,186	*
David Hallett, Ph.D[6]	453,286	*
Garry Pairaudeau, Ph.D[7]	230,786	*
Mike Krams, M.D.	0	*
David Nicholson, Ph.D[8]	150,000	*
Elizabeth Crain[9]	61,100	*
Robert Ghenchev	0	*
Mario Polywka, Ph.D[10]	101,700	*
All current directors and officers as a group (9 persons)	20,855,709	16.9 %

* Represents beneficial ownership of less than 1%.

(1) Information is based on a Schedule 13D filed with the SEC by SVF II Excel (DE) LLC (the "Investor") on October 15, 2021. The Investor holds 18,977,218 ordinary shares. The sole member of the Investor is SVF II Investment Holdings (Subco) LLC ("SVF II Subco"). SVF II Subco has delegated investment discretion with regard to the securities held of record by the Investor to SB Global Advisors Limited ("SBGA"). The sole shareholder of SBGA is SoftBank Corp. SoftBank Corp. is controlled by its board of directors, which consists of

Masayoshi Son, Yoshimitsu Goto, Ken Miyauchi, Kentaro Kawabe, Masami Iijima, Yutaka Matsuo, Lip-Bu Tan, Keiko Erikawa, and Kenneth A. Siegel. Each of the aforementioned entities and individuals disclaims beneficial ownership of the securities held of record by the Investor. Ms. Xu is not deemed to hold any beneficiary ownership or reportable pecuniary interest in the shares held by Softbank Group Corp.

(2) Consists of 14,035,200 ordinary shares held by Evotec SE. The beneficial owner of the shares is Evotec SE. The address of Evotec SE is Essener Bogen 7, 22419 Hamburg, Germany.

(3) Information is based on a Schedule 13G filed with the SEC by Novo Holdings A/S on February 2, 2022. Novo Holdings A/S holds 13,086,600 ordinary shares. Novo Holdings A/S has the sole power to vote and dispose of the shares, and no individual or other entity is deemed to hold any beneficial ownership in the shares. Robert Ghenchev is employed as a Senior Partner at Novo Holdings Equity US Inc., which provides certain consultancy services to Novo Holdings A/S, and is a member of our board of directors. Mr. Ghenchev is not deemed to hold any beneficiary ownership or reportable pecuniary interest in the shares held by Novo Holdings A/S. The business address of Novo Holdings A/S is Tuborg Havnevej 19, 2900 Hellerup, Denmark.

(4) Consists of (a) 16,526,300 ordinary shares held by Andrew Hopkins and an additional 411,751 ordinary shares issuable upon exercise of options that are exercisable by Dr. Hopkins within 60 days of March 1, 2023, (b) 498,600 ordinary shares held by his spouse, Iva Hopkins Navratilova, and (c) 2,100,000 ordinary shares held in trust by the Nia Hopkins Charitable Trust (the "Trust"). Dr. Hopkins is the sole trustee of the Trust and retains sole voting and dispositive power over the shares held by the Trust. Dr. Hopkins shares voting and dispositive power with respect to the shares held by his spouse.

(5) Consists of 24,214 ordinary shares as at March 1, 2023 and an additional 297,972 ordinary shares issuable upon vesting and settlement of RSUs or exercise of options that may vest and settle or become exercisable within 60 days of March 1, 2023.

(6) Consists of 453,286 ordinary shares issuable upon exercise of options that exercisable within 60 days of March 1, 2023.

(7) Consists of 228,286 ordinary shares issuable upon exercise of options that are exercisable within 60 days of March 1, 2023.

(8) Consists of 150,000 ordinary shares as at March 1, 2023

(9) Consists of 35,900 ordinary shares as at March 1, 2023 and an additional 25,200 ordinary shares issuable upon exercise of options that are exercisable within 60 days of March 1, 2023.

(10) Consists of 52,800 ordinary shares as at March 1, 2022 and an additional 48,900 ordinary shares issuable upon exercise of options that are exercisable within 60 days of March 1, 2023.

Significant Changes in Percentage Ownership

To our knowledge, other than as provided in the table above, our other filings with the SEC and this annual report, the significant changes in the percentage ownership held by our principal shareholders since January 1, 2019 are as a result of private financings conducted prior to our October 2021 initial public offering, and our initial public offering, in which we issued and sold 15,927,500 ADSs representing an equal number of ordinary shares, and concurrent private placements in which we sold 5,681,818 ordinary shares and 1,590,909 ordinary shares to SVF II Excel (DE) LLC, or Softbank, and the Bill & Melinda Gates Foundation, respectively.

Shareholders in the United States

As of December 31, 2022, to the best of our knowledge, 25,362,000, or 21%, of our outstanding ordinary shares (including ordinary shares in the form of ADSs) were held by 12 shareholders of record in the United States. The actual number of holders is greater than the number of record holders, and includes beneficial owners whose ordinary shares or ADSs are held in street name by brokers and other nominees. This number of holders of record also does not include holders whose shares may be held in trust by other entities.

B. Related Party Transactions

Arrangements with Evotec

Evotec SE, or, together with its affiliates, Evotec, is a beneficial owner of more than 10% of our share capital. Evotec is a party to the Series D1 Shareholders' Agreement (as defined below). Mario Polywka, DPhil, a member of our board of directors, is the former Chief Operating Officer of Evotec and is a current member of its Supervisory Board. Initially, our collaborations with Evotec were aimed at designing dual CD73/ A_{2A}- and CD73-inhibitor compounds. Our collaborative projects have developed from that point.

We and our subsidiaries have entered into the following commercial arrangements with Evotec:

Collaboration Agreement and Services

In March 2016, we entered into a collaboration agreement, or the Evotec Collaboration Agreement, with Evotec to generate one or more molecules for immuno-oncology, including bispecifics for further commercialisation. We amended the Evotec Collaboration Agreement in October 2017, October 2018, January 2019, January 2020 and April 2021.

Although joint development efforts under the Evotec Collaboration Agreement ceased as of April 2021, we plan to continue the development of Adenosine A_{2A} antagonists (and bispecific A_{2A}-"plus" antagonists) at our sole discretion. Our lead product candidate, EXS21546, is based on intellectual property developed under the Evotec Collaboration Agreement, and it entered its first Phase 1 clinical trial on December 16, 2020. We have received invoices from Evotec totalling £678,000, £235,000, and £nil in the years ended 2020, 2021 and 2022, respectively, in connection with this arrangement. For further details on the Evotec Collaboration Agreement, see the section titled "*Item 10.C. – Material Contracts*."

We engaged Aptuit (Verona) SRL (an affiliate of Evotec) to carry out the preclinical toxicology and manufacturing work for EXS21546. We shared the costs of this arrangement equally with Evotec. In connection with this arrangement, we have received invoices from Evotec totalling £146,000, £1,038,000, and £1,133,000 in the years ended December 31, 2020 and 2021 and 2022, respectively.

Drug Discovery Services Agreement

In November 2017, we entered into a drug discovery services agreement, or the Evotec Discovery Agreement, with Evotec to procure its drug discovery services, including those related to the development of assays, screening, structural biology and medicinal chemistry.

In October 2020, we amended the Evotec Discovery Agreement to extend its term to November 2022. Before that time, either party may terminate specific projects if those resources are to be immediately redeployed, and we may additionally terminate any project under the agreement without cause by providing 90 days' prior written notice. The Evotec Discovery Agreement stipulates that upon our request, for each planned project, Evotec shall provide reasonably detailed estimates of the services, time frame, deliverables and pricing for such project. Once agreed to by both parties, each project will be overseen by a steering committee comprised of an equal number of representatives from each party. Subject to certain limited exceptions, we retain ownership over all intellectual property discovered or made by Evotec in the course of its performance of the services under the Drug Discovery Services Agreement, and to the extent that any rights in such intellectual property cannot be assigned to us by Evotec, they have provided to us a perpetual, irrevocable, worldwide, royalty-free, exclusive, transferable licence, sublicensable through multiple tiers, to practice such non-assignable rights in any manner for any purpose.

We have engaged Evotec and its affiliates to provide services on several projects under this agreement, the most material of which is an engagement to provide CRO services to help us deliver candidate compounds under one of our collaboration agreements with Celgene Corporation and BMS which commenced in 2019 and 2021, respectively. In connection with these CRO services projects, we have received invoices totalling £12,843,000, £13,870,000, and £8,485,000 in the years ended 2020, 2021 and 2022, respectively. For all other projects provided under the Evotec Discovery Agreement, we have received invoices totalling £2,000, £130,000 and £273,000 in the years ended 2020, 2021 and 2022, respectively.

Compound Management Services Agreement

In April 2021, we entered into a compound management services agreement, or the Evotec Compound Management Agreement, with Evotec to procure compound management services, including those related to compound reception, storage, maintenance while in storage, quality analysis and control, and shipment.

The Evotec Compound Management Agreement is effective for a five-year term, though either party may terminate the agreement without cause by providing 90 days' prior written notice. Under the Evotec Compound Management Agreement we may engage Evotec's compound management services by agreeing to the terms of a work order detailing the services, obligations and other material terms. Subject to certain limited exceptions, we retain ownership over all final products and intellectual property discovered or made by Evotec in the course of its performance of the services under the agreement and, if required, Evotec will take actions necessary or appropriate to establish, register, assign or otherwise record our ownership. During the term of the Evotec Compound Management Agreement, we grant to Evotec a royalty-free, fully paid-up, worldwide, non-exclusive licence to use any relevant intellectual property owned by, or licenced to us, to the extent necessary for Evotec to perform its services under the agreement.

We have engaged Evotec to provide general services related to powder and solution compound transfer, reception, identification, inventory registration, quality analysis and control, storage, maintenance while in storage and shipment to our sites and partners. In connection with this arrangement, we have paid Evotec £231,000in the year ended December 31, 2022.

Shareholders' Agreement

In connection with the April 2021 sale of our Series D1 Shares, we entered into an agreement, or the Series D1 Shareholders' Agreement, with Evotec, our chief executive officer, Dr. Andrew Hopkins, and our other shareholders that among other things, granted our preferred shareholders specified registration rights with respect to our shares held by them and provided for certain appointment rights with respect to our board of directors and the voting of shares in favour of specified transactions approved by our board of directors and the requisite majority of our shareholders.

The Series D1 Shareholders Agreement amended and restated a prior shareholders agreement with Evotec, our chief executive officer, Dr. Andrew Hopkins, and our other shareholders that we entered into in May 2021. The rights described above terminated upon the completion of our initial public offering, except for the contemplated registration rights, which were memorialised in a registration rights agreement, or the Registration Rights Agreement, that we entered into in connection with our initial public offering.

Arrangements with SoftBank

Concurrent Private Placement

In September 2021, we entered into a subscription agreement, or the Softbank Subscription Agreement, with SVF II Excel (DE) LLC, or Softbank, pursuant to which Softbank purchased from us, concurrently with our initial public offering in a private placement, 5,681,818 ADSs generating gross proceeds of $125 million.

The sale of the ADSs in this concurrent private placement was not registered under the Securities Act of 1933, as amended, and these ADSs are subject to a 180-day lock-up agreement with the underwriters for our initial public offering. Upon expiration of the lock-up, Softbank will be able to sell our ADSs in the public market in compliance with Rule 144 under the Securities Act. We paid a commission of $8.75

million to the underwriters in connection with the concurrent private placement to Softbank, which is equal to 7% of aggregate value of ADSs sold to Softbank.

Equity Facility

SVF II Excel (DE) LLC, or SoftBank, is the beneficial owner of more than 10% of our share capital. Joanne Xu, a member of our board of directors, is a partner at SoftBank Investment Advisors.

In April 2021, we entered into an equity facility agreement with SoftBank, pursuant to which SoftBank irrevocably agreed to subscribe for up to $300 million of preferred shares on the terms and subject to the conditions set out therein. At the date of execution, the subscription price for each preferred share was set to equal the subscription price of the Series D1 Shares that we sold in our April 2021 fundraise, or $3,502.17 per share. The agreement terminated on the consummation of our initial public offering and we did not request that Softbank subscribe for any shares under the agreement.

Subscriptions of our Preferred Shares

Subscription of our Series D1 Shares

In April 2021, we entered into a subscription agreement with certain investors to purchase an aggregate of 64,247 Series D1 Shares for gross aggregate proceeds of $225.0 million at a price of $3,502.17 per share. Softbank purchased 28,554 of such shares, and entities affiliated with BlackRock Inc. purchased 5,425 of such shares. In connection with the financing, we and our shareholders entered into the Series D1 Shareholders' Agreement.

Subscription of our Series C1 Shares

In March 2021, we entered into a subscription agreement with entities affiliated with BlackRock Inc. to purchase an aggregate of 17,132 of our Series C1 Shares for aggregate proceeds of $29.9 million at a price of $1,751 per share, and we and our shareholders entered into the Series C1 Shareholders' Agreement.

Registration Rights Agreement

In connection with the consummation of our initial public offering, we entered into a Registration Rights Agreement with certain of our existing shareholders, including our chief executive officer, Dr. Andrew Hopkins, and pursuant to which we have granted them customary registration rights for the resale of the common shares held by such shareholders.

Agreements with Our Executive Officers and Directors

We have entered into service agreements with our executive officers and with Dr. Andrew Hopkins and Ben Taylor, our executive directors. See "*Item 6 – Directors, Senior Management and Employees*." These agreements contain customary provisions and representations, including confidentiality, non-competition, non-solicitation and inventions assignment undertakings by our executive officers and our executive directors. However, the enforceability of the non-competition provisions may be limited under applicable law.

Indemnification Agreements

We entered into a deed of indemnity with each of our directors and executive officers. Our articles of association empower us to indemnify our directors and executive officers to the fullest extent permitted by applicable law. See "*Item 6 – Directors, Senior Management and Employees*."

Directed Share Program

At our request, Morgan Stanley & Co. LLC administered a directed share programme in connection with our initial public offering pursuant to which Ben Taylor purchased 10,500 of our ADSs at the initial public offering price and Elizabeth Crain purchased 12,000 of our ADSs at the initial public offering price. The underwriters received underwriting discounts and commissions in connection with such sales and they were otherwise on the same terms and conditions as other sales of ADSs in our initial public offering.

Related Person Transaction Policy

We have adopted a related person transaction policy that sets forth our procedures for the identification, review, consideration and approval or ratification of related person transactions. For purposes of our policy only, a related person transaction is a transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which we or any of our subsidiaries and any related person are, were or will be participants in which the amount involved exceeds $120,000 or which is unusual in its nature or conditions. Transactions involving compensation for services provided to us as an employee or director are not covered by this policy. A related person is any executive officer, director or beneficial owner of more than 5% of any class of our voting securities, including any of their immediate family members and any entity owned or controlled by such persons.

The related person transaction policy also covers related party transactions under the AIM Rules for Companies published by the London Stock Exchange, or the AIM Rules, which contains a different definition of a related party to the definition of a related person set out above for U.S. purposes. The AIM Rules require that any transaction with a related party (pursuant to the definition in the AIM Rules) that exceeds 5% in any of the class tests set out in the AIM Rules, taking into account certain provisions relating to aggregation of transactions, should be announced without delay as soon as the terms of the transaction are agreed, and that the announcement should include certain specified information including a statement that our directors (with the exception of any director who is involved in the transaction as a related party) consider, having consulted with our nominated adviser for AIM, that the terms of the transaction are fair and reasonable insofar as our shareholders are concerned.

C. Interests of Experts and Counsel

Not applicable.

Item 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

Consolidated Financial Statements

Our consolidated financial statements are appended at the end of this annual report, starting at page F-1, and are incorporated by reference herein.

Dividend Distribution Policy

Since our incorporation, we have not declared or paid any dividends on our issued share capital. We intend to retain any earnings for use in our business and do not currently intend to pay dividends on our ordinary shares or ADSs. The declaration and payment of any future dividends will be at the discretion of our board of directors and will depend upon our results of operations, cash requirements, financial condition, contractual restrictions, any future debt agreements or applicable laws and other factors that our board of directors may deem relevant. See the section titled "*Item 3.D. – Risk Factors–Risks related ownership of our ADSs–We do not intend to pay dividends on our ADSs, so any returns will be limited to the value of our ordinary shares*."

Under the laws of England and Wales, among other things, we may only pay dividends if we have sufficient distributable reserves (as determined on a non-consolidated basis), which are our accumulated realised profits that have not been previously distributed or capitalised less our accumulated realised losses, so far as such losses have not been previously written off in a reduction or reorganisation of capital.

Legal Proceedings

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. We are not currently subject to any material legal proceedings.

B. Significant Changes

See "*Item 4.B – Business Overview–Recent Developments*."

Item 9. THE OFFER AND LISTING

A. Offer and Listing Details

Our ADSs have been listed on The Nasdaq Global Select Market under the symbol "EXAI" since October 1, 2021. Prior to that date, there was no public trading market for our ADSs or ordinary shares. Our ordinary shares are not listed on any exchange.

B. Plan of Distribution

Not applicable.

C. Markets

Our ADSs have been listed on The Nasdaq Global Select Market under the symbol "EXAI" since October 1, 2021. Prior to that date, there was no public trading market for our ADSs or ordinary shares. Our ordinary shares are not listed on any exchange.

D. Selling Stockholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

Item 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

A copy of our Articles of Association is attached as Exhibit 1.1 to this annual report. The information called for by this Item is set forth in Exhibit 2.4 and Exhibit 2.5 to this annual report and is incorporated by reference into this annual report.

C. Material Contracts

Allcyte Acquisition Agreement

On August 18, 2021, we acquired all of the outstanding share capital of Allcyte pursuant to an agreement with Allcyte's shareholders, or the Allcyte Acquisition Agreement. We expect that our acquisition of Allcyte will expand our translational capabilities by enabling high content evaluation of individual patient biology in primary tumour tissues, rather than artificial cell lines or animal models.

The acquisition was structured in two parts: (i) a cash acquisition of shares, or the Share Acquisition; followed by (ii) a merger of Allcyte into Alphaexscientia Beteiligungs GmbH, a newly incorporated wholly-owned Austrian subsidiary of ours, or the Merger. The Share Acquisition together with the Merger is defined herein as the Transaction.

The consideration for the Transaction totalled €50.0 million, which was satisfied partly in cash and partly in shares with an approximately equal split. The cash portion of the consideration is subject to a net working capital adjustment, and €0.5 million of the cash portion of the consideration will be retained in escrow until the completion accounts have been finalised and any adjustment made. The aggregate of 8,726 shares issued as consideration were issued at $3,502.17 per share, (on a pre share split basis) which is the same price that was paid for our Series D1 Shares in our most recent equity financing. Approximately 5-15% of the Allcyte assets were allocated to goodwill and approximately 85-95% were allocated to intangibles and will be amortisable over a period of eight years, resulting in incremental amortisation expense of a range of between approximately £4.0 million and £5.0 million per year.

The Allcyte Acquisition Agreement contains customary representations, warranties and pre-closing covenants for a transaction of this kind, including warranties made by the founders of Allcyte regarding the company's business. The transaction documents are governed by Austrian law and subject to the jurisdiction of the commercial court in the first district of Vienna, Austria. Following receipt on August 12, 2021 of the approval of the Austrian Ministry for Digitalisation and Economic Affairs (Bundesministerium für Digitalisierung und Wirtschaftsstandort), in accordance with the Austrian Investment Control Act (Investitionskontrollgesetz, Austrian Federal Gazette I 87/2020), the Share Acquisition was completed on August 18, 2021, and the Merger was completed on August 24, 2021 upon registration of the Merger by the competent commercial registry in Austria.

Bayer Amended and Restated Collaboration Agreement

In April 2021, we entered into an Amended and Restated Collaboration Agreement, or the Amended Bayer Collaboration Agreement, with Bayer, which amended and restated a collaboration agreement that we had previously entered into with Bayer in December 2019, or the Original Bayer Collaboration Agreement. Under the terms of the Amended Bayer Collaboration Agreement, the parties agreed to

pursue a specified number of projects, with collaboration targets for compound identification and drug development agreed between both parties.

The Amended Bayer Collaboration Agreement extended the collaboration time period under the Original Bayer Collaboration Agreement until December 2022, during which time both parties agreed not to conduct any independent research, development, or commercialisation activities with respect to any collaboration targets. A joint steering committee, composed of equal members from each party, oversees the work performed under the Bayer Collaboration Agreement. To date, Bayer has paid us an aggregate of €2.5 million to fund project initiation and ongoing research activities. We are eligible to receive an estimated aggregate, excluding royalties, of up to €240.0 million, including upfront and research payments, as well as upon achievement of near term and clinical milestones. Under the Bayer Collaboration Agreement, Bayer will pay us a low-single-digit royalty that is percentage of net sales on collaboration targets that are approved for commercial sale, if any, sold worldwide. Bayer granted us a non-exclusive, worldwide, sublicensable licence to relevant Bayer intellectual property, solely for our activities under the agreement. Bayer is the sole owner of any intellectual property that results from the collaboration, except that we solely own improvements and know-how related to our technology platform. If Bayer terminates or breaches the Amended Bayer Collaboration Agreement, or informs us that it has decided not to develop or commercialise any compound against a certain collaboration target, then we have the right to obtain certain rights to such compounds. If such notice occurs after the submission of a clinical trial application we may negotiate an exclusive, perpetual, worldwide, sublicensable licence with Bayer for the relevant compounds for an agreed period of time. During the option period (and after, if no agreement is reached), Bayer may not enter into an agreements with third parties for the development and commercialisation of the compounds on terms less favorable to Bayer than what we last offered. The term of the Amended Bayer Collaboration Agreement runs from the date of the Original Bayer Collaboration Agreement until no further milestone or royalty payments are due under the agreement. Bayer may terminate the agreement without cause upon prior written notice. Either party may terminate the agreement upon a material breach by the other party.

On May 30, 2022, the Group ended its pre-existing collaboration arrangement with Bayer AG. Upon termination all remaining performance obligations pertaining to the contract were deemed to be fully discharged, resulting in the recognition of revenues totalling £1,153,000 at that point.

BMS Collaboration and Licence Agreement

In May 2021, we entered into a Collaboration and Licence Agreement, or the BMS Agreement, with BMS. Under the BMS Agreement, the parties agreed to collaborate in the discovery and preclinical development of target compounds for collaboration targets. During the term of the BMS Agreement, BMS retains the exclusive right to develop and commercialise target compounds, while we are exclusively responsible for the preclinical manufacturing process.

A joint steering committee, composed of an equal number of members from each party, oversees the work performed under the BMS Agreement. The research plan, which governs the research and development of target compounds under the BMS Agreement, runs for four years from the date on which the research plan commences. BMS retains the right to terminate the research plan upon six months' prior written notice. Alternatively, BMS may also extend the research plan for an additional year after the initial four-year term.

Under the BMS Agreement, BMS has paid us an up-front amount of $30 million. We are also entitled to payments upon achievement of developmental benchmarks and regulatory and sales milestones. Under the BMS Agreement, we could potentially receive a total aggregate amount, excluding royalties, of up to $1.3 billion. Additionally, BMS will pay us a range of low to high single digit percentage royalty

payments on sales of drug candidates developed pursuant to the agreement, if any, that receive regulatory approval.

Under the BMS Agreement, we granted BMS an exclusive, worldwide, royalty-bearing, sublicensable licence to discover, develop, and commercialise target compounds. Additionally, BMS granted us a non-exclusive, worldwide, non-sublicensable, royalty-free licence solely for the purposes of carrying out our obligations under the BMS Agreement. BMS retained the right to terminate the BMS Agreement entirely or on a country-by-country basis. Either party may terminate the BMS Agreement on a licenced product-by licenced product basis upon a material and uncured breach of the agreement by the other party , except that if BMS materially breaches its diligence obligations and does not cure within a specified period, we can terminate the BMS Agreement on a market-by-market or target-by-target basis.

On March 11, 2022, BMS extended its first collaboration arrangement with the Group by six months in order to generate additional data including the use of translational capabilities for key targets under the collaboration using the Group's precision medicine platform, in relation to which the Group received a cash payment of $5,000,000 (£3,821,000).

Evotec Collaboration Agreement

In March 2016, we entered into a collaboration agreement, or the Evotec Collaboration Agreement, with Evotec, to generate molecules for immuno-oncology, including bispecifics. We amended the Evotec Collaboration Agreement in October 2017, October 2018, January 2019, January 2020 and April 2021.

Pursuant to the terms of the Evotec Collaboration Agreement, as amended, each party had the right, after March 29, 2018, to notify the other party that it is no longer able or willing to contribute to the programme. Upon receipt of such opt-out notice, the other party is entitled to continue the programme. The January 2020 amendment focused the collaboration on A_{2A} antagonists. The April 2021 amendment acknowledged that Evotec had exercised its opt-out rights, terminated the initial Programme Plan (as defined in the Evotec Collaboration Agreement, as previously amended), and revised the revenue sharing provision to provide that the revenue sharing percentage would be the following based on when either party provided notice of its decision to opt-out: upon the start of a Phase 1a clinical trial of a Adenosine A_{2A} antagonist in healthy volunteers, we are entitled to 55% of revenue and Evotec, 45%; upon publication of headline results from the Phase 1a clinical trial, we are entitled to 60% of revenue and Evotec, 40%; upon dosing of the fifth patient in the first Phase 1b/2a efficacy trial, we are entitled to 70% of revenue and Evotec, 30%; upon publication of headline results from the Phase 1b/2a trial, we are entitled to 85% of revenue and Evotec, 15%; and upon dosing of the fifth patient in a registrational trial, we are entitled to 90% of revenue and Evotec, 10%.

Our lead product candidate, EXS21546, is based on intellectual property developed under the Evotec Collaboration Agreement, as amended, and entered its first Phase 1a clinical trial on December 16, 2020. In June 2022, we reported topline data from our first Phase 1 clinical trial and in November 2022, we announced the initiation of our Phase 1/2 clinical trial of EXS21546. To the extent we wish to outsource any of our activities under the programme to any entity other than an affiliate of ours, and Evotec or any of its affiliates has the capability to provide such activity, we are required to offer such activity to Evotec and Evotec must use commercially reasonable efforts to provide such activity at reasonable service fees to be negotiated in good faith.

Under the Evotec Collaboration Agreement, as amended, Evotec granted us a non-exclusive, sublicensable, worldwide, royalty-free licence under any background intellectual property and any background intellectual property that constitutes an improvement of or enhancement to their existing intellectual property and does not specifically relate to the intellectual property made in the course of

performing the Programme Plan, solely for the purpose of continuing the programme. Following Evotec's opt-out notice, we have exclusive ownership and the sole right to decide on the preparation, prosecution, filing enforcement and maintenance of any intellectual property made in the course of performing the Programme Plan.

We are free to negotiate and conclude any licence agreements with third parties under the programme in our own discretion. For such purpose, Evotec has granted us the right to grant any third-party party collaborator with whom we have concluded a licence agreement (i) any rights in intellectual property made in the course of performing the Programme Plan and (ii) a non-exclusive worldwide licence (with the right to grant sublicences) under Evotec's background intellectual property and any background intellectual property that constitutes an improvement of or enhancement to their existing intellectual property and does not specifically relate to the intellectual property made in the course of performing the Programme Plan, to develop, make, use, sell, offer for sale or import any therapeutic product based on intellectual property made in the course of performing the Programme Plan targeting Adenosine A_{2A} antagonists.

Under the Evotec Collaboration Agreement, as amended, and a related agreement under which we engaged an Evotec affiliate to carry out the preclinical toxicology and manufacturing work for EXS21546, since January 1, 2018, we have been invoiced by Evotec and its affiliates an aggregate of £7.7 million as of December 31, 2022.

Gates Global Access Commitments Agreement

On September 1, 2021, we entered into a Global Access Commitments Agreement with the Gates Foundation to expand our pandemic preparedness programme. We have committed to contribute a matching amount of $35.0 million to the collaboration, through operations and funding for third party activities.

The Gates Foundation, also agreed to purchase $35.0 million of our ADSs in concurrent private placement transactions, at the price per ADS equal to the price per ADS in our October 2021 initial public offering. The Gates Foundation has agreed to enter into lock-up agreements with the underwriters for a period of 180 days after the date of our initial public offering.

Sanofi Licence Collaboration and Licence Agreement

In January 2022, we entered into a Collaboration and Licence Agreement, with Sanofi, or the CLA, and in January 2023, we amended the Collaboration and Licence Agreement, with such as amended CLA referred to as the Amended CLA. Pursuant to the Amended CLA, we will use our artificial intelligence-driven, end-to-end integrated platform to discover and validate novel targets in the oncology and immunology therapeutic areas. We will collaborate with Sanofi to advance certain of these targets into small molecule inhibitor drug research projects and accelerate the identification of certain small molecule development candidates.

Sanofi made an upfront cash payment of $100 million to us on signing the CLA. Under the Amended CLA, Exscientia and Sanofi may initiate up to 15 novel small molecule programmes. Each programme, if successfully researched, developed and/or commercialised, will yield research, clinical development, regulatory, and commercial milestone payments of up to approximately $343 million including up to $193 million in the aggregate for certain specified research, development and regulatory milestones, and up to $150 million in the aggregate for certain specified commercial milestones. The Amended CLA could potentially provide us with up to approximately $5.2 billion in aggregate milestone payments across all 15 potential programmes.

In the case that a therapeutic product resulting from the research collaboration is commercialised, we will also be eligible to receive tiered royalties on net sales ranging from high-single-digits to mid-teens. We also have an option for clinical co-investment which, if exercised, would increase the tiered royalty rates to up to 21% on net sales of co-funded products.

The collaboration may utilise Exscientia's AI-based capabilities and precision medicine platform from target identification through patient selection. Once a target is identified, Exscientia will be responsible for leading the design, translational and early preclinical studies to determine development candidates. Upon Sanofi's selection of a compound as a development candidate, Sanofi will be solely responsible for the IND-enabling studies and clinical development, manufacturing and commercialisation of such development candidate at its own cost and expense. Under the Amended CLA, Sanofi has agreed to use commercially reasonable efforts to obtain regulatory approval for at least one qualifying small molecule product in at least one agreed upon major market.

The research component of the collaboration will be overseen by a joint steering committee comprised of an equal number of representatives from each of Exscientia and Sanofi. Exscientia and Sanofi may agree to utilise our precision medicine platform for patient enrichment in Sanofi's non-small molecule programmes.

Pursuant to the Amended CLA, Exscientia granted to Sanofi an exclusive licence (with the right to grant sublicences through multiple tiers) to the intellectual property that is the subject of each small molecule research programme for all purposes, throughout the world. Sanofi has the right to control the prosecution and maintenance of any patent rights related to intellectual property that is the subject of each small molecule research programme.

After the CLA's effective date, we are subject to varying exclusivity arrangements for specified periods of time which limit our ability to conduct research and development, manufacturing or commercialisation activities (whether ourselves or in conjunction with a third party) with respect to compounds and targets which are within the scope of the Amended CLA and with respect to certain agreed pathways of interest.

The Amended CLA contains standard termination provisions, including for material breach or insolvency and for Sanofi's convenience. Certain of these termination rights can be exercised in respect of a given target, or in respect of the CLA as a whole. In certain circumstances, upon termination, we have the right to terminate the licences granted to Sanofi and to pursue the development, manufacture and commercialisation of the product candidates.

Underwriting Agreement

We entered into an underwriting agreement with Goldman Sachs & Co. LLC, Morgan Stanley & Co. LLC, BofA Securities, Inc. and Barclays Capital Inc. as representatives of the underwriters, on September 30, 2021, with respect to the ADSs sold in our initial public offering. We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, and to contribute to payments the underwriters may be required to make in respect of such liabilities.

D. Exchange Controls

There are no governmental laws, decrees, regulations or other legislation in the United Kingdom that may affect the import or export of capital, including the availability of cash and cash equivalents for use by us, or that may affect the remittance of dividends, interest, or other payments by us to non-resident holders of our ordinary shares or ADSs, other than withholding tax requirements. There is no limitation imposed by English law or our articles of association on the right of non-residents to hold or vote shares.

E. Taxation

Material U.S. federal income tax considerations for U.S. Holders

The following is a description of certain material U.S. federal income tax consequences generally applicable to U.S. Holders (as defined below) of owning and disposing of our ordinary shares or ADSs. It is not a comprehensive description of all tax considerations that may be relevant to a particular U.S. Holder's decision to acquire our ordinary shares or ADSs. This discussion applies only to a U.S. Holder that holds our ordinary shares or ADSs as a capital asset for U.S. federal income tax purposes (generally, property held for investment). In addition, it does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances, including state and local tax consequences, estate and gift tax consequences, alternative minimum tax consequences, the potential application of the Medicare contribution tax on net investment income, the potential application of the special tax accounting rules under Section 451(b) of the Code, and tax consequences applicable to U.S. Holders subject to special rules, such as:

- banks, insurance companies and certain other financial institutions;
- pension plans;
- cooperatives;
- U.S. expatriates and certain former citizens or long-term residents of the United States;
- dealers or traders in securities who use a mark-to-market method of tax accounting;
- persons holding ordinary shares or ADSs as part of a hedging transaction, "straddle," wash sale, conversion transaction or integrated transaction or persons entering into a constructive sale with respect to ordinary shares or ADSs;
- persons whose "functional currency" for U.S. federal income tax purposes is not the U.S. dollar;
- brokers, dealers or traders in securities, commodities or currencies;
- tax-exempt entities (including private foundations), government organisations or international organisations;
- S corporations, partnerships or other entities or arrangements classified as partnerships for U.S. federal income tax purposes (and investors therein);
- regulated investment companies or real estate investment trusts;
- persons who acquired our ordinary shares or ADSs pursuant to the exercise of any employee stock option or otherwise as compensation;
- persons that own or are deemed to own ten percent or more of our shares (by vote or value); and
- persons holding our ordinary shares or ADSs in connection with a trade or business, permanent establishment or fixed place of business outside the United States.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds ordinary shares or ADSs, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. Partnerships holding ordinary shares or ADSs

and partners in such partnerships are encouraged to consult their tax advisors as to the particular U.S. federal income tax consequences of holding and disposing of our ordinary shares or ADSs.

This discussion is based on the Code, administrative pronouncements, judicial decisions, final, temporary and proposed Treasury Regulations and the income tax treaty between the United Kingdom and the United States (the "Treaty"), all as of the date hereof. These authorities are subject to change and differing interpretations, possibly retroactively, and may affect the tax consequences described herein.

For purposes of this discussion, a "U.S. Holder" is a holder that, for U.S. federal income tax purposes, is a beneficial owner of our ordinary shares or ADSs, is eligible for the benefits of the Treaty and is:

(1) a citizen or individual of the United States;

(2) a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organised in or under the laws of the United States, any state therein or the District of Columbia;

(3) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

(4) a trust if (i) a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust or (ii) the trust has a valid election to be treated as a U.S. person under applicable U.S. Treasury Regulations.

U.S. Holders are encouraged to consult their tax advisors concerning the U.S. federal, state, local and non-U.S. tax consequences of owning and disposing of our ordinary shares or ADSs in their particular circumstances.

The discussion below assumes that the representations contained in the deposit agreement are true and that the obligations in the deposit agreement and any related agreement will be complied with in accordance with their terms. Generally, a holder of an ADS should be treated for U.S. federal income tax purposes as holding the ordinary shares represented by the ADS. Accordingly, no gain or loss will be recognised upon an exchange of ADSs for ordinary shares.

Passive Foreign Investment Company rules

Generally, we will be a PFIC for U.S. federal income tax purposes for any taxable year in which either (1) 75% or more of our gross income consists of passive income or (2) 50% or more of the average quarterly value of our assets consists of assets that produce, or are held for the production of, passive income (including cash and cash equivalents). For purposes of these tests, passive income generally includes, among other things, dividends, interest, gains from certain sales or exchanges of investment property and certain rents and royalties. Further, we will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation, the equity of which we own, directly or indirectly, 25% or more (by value). If we are a PFIC for any taxable year during which a U.S. investor holds our shares, we will generally continue to be treated as a PFIC with respect to such U.S. investor for all succeeding taxable years during which such U.S. investor holds our shares, even if we cease to meet the threshold requirements for PFIC status. Such U.S. investor may be subject to adverse tax consequences, including ineligibility for any preferential tax rates on capital gains or on actual or deemed dividends, interest charges on certain taxes treated as deferred and additional reporting requirements. We cannot provide any assurance that we will furnish to such U.S. investor information that may be necessary to comply with the reporting and tax paying obligations applicable under the PFIC

rules. U.S. Holders should consult their tax advisors regarding the potential application of the PFIC rules to their investment in our ordinary shares or ADSs.

Based upon the value of our assets and the nature and composition of our income and assets, we expect that we will not be a PFIC for the taxable year ended December 31, 2022, though no assurance can be made in this regard. The determination of whether we are a PFIC is a fact-intensive determination made on an annual basis applying principles and methodologies that in some circumstances are unclear and subject to varying interpretation. For instance, for our current and future taxable years, the total value of our assets (including goodwill) for PFIC testing purposes may be determined in part by reference to the market price of our ordinary shares or ADSs from time to time, which may fluctuate considerably. If our market capitalisation declines while we hold a substantial amount of cash and cash equivalents for any taxable year, we may be a PFIC for that taxable year. Furthermore, under the income test, our status as a PFIC depends on the composition of our income for the relevant taxable year, which will depend on the transactions we enter into in the future and our corporate structure. The composition of our income and assets is also affected by how we spend the cash we raise in any offering, including our initial public offering in October 2021. We currently do not generate product revenues and therefore we may be a PFIC for any taxable year in which we do not generate sufficient amounts of active income to offset our passive financing income. As a result, there can be no assurance that we will not be a PFIC for the current or any future taxable year and our U.S. counsel expresses no opinion with respect to our PFIC status for any prior, current or future taxable year. Even if we determine that we are not a PFIC for a taxable year, there can be no assurance that the Internal Revenue Service, or the IRS, will agree with our conclusion and that the IRS would not successfully challenge our position.

If we are a PFIC in any taxable year with respect to which a U.S. Holder owns our ordinary shares or ADSs, we will continue to be treated as a PFIC with respect to such U.S. Holder in all succeeding years during which such U.S. Holder owns our ordinary shares or ADSs, regardless of whether we continue to meet the tests described above, unless we cease to be a PFIC and such U.S. Holder has made a "deemed sale" election under the PFIC rules. If such a deemed sale election is made, a U.S. Holder will be deemed to have sold our ordinary shares or ADSs the U.S. Holder holds at their fair market value and any gain from such deemed sale would be subject to the rules described below. After the deemed sale election, so long as we do not become a PFIC in a subsequent taxable year, the U.S. Holder's ordinary shares or ADSs with respect to which such election was made will not be treated as shares in a PFIC and the U.S. Holder will not be subject to the rules described below with respect to any "excess distribution" the U.S. Holder receives from us or any gain from an actual sale or other disposition of our ordinary shares or ADSs. U.S. Holders should consult their tax advisors as to the possibility and consequences of making a deemed sale election if we are a PFIC and cease to be a PFIC and such election becomes available.

For each taxable year that we are treated as a PFIC with respect to a U.S. Holder, such U.S. Holder will be subject to special tax rules with respect to any "excess distribution" such U.S. Holder receives and any gain such U.S. Holder recognizes from a sale or other disposition (including a pledge) of our ordinary shares or ADSs, unless (i) such U.S. Holder makes a "qualified electing fund" election, or QEF Election (as discussed below), with respect to all taxable years during such U.S. Holder's holding period in which we are a PFIC or (ii) our ordinary shares or ADSs constitute "marketable stock" and such U.S. Holder makes a mark-to-market election (as discussed below). Distributions such U.S. Holder receives in a taxable year that are greater than 125% of the average annual distributions such U.S. Holder received during the shorter of the three preceding taxable years or the U.S. Holder's holding period for our ordinary shares or ADSs will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over a U.S. Holder's holding period for the ordinary shares or ADSs;

- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we became a PFIC, will be treated as ordinary income; and
- the amount allocated to each other year will be subject to the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to taxable years prior to the taxable year of disposition or "excess distribution" cannot be offset by any net operating losses for such years, and gains (but not losses) realised on the sale of the ordinary shares or ADSs cannot be treated as capital gains, even if the U.S. Holder holds the ordinary shares or ADSs as capital assets.

If we are a PFIC in any taxable year with respect to which a U.S. Holder owns our ordinary shares or ADSs, such U.S. Holder will generally be subject to similar rules with respect to distributions we receive from, and our dispositions of the stock of, any of our direct or indirect subsidiaries or any other entities in which we hold equity interests that also are PFICs, or lower-tier PFICs, as if such distributions were indirectly received by, and/or dispositions were indirectly carried out by, such U.S. Holder. U.S. Holders should consult their tax advisors regarding the application of the PFIC rules to lower-tier PFICs.

We do not currently expect to provide information that would allow a U.S. Holder to make a QEF election if we or any of our subsidiaries are a PFIC and, therefore, U.S. Holders should assume such election will not be available if we or any of our subsidiaries are a PFIC.

If we are a PFIC in any taxable year with respect to which a U.S. Holder owns our ordinary shares or ADSs, such U.S. Holder can avoid the interest charge on excess distributions or gain relating to the ordinary shares or ADSs by making a mark-to-market election with respect to the ordinary shares or ADSs, provided that the ordinary shares or ADSs are "marketable stock." Ordinary shares or ADSs will be marketable stock if they are "regularly traded" on certain U.S. stock exchanges or on a non-U.S. stock exchange that meets certain conditions. For these purposes, the ordinary shares or ADSs will be considered regularly traded during any calendar year during which they are traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. Any trades that have as their principal purpose meeting this requirement will be disregarded. Our ADSs (but not ordinary shares) will be listed on the Nasdaq, which is a qualified exchange for these purposes. Consequently, if our ADSs remain listed on the Nasdaq and are regularly traded, we expect the mark-to-market election would be available to U.S. Holders of our ADSs if we are a PFIC. Each U.S. Holder should consult its tax advisor as to whether a mark-to-market election is available or advisable with respect to our ordinary shares or ADSs.

A U.S. Holder that makes a mark-to-market election must include in ordinary income for each year an amount equal to the excess, if any, of the fair market value of the ordinary shares or ADSs at the close of the taxable year over the U.S. Holder's adjusted tax basis in the ordinary shares or ADSs. An electing U.S. Holder may also claim an ordinary loss deduction for the excess, if any, of the U.S. Holder's adjusted tax basis in the ordinary shares or ADSs over the fair market value of the ordinary shares or ADSs at the close of the taxable year, but this deduction is allowable only to the extent of any net mark-to-market gains for prior years. Gains from an actual sale or other disposition of the ordinary shares or ADSs will be treated as ordinary income, and any losses incurred on a sale or other disposition of the ordinary shares or ADSs will be treated as an ordinary loss to the extent of any net mark-to-market gains for prior years. Once made, the election cannot be revoked without the consent of the IRS unless the ordinary shares or ADSs cease to be marketable stock.

However, a mark-to-market election generally cannot be made for equity interests in any lower-tier PFICs that we own, unless shares of such lower-tier PFICs are themselves "marketable stock." As a result, even if a U.S. Holder validly makes a mark-to-market election with respect to our ordinary shares or ADSs, the U.S. Holder may continue to be subject to the PFIC rules (described above) with respect to its indirect interest in any of our investments that are treated as an equity interest in a PFIC for U.S. federal income tax purposes. U.S. Holders should consult their tax advisors as to the availability and desirability of a mark-to-market election, as well as the impact of such election on interests in any lower-tier PFICs.

Unless otherwise provided by the U.S. Treasury, each U.S. shareholder of a PFIC is required to file an annual report containing such information as the U.S. Treasury may require. A U.S. Holder's failure to file the annual report may result in substantial penalties and extend the statute of limitations with respect to the U.S. Holder's U.S. federal income tax return. U.S. Holders should consult their tax advisors regarding the requirements of filing such information returns under the PFIC rules.

WE STRONGLY URGE U.S. HOLDERS TO CONSULT THEIR TAX ADVISORS REGARDING THE IMPACT OF OUR PFIC STATUS AS WELL AS THE PFIC RULES ON THEIR INVESTMENT IN OUR ORDINARY SHARES OR ADSs.

Taxation of distributions

Subject to the discussion above under "Passive Foreign Investment Company Rules," distributions paid on our ordinary shares or ADSs, other than certain *pro rata* distributions of our ordinary shares or ADSs, will generally be treated as dividends to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Because we may not calculate our earnings and profits under U.S. federal income tax principles, we expect that distributions generally will be reported to U.S. Holders as dividends. Subject to applicable limitations, dividends paid to certain non-corporate U.S. Holders may be taxable at preferential rates applicable to "qualified dividend income" received from a "qualified foreign corporation." A non-U.S. corporation generally will be considered a qualified foreign corporation (i) if it is eligible for the benefits of a comprehensive tax treaty with the United States which the Secretary of Treasury of the United States determines is satisfactory for purposes of these rules and which includes an exchange of information provision (which includes the Treaty) or (ii) with respect to any dividend it pays on ordinary shares or ADSs which are readily tradable on an established securities market in the United States. However, the qualified dividend income treatment will not apply if we are treated as a PFIC with respect to the U.S. Holder for our taxable year of the distribution or the preceding taxable year. The amount of the dividend will be treated as foreign-source dividend income to U.S. Holders and will not be eligible for the dividends-received deduction generally available to U.S. corporations under the Code. Dividends will generally be included in a U.S. Holder's income on the date of the U.S. Holder's actual or constructive receipt of the dividend. The amount of any dividend income paid in foreign currency will be the U.S. dollar amount calculated by reference to the exchange rate in effect on the date of actual or constructive receipt, regardless of whether the payment is in fact converted into U.S. dollars. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder should not be required to recognize foreign currency gain or loss in respect of the dividend income. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt. Such gain or loss would generally be treated as U.S.-source ordinary income or loss. The amount of any distribution of property other than cash (and other than certain pro rata distributions of ordinary shares or ADSs or rights to acquire ordinary shares or ADSs) will be the fair market value of such property on the date of distribution. For foreign tax credit purposes, our dividends will generally be treated as passive category income.

Sale or other taxable disposition of ordinary shares and ADSs

Subject to the discussion above under "Passive Foreign Investment Company Rules," gain or loss realised on the sale or other disposition of our ordinary shares or ADSs will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder held the ordinary shares or ADSs for more than one year. The amount of the gain or loss will equal the difference between the U.S. Holder's tax basis in the ordinary shares or ADSs disposed of and the amount realised on the disposition, in each case as determined in U.S. dollars. This gain or loss will generally be U.S.-source gain or loss for foreign tax credit purposes. The deductibility of capital losses is subject to limitations.

If the consideration received by a U.S. Holder is not paid in U.S. dollars, the amount realised will be the U.S. dollar value of the payment received determined by reference to the spot rate of exchange on the date of the sale or other disposition. However, if the ordinary shares or ADSs are treated as traded on an "established securities market" and the U.S. Holder is either a cash basis taxpayer or an accrual basis taxpayer that has made a special election (which must be applied consistently from year to year and cannot be changed without the consent of the IRS), the U.S. Holder will determine the U.S. dollar value of the amount realised in a non-U.S. dollar currency by translating the amount received at the spot rate of exchange on the settlement date of the sale. If the U.S. Holder is an accrual basis taxpayer that is not eligible to or does not elect to determine the amount realised using the spot rate on the settlement date, the U.S. Holder will recognize foreign currency gain or loss to the extent of any difference between the U.S. dollar amount realised on the date of sale or other disposition and the U.S. dollar value of the currency received at the spot rate on the settlement date.

Information reporting and backup withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless (i) the U.S. Holder is a corporation or other exempt recipient or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS. If any amount is withheld under the backup withholding rules, U.S. Holders are urged to consult their tax advisors regarding the possibility of and procedure for obtaining a refund or a credit against their U.S. federal income tax liability, if any.

Information with respect to foreign financial assets

Certain U.S. Holders who are individuals (and, under proposed regulations, certain entities) may be required to report information relating to our ordinary shares or ADSs, subject to certain exceptions (including an exception for ordinary shares or ADSs held in accounts maintained by certain U.S. financial institutions). U.S. Holders should consult their tax advisors regarding their reporting obligations with respect to their ownership and disposition of our ordinary shares or ADSs.

United Kingdom taxation

The following is intended as a general guide to current U.K. tax law and HM Revenue & Customs, or HMRC, published practice applying as at the date of this annual report (both of which are subject to change at any time, possibly with retrospective effect) relating to the holding of ADSs. It does not constitute legal or tax advice and does not purport to be a complete analysis of all U.K. tax considerations

relating to the holding of ADSs, or all of the circumstances in which holders of ADSs may benefit from an exemption or relief from U.K. taxation. It is written on the basis that the company does not (and will not) directly or indirectly derive 75% or more of its qualifying asset value from U.K. land, and that the company is and remains solely resident in the United Kingdom for tax purposes and will therefore be subject to the U.K. tax regime and not the U.S. tax regime save as set out above under "Material U.S. federal income tax considerations for U.S. Holders."

Except to the extent that the position of non-U.K. resident persons is expressly referred to, this guide relates only to persons who are resident (and, in the case of individuals, domiciled or deemed domiciled and to whom split year treatment does not apply) for tax purposes solely in the United Kingdom and do not have a permanent establishment, branch, agency (or equivalent) or fixed base in any other jurisdiction with which the holding of the ADSs is connected, or U.K. Holders, who are absolute beneficial owners of the ADSs (where the ADSs are not held through an Individual Savings Account or a Self-Invested Personal Pension) and who hold the ADSs as investments.

This guide may not relate to certain classes of U.K. Holders, such as (but not limited to):

- persons who are connected with the company;
- financial institutions;
- insurance companies;
- charities or tax-exempt organisations;
- collective investment schemes;
- pension schemes;
- market makers, intermediaries, brokers or dealers in securities;
- persons who have (or are deemed to have) acquired their ADSs by virtue of an office or employment or who are or have been officers or employees of the company or any of its affiliates; and
- individuals who are subject to U.K. taxation on a remittance basis.

The decision of the First-tier Tribunal (Tax Chamber) in HSBC Holdings PLC and The Bank of New York Mellon Corporation v HMRC (2012) cast some doubt on whether a holder of a depositary receipt is the beneficial owner of the underlying shares. However, based on published HMRC guidance we would expect that HMRC will regard a holder of ADSs as holding the beneficial interest in the underlying shares and therefore these paragraphs assume that a holder of ADSs is the beneficial owner of the underlying ordinary shares and any dividends paid in respect of the underlying ordinary shares (where the dividends are regarded for U.K. purposes as that person's own income) for U.K. direct tax purposes.

THESE PARAGRAPHS ARE A SUMMARY OF CERTAIN U.K. TAX CONSIDERATIONS AND ARE INTENDED AS A GENERAL GUIDE ONLY. IT IS RECOMMENDED THAT ALL HOLDERS OF ADSs OBTAIN ADVICE AS TO THE CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSAL OF THE ADSs IN THEIR OWN SPECIFIC CIRCUMSTANCES FROM THEIR OWN TAX ADVISORS. IN PARTICULAR, NON-U.K. RESIDENT OR DOMICILED PERSONS ARE ADVISED TO CONSIDER THE POTENTIAL IMPACT OF ANY RELEVANT DOUBLE TAXATION AGREEMENTS.

United Kingdom taxation of dividends

Withholding tax

Dividends paid by the company will not be subject to any withholding or deduction for or on account of U.K. tax.

Income tax

An individual U.K. Holder may, depending on his or her particular circumstances, be subject to U.K. tax on dividends received from the company. An individual holder of ADSs who is not resident for tax purposes in the United Kingdom should not be chargeable to U.K. income tax on dividends received from the company unless he or she carries on (whether solely or in partnership) a trade, profession or vocation in the United Kingdom through a branch or agency to which the ADSs are attributable. There are certain exceptions for trading in the United Kingdom through independent agents, such as some brokers and investment managers.

All dividends received by an individual U.K. Holder from us or from other sources will form part of that U.K. Holder's total income for income tax purposes and will constitute the top slice of that income. A nil rate of income tax will apply to the first £2,000 of taxable dividend income received by the individual U.K. Holder in a tax year. Income within the nil rate band will be taken into account in determining whether income in excess of the £2,000 tax-free allowance falls within the basic rate, higher rate or additional rate tax bands. Dividend income in excess of the tax-free allowance will (subject to the availability of any income tax personal allowance) be taxed at 8.75% to the extent that the excess amount falls within the basic rate tax band, 33.75% to the extent that the excess amount falls within the higher rate tax band and 39.35% to the extent that the excess amount falls within the additional rate tax band. The annual tax-free dividend allowance will be reduced to £1,000 with effect from April 2023, and then to £500 with effect from April 2024.

Corporation tax

A corporate holder of ADSs that is not resident for tax purposes in the United Kingdom should not be chargeable to U.K. corporation tax on dividends received from the company unless it carries on (whether solely or in partnership) a trade in the United Kingdom through a permanent establishment to which the ADSs are attributable.

Corporate U.K. Holders should not be subject to U.K. corporation tax on any dividend received from the company so long as the dividend qualifies for an exemption, which should be the case, although certain conditions must be met. If the conditions for the exemption are not satisfied, or such U.K. Holder elects for an otherwise exempt dividend to be taxable, U.K. corporation tax will be chargeable on the amount of any dividends (at the current rate of 19%, but with the main rate announced to increase to 25% with effect from April 1, 2023).

Chargeable gains

A disposal or deemed disposal of ADSs by a U.K. Holder may, depending on the U.K. Holder's circumstances and subject to any available exemptions or reliefs (such as the annual exemption), give rise to a chargeable gain or an allowable loss for the purposes of U.K. capital gains tax and corporation tax on chargeable gains.

If an individual U.K. Holder who is subject to U.K. income tax at either the higher or the additional rate is liable to U.K. capital gains tax on the disposal of ADSs, the current applicable rate will be 20%. For an

individual U.K. Holder who is subject to U.K. income tax at the basic rate and liable to U.K. capital gains tax on such disposal, the current applicable rate would be 10%, save to the extent that any capital gains when aggregated with the U.K. Holder's other taxable income and gains in the relevant tax year exceed the unused basic rate tax band. In that case, the rate currently applicable to the excess would be 20%.

If a corporate U.K. Holder becomes liable to U.K. corporation tax on the disposal (or deemed disposal) of ADSs, the main rate of U.K. corporation tax (currently 19%, but announced to increase to 25% with effect from April 1, 2023) would apply.

A holder of ADSs which is not resident for tax purposes in the United Kingdom should not normally be liable to U.K. capital gains tax or corporation tax on chargeable gains on a disposal (or deemed disposal) of ADSs unless the person is carrying on (whether solely or in partnership) a trade, profession or vocation in the United Kingdom through a branch or agency (or, in the case of a corporate holder of ADSs, through a permanent establishment) to which the ADSs are attributable. However, an individual holder of ADSs who has ceased to be resident for tax purposes in the United Kingdom for a period of less than five years and who disposes of ADSs during that period may be liable on his or her return to the United Kingdom to U.K. tax on any capital gain realised (subject to any available exemption or relief).

United Kingdom stamp duty and stamp duty reserve tax

The discussion below relates to the holders of our ordinary shares or ADSs wherever resident, however it should be noted that special rules may apply to certain persons such as market makers, brokers, dealers or intermediaries.

Issue of ordinary shares

No U.K. stamp duty or stamp duty reserve tax, or SDRT, is generally payable on the issue of the underlying ordinary shares in the company.

Transfers of ordinary shares

An unconditional agreement to transfer ordinary shares in certificated form will normally give rise to a charge to SDRT at the rate of 0.5% of the amount or value of the consideration payable for the transfer. The purchaser of the shares is liable for the SDRT. Transfers of ordinary shares in certificated form are generally also subject to stamp duty at the rate of 0.5% of the amount or value of the consideration given for the transfer (rounded up to the next £5.00). Stamp duty is normally paid by the purchaser. The charge to SDRT will be canceled or, if already paid, repaid (generally with interest), where a transfer instrument has been duly stamped within six years of the charge arising (either by paying the stamp duty or by claiming an appropriate relief) or if the instrument is otherwise exempt from stamp duty.

An unconditional agreement to transfer ordinary shares to, or to a nominee or agent for, a person whose business is or includes the issue of depositary receipts or the provision of clearance services will generally be subject to SDRT (or, where the transfer is effected by a written instrument, stamp duty) at a higher rate of 1.5% of the amount or value of the consideration given for the transfer unless the clearance service has made and maintained an election under section 97A of the U.K. Finance Act 1986, or a section 97A election. It is understood that HMRC regards the facilities of DTC as a clearance service for these purposes and we are not aware of any section 97A election having been made by DTC. However, no SDRT is generally payable where the transfer of ordinary shares to a clearance service or depositary receipt system is an integral part of an issue of share capital.

Any stamp duty or SDRT payable on a transfer of ordinary shares to a depositary receipt system or clearance service will in practice generally be paid by the transferors or participants in the clearance service or depositary receipt system.

Issue of ADSs

No U.K. stamp duty or SDRT is payable on the issue of ADSs in the company.

Transfers of ADSs

No SDRT should be required to be paid on a paperless transfer of ADSs through the clearance service facilities of DTC, provided that no section 97A election has been made by DTC, and such ADSs are held through DTC at the time of any agreement for their transfer.

No U.K. stamp duty will in practice be payable on a written instrument transferring an ADS provided that the instrument of transfer is executed and remains at all times outside the United Kingdom. Where these conditions are not met, the transfer of, or agreement to transfer, an ADS could, depending on the circumstances, attract a charge to U.K. stamp duty at the rate of 0.5% of the amount or value of the consideration. If it is necessary to pay stamp duty, it may also be necessary to pay interest and penalties.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We are subject to the information reporting requirements of the Exchange Act applicable to foreign private issuers and under those requirements will file reports with the SEC. Those reports may be inspected without charge at the locations described below. As a foreign private issuer, we are exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as United States companies whose securities are registered under the Exchange Act. Nevertheless, we will continue to file with the SEC an Annual Report on Form 20-F containing financial statements that have been examined and reported on, with and opinion expressed by an independent registered public accounting firm.

We maintain a corporate website at *www.exscientia.ai*. We intend to post our annual report on our website promptly following it being filed with the SEC. Information contained on, or that can be accessed through, our website does not constitute a part of this annual report. We have included our website address in this annual report solely as an inactive textual reference.

The Securities and Exchange Commission maintains a website (*www.sec.gov*) that contains reports, proxy and information statements and other information regarding registrants, such as Exscientia plc, that file electronically with the SEC.

With respect to references made in this annual report to any contract or other document of our company, such references are not necessarily complete and you should refer to the exhibits attached or incorporated by reference to this annual report for copies of the actual contract or document.

I. Subsidiary Information

Not required.

Item 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to interest rate, currency, credit and liquidity risks. Our executive board oversees the management of these risks.

Interest Rate Risk

Our exposure to the risk of changes in interest rates relates to investments in deposits. Changes in the general level of interest rates may lead to an increase or decrease in the fair value of these investments. Calculated using our cash and cash equivalents at December 31, 2022, a hypothetical 1% change in interest rates with all other variables held constant would lead to an increase or decrease in profit and equity of £3.7 million.

Regarding the liabilities shown in the statement of financial position, we are currently not subject to interest rate risks.

Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Our exposure to the risk of changes in foreign exchange relates primarily to cash and cash equivalents and outsourced supplier agreements denominated in currencies other than pounds sterling, in addition to our operations based in the United States and Japan.

Our cash, cash equivalents and short term deposits were £505.8 million and £562.2 million as of December 31, 2022 and 2021 respectively. As of December 31, 2022, approximately all of our cash and cash equivalents were held in the United Kingdom, of which 85% were denominated in pounds sterling, 13% were dominated in U.S. dollars and 2% were denominated in Euro. Correspondingly, as of December 31, 2021, these were 51%, 48% and 1%, respectively.

A hypothetical 10% change in the GBP/USD and GBP/EUR exchange rates during the year ended December 31, 2022 would have had a £6.3 million and £0.2 million impact, respectively, on our consolidated loss before tax and would have had a £6.1 million and £4.6 million impact, respectively, on shareholders equity. For all other currencies, a hypothetical change of 10% in exchange rates during any of the periods presented would not have had a material impact on our consolidated financial statements.

A hypothetical 10% change in the GBP/USD and GBP/EUR exchange rates during the year ended December 31, 2021 would have had a £27.2 million and £0.2 million impact, respectively, on our consolidated loss before tax and would have had a £27.6 million and £5.9 million impact, respectively, on shareholders equity. For all other currencies, a hypothetical change of 10% in exchange rates during any of the periods presented would not have had a material impact on our consolidated financial statements.

Credit Risk

We are exposed to credit risk from our operating activities, primarily trade receivables, and cash, cash equivalents and deposits held with banks and financial institutions. Cash, cash equivalents and deposits are maintained in accounts at five different banks and financial institutions in the United Kingdom, the United States of America, Austrian and Japan. We are also potentially subject to concentrations of credit risk for our trade receivables with respect to receivables owed by a limited number of companies comprising our customer base. Our exposure to credit losses is low, however, due to the credit quality of our collaboration partners which are typically large pharmaceutical companies.

Liquidity Risk

We continuously monitor our risk of a shortage of funds. Our objective is to maintain a balance between continuity of funding and flexibility through the use of capital increases and executing collaboration agreements. Our financial statements were prepared on a going concern basis.

Item 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Citibank N.A., or Citibank, acts as the depositary for the ADSs representing our ordinary shares. Citibank's depositary offices are located at 388 Greenwich Street, New York, New York 10013. ADSs represent ownership interests in securities that are on deposit with the depositary. ADSs may be represented by certificates that are commonly known as American Depositary Receipts, or ADRs. The depositary typically appoints a custodian to safekeep the securities on deposit. In this case, the custodian is Citibank, N.A. (London), located at Citigroup Centre, Canary Wharf, London, E14 5LB, United Kingdom.

We have appointed Citibank as depositary pursuant to a deposit agreement. The form of the deposit agreement is on file with the SEC under cover of a registration statement on Form F-6. You may obtain a copy of the deposit agreement from the SEC's website (*www.sec.gov*). Please refer to registration number 333- 259724 when retrieving such copy.

Fees and Charges

Holders of our ADSs will be required to pay the following fees under the terms of the deposit agreement:

Service	Fee
Issuance of ADSs (e.g., an issuance of ADS(s) upon a deposit of ordinary shares or upon a change in the ADS(s)-to-ordinary shares ratio, or for any other reason), excluding ADS issuances as a result of distributions of ordinary shares	Up to $0.05 per ADS issued
Cancellation of ADSs (e.g., a cancellation of ADSs for delivery of deposited property or upon a change in the ADS(s)-to-ordinary shares ratio, or for any other reason)	Up to $0.05 per ADS cancelled
Distribution of cash dividends or other cash distributions (e.g., upon a sale of rights and other entitlements)	Up to $0.05 per ADS held
Distribution of ADSs pursuant to (i) share dividends or other distributions, or (ii) exercise of rights to purchase additional ADSs	Up to $0.05 per ADS held
Distribution of securities other than ADSs or rights to purchase additional ADSs (e.g., upon a spin-off)	Up to $0.05 per ADS held
ADS services	Up to $0.05 per ADS held on the applicable record date(s) established by the depositary
Registration of ADS transfers (e.g., upon a registration of the transfer of registered ownership of ADSs, upon a transfer of ADSs into DTC and vice versa, or for any other reason)	Up to $0.05 per ADS transferred
Conversion of ADSs of one series for ADSs of another series (e.g., upon conversion of partial entitlement ADSs for full entitlement ADSs, or upon conversion of restricted ADSs into freely transferable ADSs, and vice versa)	Up to $0.05 per ADS converted

Holders of our ADSs will also be responsible to pay certain charges such as:

- taxes (including applicable interest and penalties) and other governmental charges;
- the registration fees as may from time to time be in effect for the registration of ordinary shares on the share register and applicable to transfers of ordinary shares to or from the name of the custodian, the depositary or any nominees upon the making of deposits and withdrawals, respectively;
- certain cable, telex and facsimile transmission and delivery expenses;
- the fees, expenses, spreads, taxes and other charges of the depositary bank and/or service providers (which may be a division, branch or affiliate of the depositary bank) in the conversion of foreign currency;
- the reasonable and customary out-of-pocket expenses incurred by the depositary bank in connection with compliance with exchange control regulations and other regulatory requirements applicable to ordinary shares, ADSs and ADRs; and
- the fees, charges, costs and expenses incurred by the depositary bank, the custodian, or any nominee in connection with the ADR program.

ADS fees and charges payable upon (i) the issuance of ADSs, and (ii) the cancellation of ADSs are charged to the person to whom the ADSs are issued (in the case of ADS issuances) and to the person whose ADSs are cancelled (in the case of ADS cancellations). In the case of ADSs issued by the depositary into DTC, the ADS issuance and cancellation fees and charges may be deducted from

distributions made through DTC, and may be charged to the DTC participant(s) receiving the ADSs being issued or the DTC participant(s) holding the ADSs being cancelled, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participants as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are charged to the holders as of the applicable ADS record date. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, holders as of the ADS record date will be invoiced for the amount of the ADS fees and charges and such ADS fees and charges may be deducted from distributions made to holders of ADSs. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC participants in accordance with the procedures and practices prescribed by DTC and the DTC participants in turn charge the amount of such ADS fees and charges to the beneficial owners for whom they hold ADSs. In the case of (i) registration of ADS transfers, the ADS transfer fee will be payable by the ADS holder whose ADSs are being transferred or by the person to whom the ADSs are transferred, and (ii) conversion of ADSs of one series for ADSs of another series, the ADS conversion fee will be payable by the Holder whose ADSs are converted or by the person to whom the converted ADSs are delivered.

In the event of refusal to pay the depositary fees or charges, the depositary may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees and charges from any distribution to be made to the ADS holder.

Note that the fees and charges holders may be required to pay may vary over time and may be changed by us and by the depositary. Holders will receive prior notice of such changes. The depositary may reimburse us for certain expenses incurred by us in respect of the ADSs, by making available a portion of the ADS fees charged in respect of the ADSs or otherwise, upon such terms and conditions as we and the depositary agree from time to time.

PART II

Item 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

Item 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

E. Use of Proceeds

In October 2021, we completed an offering initial public offering in the United States of 15,927,500 American Depositary Shares ("ADSs") representing 15,927,500 ordinary shares and we also closed the concurrent sale of an additional 7,272,727 ADSs in concurrent private placements to SVF II Excel (DE) LLC, or Softbank, and the Bill & Melinda Gates Foundation.

The net offering proceeds to us, after deducting underwriting discounts and commissions and offering expenses, from the initial public offering and the concurrent private placements described above were approximately $470.6 million. The net proceeds from our offering have been used, and are expected to continue to be used, as described in the final prospectus for the offering filed with the U.S. Securities and Exchange Commission on October 4, 2021.

Item 15. CONTROLS AND PROCEDURES

A. Disclosure Controls and Procedures

We maintain "disclosure controls and procedures," as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarised and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our chief executive officer (*principal executive officer*) and chief financial officer (*principal financial officer*), as appropriate, to allow timely decisions regarding required disclosure.

Our principal executive officer and principal financial officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of December 31, 2022, have concluded that, as of such date, our disclosure controls and procedures were not effective at the reasonable assurance level.

B. Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. Internal control over financial reporting is a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer and effected by our board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB).

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatement. Also, projections of any evaluation of the effectiveness of internal control to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management, including the Chief Executive Officer and Chief Financial Officer, has assessed the effectiveness of our internal control over financial reporting as of December 31, 2022 based on the criteria described in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and based on this assessment, our management has concluded that as of December 31, 2022, our internal controls over financial reporting were not effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by IASB.

For additional information on our material weaknesses and remediation efforts, see *Item 5. Operating and Financial Results*

C. Attestation Report of the Registered Public Accounting Firm

This annual report does not include an attestation report of the company's registered public accounting firm due to a transition period established by rules of the Securities and Exchange Commission for emerging growth companies.

D. Changes in Internal Control Over Financial Reporting

As reported in our annual report on Form 20-F for the fiscal year ended December 31, 2021, our management identified material weaknesses in our control over financial reporting related to the lack of effective process and controls throughout the period and we did not implement and maintain effective information technology general controls for information systems that are significant to the preparation of our financial statements.

As part of our changes in internal control over financial reporting, as of the date of this, annual report for the year ended December 31, 2022, we have implemented a remediation plan with respect to the material weaknesses, including the hiring of several experienced personnel in our financial reporting and internal controls team, as well as engaging external advisors to assist us in addressing these material weaknesses. See "*Item 5.E – Critical Accounting Policies and Significant Judgements and Estimates—Internal Control Over Financial Reporting"* for additional information.

With the exception of the changes listed above, there were no other changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the year ended December 31, 2022 that materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Item 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our audit committee consists of Elizabeth Crain, David Nicholson and Mario Polywka. The audit committee consists exclusively of members of our board who are financially literate, and Ms. Crain is considered an "audit committee financial expert" as defined by applicable SEC rules and has the requisite financial sophistication as defined under the applicable Nasdaq rules and regulations. Our board has determined that all of the members of the audit committee satisfy the "independence" requirements set forth in Rule 10A-3 under the Exchange Act.

Item 16B. CODE OF ETHICS

Our Code of Business Conduct and Ethics is applicable to all of our employees, officers and directors and is available on our website at *https://investors.exscientia.ai/corporate-governance/governance-documents/*. We expect that any amendment to this code, or any waivers of its requirements, will be disclosed on our website. Information contained on, or that can be accessed through, our website is not incorporated by reference into this annual report, and you should not consider information on our website to be part of this annual report.

Item 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Auditor Name: PricewaterhouseCoopers LLP Auditor PCAOB ID- 876

Auditor Location: Reading, United Kingdom

PricewaterhouseCoopers LLP has served as our independent registered public accountant since 2019 and has audited our consolidated financial statements as of and for the years ended December 31, 2022 and 2021.

The following table shows the aggregate fees billed to us for professional services for the fiscal years ended December 31, 2022 and 2021:

	Year Ended December 31,	
	2022	2021
	(in thousands)	
Audit Fees	£707	£637
Audit-Related Fees	£225	£1,164
Tax Fees	—	—
Other Fees	—	—
Total	£932	£1,801

"Audit Fees" are the aggregate fees billed for the audit of our annual financial statements. This category also includes services that PricewaterhouseCoopers LLP provides, such as consents and assistance with and review of documents filed with the SEC.

"Audit-Related Fees" are the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit, including fees related to our public offering, and are not reported under Audit Fees.

"Tax Fees" are the aggregate fees billed for professional services rendered by PricewaterhouseCoopers LLP for tax compliance, tax advice and tax planning related services.

"Other Fees" are any additional amounts billed for products and services provided by PricewaterhouseCoopers LLP.

There were no "Tax Fees" or "Other Fees" billed or paid during the fiscal years ended December 31, 2022 or 2021.

Our audit committee reviews and pre-approves the scope and the cost of audit services related to us and permissible non-audit services performed by the independent auditors, other than those for *de minimis* services which are approved by the audit committee prior to the completion of the audit. All of the services related to our company provided by PricewaterhouseCoopers LLP during the last two fiscal years have been approved by the audit committee.

Item 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

Item 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

Item 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

Item 16G. CORPORATE GOVERNANCE

As a "foreign private issuer," as defined by the SEC, although we are permitted to follow certain corporate governance practices of England and Wales, instead of those otherwise required under The Nasdaq Global Select Stock Market, or Nasdaq, for domestic issuers, we intend to follow the Nasdaq corporate governance rules applicable to foreign private issuers. While we expect to voluntarily follow most Nasdaq corporate governance rules, we may choose to take advantage of the following limited exemptions:

- Exemption from filing quarterly reports on Form 10-Q containing unaudited financial and other specified information or current reports on Form 8-K upon the occurrence of specified significant events;
- Exemption from Section 16 rules requiring insiders to file public reports of their securities ownership and trading activities and providing for liability for insiders who profit from trades in a short period of time;
- Exemption from the Nasdaq rules applicable to domestic issuers requiring disclosure within four business days of any determination to grant a waiver of the code of business conduct and ethics to directors and officers;
- Exemption from the requirement to obtain shareholder approval for certain issuances of securities, including shareholder approval of share option plans;
- Exemption from the requirement that our audit committee have review and oversight responsibilities over all "related party transactions," as defined in Item 7.B of Form 20-F;
- Exemption from the requirement that our board have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- Exemption from the requirements that director nominees are selected, or recommended for selection by our board, either by (1) independent directors constituting a majority of our board's independent directors in a vote in which only independent directors participate, or (2) a committee comprised solely of independent directors, and that a formal written charter or board resolution, as applicable, addressing the nominations process is adopted.

Furthermore, Nasdaq Rule 5615(a)(3) provides that a foreign private issuer, such as we, may rely on home country corporate governance practices in lieu of certain of the rules in the Nasdaq Rule 5600 Series and Rule 5250(d), provided that we nevertheless comply with Nasdaq's Notification of Noncompliance requirement (Rule 5625), the Voting Rights requirement (Rule 5640) and that we have an audit committee that satisfies Rule 5605(c)(3), consisting of committee members that meet the independence requirements of Rule 5605(c)(2)(A)(ii). Although we are permitted to follow certain corporate governance rules that conform to U.K. requirements in lieu of many of the Nasdaq corporate governance rules, we intend to comply with the Nasdaq corporate governance rules applicable to foreign private issuers.

Accordingly, our shareholders will not have the same protections afforded to shareholders of companies that are subject to all of the corporate governance requirements of Nasdaq. We may utilize these exemptions for as long as we continue to qualify as a foreign private issuer.

Item 16H. MINE SAFETY DISCLOSURE

Not applicable.

Item 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

Item 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

Item 18. FINANCIAL STATEMENTS

See pages F-1 through F-62 of this annual report.

Item 19. EXHIBITS

Exhibit Number	Description of Exhibit	Incorporation by Reference			
		Schedule/ Form	File Number	Exhibit	File Date
1.1	Articles of Association.	F-1/A	333-259431	3.2	September 17, 2021
2.2	Deposit Agreement.	F-1/A	333-259431	4.1	September 17, 2021
2.3	Form of American Depositary Receipt (included in exhibit 4.1).	F-1/A	333-259431	4.2	September 17, 2021
2.4	Description of Share Capital and Articles of Association				
2.5	Description of American Depositary Shares				
4.1	Shareholders' Agreement Relating to Exscientia Limited (then named Exscientia Holdings Limited), dated August 10, 2021, by and between the Subscribers, Non-Investing Shareholders, and Manager thereto and Exscientia Limited.	F-1	333-259431	10.1	September 10, 2021
4.2	Employment Agreement, dated September 24, 2021, by and between Andrew Hopkins and Exscientia AI Limited.	F-1	333-259431	10.2	September 10, 2021
4.3	Employment Agreement, dated September 24, 2021, by and between Ben Taylor and Exscientia AI Limited.	F-1	333-259431	10.3	September 10, 2021
4.4†	Collaboration Agreement, dated March 28, 2016, by and between Evotec International GmbH and Exscientia AI Limited (then named Exscientia Limited), as amended.	F-1	333-259431	10.4	September 10, 2021
4.5†	Patent Assignment Agreement, dated October 1, 2019, by and between the University of Dundee and Exscientia AI Limited (then named Exscientia Limited).	F-1	333-259431	10.5	September 10, 2021
4.6†	Share Sale, Transfer and Merger Agreement Regarding Allcyte GmbH, dated June 2, 2021, by and among the Sellers thereto and Exscientia AI Limited (then named Exscientia Limited).	F-1	333-259431	10.6	September 10, 2021
4.7†	Research Collaboration and Licence Option Agreement, dated June 27, 2016, by and between Sanofi S.A. and Exscientia AI Limited (then named Exscientia Limited).	F-1/A	333-259431	10.7	September 17, 2021
4.8†	Collaboration and Licence Agreement, dated May 3, 2021, by and between Bristol-Myers Squibb Company and Exscientia AI Limited (then named Exscientia Limited).	F-1/A	333-259431	10.8	September 17, 2021
4.9†	Amended and Restated Collaboration Agreement, effective as of December 18, 2019, by and between Bayer A.G. and Exscientia AI Limited (then named Exscientia Limited).	F-1/A	333-259431	10.9	September 17, 2021
4.10	Subscription Agreement between the Registrant and SVF II Excel (DE) LLC, dated as of September 24, 2021.	F-1/A	333-259431	10.10	September 27, 2021
4.11	Subscription Agreement between the Registrant and the Bill & Melinda Gates Foundation, dated as of September 1, 2021.	F-1	333-259431	10.10	September 10, 2021
4.12†	Global Access Commitments Agreement between the Registrant and the Bill & Melinda Gates Foundation, dated September 1, 2021.	F-1/A	333-259431	10.12	September 27, 2021
4.13	Form of Registration Rights Agreement between the Registrant and the Rights Holders.	F-1/A	333-259431	10.13	September 27, 2021

Exhibit Number	Description of Exhibit	Incorporation by Reference			
		Schedule/ Form	File Number	Exhibit	File Date
4.14	Lease relating to Part Ground Floor, The Schrodinger Building, The Oxford-Science Park, Sandford-on-Thames, Oxford, by and between Exscientia AI Limited (then named Ex Scientia Limited) and The Oxford Science Park Limited, dated July 27, 2018.	F-1	333-259431	10.11	September 10, 2021
4.15	Lease relating to Third Floor, The Schrodinger Building, The Oxford Science Park, Sandford-on-Thames, Oxford, by and between Fuel 3D Technologies Limited and The Oxford Science Park Limited, dated April 11, 2018.	F-1	333-259431	10.12	September 10, 2021
4.16	Lease between MEPC Milton Park No. 1 Limited, MEPC Milton Park No. 2 Limited, and Exscientia AI Limited (then named Exscientia Limited), effective as of July 13, 2021.	F-1	333-259431	10.13	September 10, 2021
4.17	Sublease by and between Allcyte GmbH and The University of Veterinary Medicine, Vienna, dated as of February 6, 2018.	F-1	333-259431	10.14	September 10, 2021
4.18	Lease Agreement, by and between HG 3 Beteiligungsverwaltung GmbH & Co KG and Alphaexscientia Beteiligungs GmbH, effective as of September 3, 2021.	F-1	333-259431	10.15	September 10, 2021
4.19	Lease Agreement, by and between HG 3 Beteiligungsverwaltung GmbH & Co KG and Alphaexscientia Beteiligungs GmbH, effective as of September 3, 2021.	F-1	333-259431	10.16	September 10, 2021
4.20*#	Collaboration and Licence Agreement, by and between Sanofi and Exscientia AI Limited, effective as of January 4, 2022.				
4.21*†	First Amendment to Collaboration and Licence Agreement, by and between Sanofi and Exscientia AI Limited, effective as of January 30, 2023				
4.22	Form of Deed of Indemnity between the Registrant and each of its directors.	F-1/A	333-259431	10.17	September 17, 2021
4.23	Form of Deed of Indemnity between the Registrant and each of its executive officers.	F-1/A	333-259431	10.18	September 17, 2021
4.24+	The Exscientia Plc 2021 Equity Incentive Plan with Non-Employee Sub-Plan and CSOP Sub-Plan.	F-1	333-259431	10.19	September 10, 2021
4.25+	The Exscientia Unapproved Share Option Plan with RSU Sub-Plan.	F-1	333-259431	10.20	September 10, 2021
4.26+	The Exscientia Company Share Option Plan.	F-1	333-259431	10.21	September 10, 2021
4.27+	The Exscientia Enterprise Management Incentive Plan.	F-1	333-259431	10.22	September 10, 2021
8.1	Subsidiaries of the registrant.	F-1/A	333-259431	21.1	September 17, 2021
12.1*	Certification by the Principal Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
12.2*	Certification by the Principal Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				

Exhibit Number	Description of Exhibit	Incorporation by Reference			
		Schedule/ Form	File Number	Exhibit	File Date
13.1**	Certification by the Principal Executive Officer and the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
15.1*	Consent of PricewaterhouseCoopers LLP, the Registrant's independent registered public accounting firm				
101.INS*	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)				
101.SCH*	Inline XBRL Taxonomy Extension Schema Document				
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)				

* Filed herewith.
** Furnished herewith.
+ Indicates a management contract or any compensatory plan, contract or arrangement.
† Certain portions of this exhibit will be omitted because they are not material and would likely cause competitive harm to the registrant if disclosed.
# Certain exhibits and schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The registrant hereby undertakes to furnish supplementally a copy of any omitted exhibit or schedule upon request by the Securities and Exchange Commission.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorised the undersigned to sign this annual report on its behalf.

EXSCIENTIA PLC

By:	/s/ Andrew L. Hopkins
Name:	Andrew Hopkins, DPhil, FRSE, FRSC
Title:	Chief Executive Officer

Date: March 23, 2022

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Exscientia Plc

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Exscientia Plc and its subsidiaries (the "Company") as of December 31, 2022 and 2021, and the related consolidated statements of loss and other comprehensive loss, of changes in equity and of cash flows for each of the three years in the period ended December 31, 2022, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and December 31, 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Reading, UK
March 23, 2023

We have served as the Company's auditor since 2019

Exscientia plc

Consolidated Statement of Loss and Other Comprehensive Loss

for the years ended 31 December, 2022, 2021 and 2020

	Note	December 31, 2022 £'000	December 31, 2021 £'000	December 31, 2020 £'000
Revenue	**5**	27,223	27,359	9,672
Cost of sales		(33,297)	(17,112)	(14,226)
Gross (loss)/profit		**(6,074)**	**10,247**	**(4,554)**
Research and development expenses		(128,865)	(44,047)	(10,917)
General administrative expenses		(38,416)	(25,783)	(5,861)
Foreign exchange gains/(losses)		33,609	938	(3,062)
Loss on forward contracts	**27**	(11,287)	—	—
Other income	**6**	5,742	3,749	1,205
Operating loss	**7**	**(145,291)**	**(54,896)**	**(23,189)**
Finance income	**8**	5,681	26	110
Finance expenses	**9**	(334)	(169)	(89)
Share of loss of joint venture	**16**	(691)	(1,152)	(1,211)
Loss before taxation		**(140,635)**	**(56,191)**	**(24,379)**
Income tax benefit	**12**	21,907	6,960	2,096
Loss for the year		**(118,728)**	**(49,231)**	**(22,283)**
Other comprehensive income/(loss):				
Items that may be reclassified to profit or loss				
Foreign currency gain/(loss) on translation of foreign operations		2,476	(549)	(103)
Items that will not be reclassified to profit or loss				
Change in fair value of financial assets at fair value through OCI		—	(109)	—
Total other comprehensive income/(loss) for the year, net of tax		**2,476**	**(658)**	**(103)**
Total comprehensive loss for the year		**(116,252)**	**(49,889)**	**(22,386)**
Basic and diluted loss per share (£)	**13**	**(0.97)**	**(0.99)**	**(0.73)**

The accompanying accounting policies and notes on pages F10 to F62 form an integral part of these financial statements

Exscientia plc

Consolidated Statement of Financial Position

as at December 31, 2022 and 2021

	Note	December 31, 2022 £'000	December 31, 2021 £'000
ASSETS			
Non-current assets			
Goodwill	**14**	6,321	5,985
Other intangible assets, net	**14**	33,602	36,330
Property, plant and equipment, net	**15**	37,648	8,740
Investment in joint venture	**16**	—	424
Right-of-use assets	**17**	14,794	5,154
Other receivables	**18**	100	100
Investments in equity instruments	**27**	2,145	2,145
Deferred tax asset	**23**	1,008	—
Total non-current assets		**95,618**	**58,878**
Current assets			
Trade receivables		523	1,189
Other receivables and contract assets	**18**	14,618	6,313
Current tax assets		33,023	11,754
Inventories	**19**	50	359
Short term bank deposits	**27**	101,234	—
Cash and cash equivalents	**20**	404,577	562,173
Total current assets		**554,025**	**581,788**
Total assets		**649,643**	**640,666**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	**21**	61	60
Share premium	**22**	364,603	364,579
Deferred shares	**21**	—	3
Capital redemption reserve	**21**	3	—
Foreign exchange reserve	**22**	1,824	(659)
Share-based payment reserve	**22**	35,267	12,930
Fair value reserve	**22**	(199)	(199)
Merger reserve	**22**	54,213	54,213
Retained earnings	**22**	23,106	135,886
Total equity attributable to owners of the parent		**478,878**	**566,813**

The accompanying accounting policies and notes on pages F10 to F62 form an integral part of these financial statements

Consolidated Statement of Financial Position
as at 31 December, 2022 and 2021 (continued)

	Note	December 31, 2022 £'000	December 31, 2021 £'000
LIABILITIES			
Non-current liabilities			
Loans	**27**	313	296
Lease liabilities	**17**	10,942	3,804
Deferred tax liability, net	**23**	7,072	7,121
Contract liabilities and other advances	**24**	59,170	16,359
Provisions	**25**	1,243	537
Other payables	**26**	377	—
Total non-current liabilities		**79,117**	**28,117**
Current Liabilities			
Trade payables		30,740	6,290
Lease liabilities	**17**	2,641	1,075
Contract liabilities and other advances	**24**	38,812	29,962
Other payables	**26**	19,455	8,409
Total current liabilities		**91,648**	**45,736**
Total liabilities		**170,765**	**73,853**
Total equity and liabilities		**649,643**	**640,666**

The accompanying accounting policies and notes on pages F10 to F62 form an integral part of these financial statements

Exscientia plc

Consolidated Statement of Changes in Equity

for the years ended 31 December, 2022, 2021 and 2020

	Share capital	Share premium	Deferred shares	Foreign exchange reserve	Share-based payment reserve	Fair Value reserve	Merger Reserve	Retained earnings/ (accumulated losses)	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at January 1, 2020	**—**	**32,318**	**—**	**(8)**	**1,884**	**—**	**—**	**(12,140)**	**22,054**
Loss for the year	—	—	—	—	—	—	—	(22,283)	(22,283)
Foreign exchange loss on translation of subsidiaries	—	—	—	(103)	—	—	—	—	(103)
Total comprehensive loss for the year	**—**	**—**	**—**	**(103)**	**—**	**—**	**—**	**(22,283)**	**(22,386)**
Share-based payment charge	—	—	—	—	2,074	—	—	—	2,074
Issue of share capital	—	56,770	—	—	—	—	—	—	56,770
Exercise of share options	—	11	—	—	(369)	—	—	369	11
As at December 31, 2020	**—**	**89,099**	**—**	**(111)**	**3,589**	**—**	**—**	**(34,054)**	**58,523**
Loss for the year	—	—	—	—	—	—	—	(49,231)	(49,231)
Foreign exchange loss on translation of subsidiaries	—	—	—	(548)	(1)	—	—	—	(549)
Change in fair value of financial assets through OCI	—	—	—	—	—	(109)	—	—	(109)
Total comprehensive loss for the year	**—**	**—**	**—**	**(548)**	**(1)**	**(109)**	**—**	**(49,231)**	**(49,889)**
Share-based payment charge	—	—	—	—	10,466	—	—	—	10,466
Share issued on acquisition of subsidiary	1	13,886	—	—	—	—	—	—	13,887
Issue of share capital	12	533,804	—	—	—	—	—	—	533,816
Transfer of gain on disposal of equity instruments at fair value through OCI to retained earnings	—	—	—	—	—	(90)	—	90	—
Exercise of share options	—	14	—	—	(1,124)	—	—	1,120	10
Share for share exchange	630	—	—	—	—	—	217,381	—	218,011
Bonus issue	217,381	—	—	—	—	—	(217,381)	—	—
Share capital reduction	(217,381)	—	—	—	—	—	—	217,381	—
Nominal value reduction	(580)	—	—	—	—	—	—	580	—
Reorganisation elimination entry	—	(272,224)	—	—	—	—	54,213	—	(218,011)
Share split	(3)	—	3	—	—	—	—	—	—
As at December 31, 2021	**60**	**364,579**	**3**	**(659)**	**12,930**	**(199)**	**54,213**	**135,886**	**566,813**

The accompanying accounting policies and notes on pages F10 to F62 form an integral part of these financial statements

Consolidated Statement of Changes in Equity
for the years ended 31 December, 2022, 2021 and 2020 (continued)

	Share capital	Share premium	Deferred Shares	Capital Redemption Reserve	Foreign exchange reserve	Share-based payment reserve	Fair Value reserve	Merger Reserve	Retained earnings/ (accumulated losses)	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at January 1, 2022	**60**	**364,579**	**3**	**—**	**(659)**	**12,930**	**(199)**	**54,213**	**135,886**	**566,813**
Loss for the year	—	—	—	—	—	—	—	—	(118,728)	(118,728)
Foreign exchange gain/(loss) on translation of subsidiaries	—	—	—	—	2,483	(7)	—	—	—	2,476
Change in fair value of financial assets through OCI	—	—	—	—	—	—	—	—	—	—
Total comprehensive loss for the year	**—**	**—**	**—**	**—**	**2,483**	**(7)**	**—**	**—**	**(118,728)**	**(116,252)**
Share-based payment charge	—	—	—	—	—	30,576	—	—	—	30,576
Exercise of share options	1	24	—	—	—	(8,232)	—	—	5,948	(2,259)
Cancellation of deferred shares	—	—	(3)	3	—	—	—	—	—	—
As at December 31, 2022	**61**	**364,603**	**—**	**3**	**1,824**	**35,267**	**(199)**	**54,213**	**23,106**	**478,878**

The accompanying accounting policies and notes on pages F10 to F62 form an integral part of these financial statements

Exscientia plc

Consolidated Statement of Cash Flows

for the years ended December 31, 2022, 2021 and 2020

	Note	December 31, 2022 £'000	December 31, 2021 £'000	December 31, 2020 £'000
Cash flows from operating activities				
Loss before tax		(140,635)	(56,191)	(24,379)
Adjustments to reconcile loss before tax to net cash flows from operating activities:				
Depreciation of right-of-use assets	**17**	1,747	848	439
Depreciation of property, plant and equipment	**15**	3,092	1,432	603
Amortisation of intangible assets	**14**	4,645	1,903	23
Revenue settled with non-cash consideration	**5**	—	(3,349)	—
Loss recognised from joint venture	**16**	691	1,152	1,211
Finance income	**8**	(5,681)	(26)	(110)
Finance expenses	**9**	334	169	89
R&D tax credits	**6**	(3,923)	(1,653)	(1,008)
Share-based payment charge	**31**	30,576	10,466	2,074
Foreign exchange gain		(29,556)	(63)	(6)
Changes in working capital:				
Decrease/(Increase) in trade receivables		666	(574)	1,549
Increase in other receivables and contract assets		(7,558)	(3,571)	(1,862)
Increase/(decrease) in contract liabilities and other advances		51,662	35,715	(4,781)
Increase in trade payables		17,287	2,705	1,056
Increase in other payables		8,984	4,202	345
Decrease/(Increase) in inventories		309	(184)	—
Interest received		3,702	26	110
Interest paid		(29)	(19)	—
Income taxes received		3,172	309	3,214
Net cash flows used in operating activities		**(60,515)**	**(6,703)**	**(21,433)**
Cash flows from investing activities				
Payment for acquisition of subsidiary, net of cash acquired	**28**	—	(18,036)	—
Purchase of property, plant and equipment		(22,386)	(5,646)	(2,364)
Purchase of intangible assets	**14**	(53)	(1,460)	(3)
Additional investment in joint venture	**16, 30**	(242)	(1,424)	(1,378)
Cash invested in short term bank deposits	**27**	(100,000)	—	—
Net cash flows used in investing activities		**(122,681)**	**(26,566)**	**(3,745)**

The accompanying accounting policies and notes on pages F10 to F62 form an integral part of these financial statements

Consolidated Statement of Cash Flows
for the years ended December 31, 2022, 2021 and 2020 (continued)

	Note	December 31, 2022 £'000	December 31, 2021 £'000	December 31, 2020 £'000
Cash flows from financing activities				
Proceeds from issue of share capital, net of transactions costs		24	183,136	56,781
Proceeds from issue of share capital relating to the Company's IPO and concurrent private placements, net of transaction costs		—	350,694	—
Cash paid on settlement of share based payments	**31**	(2,282)	—	—
Payments of obligations under lease liabilities	**27**	(1,740)	(881)	(470)
Net cash flows (used in)/from financing activities		**(3,998)**	**532,949**	**56,311**
Net (decrease)/increase in cash and cash equivalents		(187,194)	499,680	31,133
Exchange gain/(loss) on cash and cash equivalents		29,598	(91)	(3)
Cash and cash equivalents at the beginning of the year		562,173	62,584	31,454
Cash and cash equivalents at the end of the year	**20**	**404,577**	**562,173**	**62,584**
Supplemental disclosure of total cashflow information				
Net (decrease)/increase in cash and cash equivalents		(187,194)	499,680	31,133
Increase in short term bank deposits		101,234	—	—
Exchange gain/(loss) on cash and cash equivalents		29,598	(91)	(3)
Net (decrease)/increase in cash, cash equivalents and short term bank deposits including foreign exchange gains/(losses) on cash and cash equivalents		(56,362)	499,589	31,130
Supplemental disclosure of operating Inflow Information				
Cash inflows from collaborations		91,868	61,590	6,596
Amounts invoiced during the period		(87,328)	(62,333)	(5,027)
Foreign exchange losses/(gains) on trade receivables		(3,874)	169	(20)
(Increase)/decrease in trade receivables		666	(574)	1,549
Supplemental non-cash investing information				
Capital expenditures recorded within trade payables		7,163	(232)	63
Capital expenditures recorded within other payables		2,428	(230)	548

The accompanying accounting policies and notes on pages F10 to F62 form an integral part of these financial statements

1. General information

These financial statements reflect the financial performance for the years ended December 31, 2022, 2021 and 2020 and the financial position as at December 31, 2022 and 2021 of Exscientia plc (the "Company") and its subsidiaries (collectively the "Group" or "Exscientia").

Exscientia plc (formerly Exscientia Limited) is a public company incorporated in England and Wales and has the following wholly owned subsidiaries: Exscientia (UK) Holdings Limited, Exscientia AI Limited (formerly Exscientia Limited), Exscientia Inc., Exscientia Ventures I, Inc., Exscientia Ventures II, Inc., Exscientia KK, Kinetic Discovery Limited and Exscientia GmbH as well as two 50% owned joint ventures, RE Ventures I, LLC ("RE Ventures") and RE Ventures II, LLC. Exscientia GmbH, Exscientia Ventures II Inc. and RE Ventures II, LLC were incorporated during the year ended December 31, 2021.

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

2. Accounting policies

a) Statement of compliance

The consolidated financial statements as of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

b) Basis of preparation

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

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

These consolidated financial statements were authorised by the Board of Directors on March 16, 2023.

2. Accounting policies (continued)

c) Basis of consolidation

The Group financial statements consolidate the financial statements of Exscientia plc and all its subsidiary undertakings made up to December 31, 2022. Subsidiaries are those entities over which the Company exercises control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method with goodwill representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired.

d) Going concern

As at December 31, 2022, the Group's cash, cash equivalents and short-term bank deposits amounted to £505,811,000 with total unrestricted cash and short term bank deposits amounting to £504,950,000. The Group has incurred significant research and development expenses from the start of the Group's activities, however primarily as a result of cash inflows from collaborations of £91,868,000 during the year to December 31, 2022 (2021: £61,590,000) net cash outflows from operating activities amounted to £60,515,000 for the financial year ended December 31, 2022 (2021: £6,703,000). Based upon the year-end cash, cash equivalents and short-term bank deposits and forecast future cashflows for the next 24 months, the Board of Directors believes that the Group has sufficient financial resources to cover its planned cash outflows for the foreseeable future, being a period of at least twelve months from the date of issuance of these financial statements.

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

e) Application of new and revised International Financial Reporting Standards (IFRSs)

In the year ended December 31, 2022, the Group has applied the below amendments to IFRS and interpretations issued by the Board that are effective for the annual period that begins on or after January 1, 2022:

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
Reference to the Conceptual Framework (Amendments to IFRS 3)	The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

Their adoption has not had any material impact on the disclosure or on the amounts reported in these financial statements.

2. Accounting policies (continued)

f) Standards, amendments and interpretations in issue but not yet effective:

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

	Effective Date Periods Beginning On or After
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	January 1, 2023
Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
Deferred Tax relates to Assets and Liabilities arising from a Single Translation – Amendments to IAS 12	January 1, 2023

g) Revenue from contracts with customers

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

- "Service fees" relate to drug discovery collaboration agreements where the Group is utilizing its proprietary technology to develop novel Intellectual Property ("IP") on behalf of the collaboration partner. Typically, the Group does not have any rights to future milestones and royalties as part of these agreements; and
- "Licensing fees" relate to drug discovery agreements where the Group develops IP on behalf of a collaboration partner. These agreements either assign all collaboration IP to the partner from inception or grant an exclusive option to the partner to license rights to the future development and commercialisation. As part of these agreements, the Group may receive future milestone and royalty payments on achievement of clinical, regulatory and commercial milestones.

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

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

2. Accounting policies (continued)

g) Revenue from contracts with customers (continued)

Under these collaboration agreements the Group may also receive commercialisation milestones upon the first commercial sale of a product, the amount of which is based on the territory the sale occurs in, and royalties based on worldwide net sales. These amounts have not been included within the transaction price for any contract as of December 31, 2022, 2021 or 2020 and these amounts will be recognised when the underlying sales transactions to which they relate are achieved.

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

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

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

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

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

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

2. Accounting policies (continued)

g) Revenue from contracts with customers (continued)

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

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

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

h) Grants

The Group receives grants from the European Union ("EU"), the Austrian Research Promotion Agency ("FFG"), the Gates Foundation and Gates Philanthropy Partners ("GPP") and the Austrian Wirtshaftsservice. These grants compensate the Group for research activities undertaken and are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

i) Foreign currencies

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

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

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

2. Accounting policies (continued)

j) Intangible assets

Goodwill

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

Other intangible assets other than goodwill

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

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

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

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

Amortisation of intangible assets is included under the ‘Research and development expenses’ and ‘General and administrative expenses’ classifications in the Statement of Loss and Other Comprehensive Loss.

k) Business combination

Acquisitions of subsidiaries and businesses are accounted for using the purchase method of accounting. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree.

Any excess of the cost of the business combination over the acquirer’s interest in the net fair value of the identifiable assets and liabilities are recognised as goodwill.

l) Cost of Sales

Costs of sales relates to costs from third-party contract research organisations as well as internal labour and absorbed overheads incurred in relation to collaboration arrangements which have been designated as contracts with customers in accordance with the revenue standard.

2. Accounting policies (continued)

m) Property, plant and equipment

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

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

n) Cash and cash equivalents and short term bank deposits

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

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

o) Inventories

Inventories consist of costs incurred in relation to the delivery of performance obligations satisfied at a point in time where control has not been transferred to the customer at the period-end.

p) Impairment of assets

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

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

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

2. Accounting policies (continued)

q) Joint ventures and joint operations

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

Investments in joint ventures are tested for impairment annually, and an impairment loss is recognised where it is indicated that the carrying amount of the investment may not be recoverable. The recoverable amount is measured as the higher of fair value less cost of disposal and value in use. The value in use is calculated as being net projected cash flows based on financial forecasts discounted back to present value.

The Group also undertakes various joint operations with third parties. Where a collaboration is deemed to be a joint operation the Group recognizes:

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

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

r) Leases

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

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

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

2. Accounting policies (continued)

r) Leases (continued)

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

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

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

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

Extension and termination options

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

Lease modifications

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

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

2. Accounting policies (continued)

r) Leases (continued

Short-term and low value leases

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

Impairment

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

s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimation of the considerations required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation.

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

t) Pension costs

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

u) Financial instruments

Financial assets

Financial assets classified as financial instruments measured at amortised cost comprise trade and other receivables and cash and cash equivalents and short term bank deposits.

Financial assets measured at amortised cost are recognised when the Group becomes party to the contractual provisions of the instrument and are derecognised when the contractual rights to the cash flows from the financial asset expire or when the financial asset and all substantial risks and reward are transferred. Financial assets are measured at amortised cost when both of the following criteria are met:

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

2. Accounting policies (continued)

u) Financial instruments (continued)

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest rate method. At each reporting date the Group recognizes a loss allowance for expected credit losses on financial assets measured at amortised cost. In establishing the appropriate amount of loss allowance to be recognised, the Group applies either the general approach or the simplified approach, depending on the nature of the underlying group of financial assets. Further details are set out in Note 27.

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

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

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

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

Derivative financial instruments- forward contracts

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

2. Accounting policies (continued)

v) Share-based payments

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

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

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

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

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

w) Tax

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

Current tax

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

Research and development costs which are not eligible for reimbursement under the UK Research and Development Tax Credit scheme, such as expenditure incurred on research projects for which the group receives income, may be reimbursed under the U.K. R&D expenditure credit ("RDEC") scheme. Amounts receivable under the RDEC scheme are presented within other income. Research and development expenditure credits are also claimed in Austria in relation to qualifying expenditure incurred on research projects by the Group's Austrian subsidiary. These amounts are also presented within other income.

2. Accounting policies (continued)

w) Tax (continued)

Deferred tax

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

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

x) Research and development costs

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

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

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

3. Critical accounting estimates and judgements

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

Critical accounting estimates

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

Recognition of revenue

Revenue is recognised upon the satisfaction of performance obligations, which occurs when control of the good or service transfers to the customer. Control transfers over time in relation to the majority of research and design activities performed during the years ended December 31, 2022 and 2021. Total or external costs or labour hours incurred are utilised as the relevant input method in order to estimate the extent to which the performance obligations satisfied over time have been satisfied at the end of the reporting period depending on the nature of the arrangement. Estimation of the future costs to be incurred in the satisfaction of performance obligations delivered over time, inclusive of any costs relating to the substitution of targets where allowed in accordance with a specific collaboration agreement, is considered to be a key source of estimation uncertainty in relation to the recognition of revenue in any given period.

No changes to estimated total projected external costs were noted during the year ended December 31, 2022 that had a significant impact on revenues recognised during the period. During the year ended December 31, 2021, the Group reassessed its estimate of total projected external costs to be incurred over the course of its collaboration with Celgene. As a result of changes in the competitive landscape during the period and additional estimated costs relating to the design and profiling of additional candidate compounds to further support the Group's patent applications, the Group's expectations of total projected external costs at December 31, 2021 were 33% higher at December 31, 2021 than at December 31, 2020.

The table below illustrates the sensitivity analysis of the Group's reported profit to a 10% increase or decrease in the estimated future costs to be incurred in the delivery of partially unsatisfied performance obligations relating to the Group's revenue contracts as at December 31, 2022.

	Change in Estimated Future Costs	Effect on Profit Before Tax	Effect on Equity
		£'000	£'000
Impact on change in the estimated future costs to be incurred in delivering partially unsatisfied performance obligations	+10 %	(821)	(821)
	-10 %	844	844

3. Critical accounting estimates and judgements (continued)

Revenue (continued)

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

Leases

In applying IFRS 16 'Leases', management has made estimates in determining an appropriate asset-specific discount rate to apply with respect to leases commencing during the period as it was not possible to identify the interest rate implicit in the leases which the Group entered into. Although the Group does not expect its estimates of the incremental borrowing rates to generate material differences within a reasonable range of sensitivities, judgement is involved in selecting an appropriate rate, and the rate selected for each lease will have an impact on the value of the lease liability and corresponding right-of-use asset in the statement of financial position.

Gates Foundation private placement buy-back rights

Under the terms of the Company's private placement with the Gates Foundation, the latter has the right to sell, or require the Group to buy-back any shareholdings in the Group held by the Gates Foundation at the higher of the public offering price and the market value of the shares if the Group is in breech of certain terms within the agreement. This right constitutes a derivative financial liability for the Company which is recognised at fair value through profit and loss. The Group has assessed the likelihood of a default occurring as very low as at December 31, 2022, and as such the fair value of this liability has been estimated as nil at the balance sheet date.

Fair value of the Group's investment in GTA

As at December 31, 2022 the Group holds a number of ordinary and preference shares in GTA at fair value through other comprehensive income. GTA is an unlisted early-stage business, with projects in the discovery and development stages of drug development which are pre-revenue generation. As such the key source of estimation uncertainty is the value per share of these unlisted equity securities. The shares in question are very illiquid, and the primary valuation input is cost or the price of recent investment where third party share acquisition transactions have taken place adjusted to reflect other factors as appropriate.

The Group has also assessed the impact of the COVID-19 pandemic and the impact of the current war in Ukraine on this investment, and does not consider that any revaluation is required as a result of these events. Finally the Group has assessed changes in relevant market equity indexes, with specific reference to changes in the NASDAQ Biotechnology Index over the period in question, with no revaluation required as a result.

3. Critical accounting estimates and judgements (continued)

Share-based payments provision

The Group operates equity-settled share-based compensation plans whereby certain employees of the Group are granted equity awards in the Company in the form of share options, restricted share units ("RSUs"), performance options and performance share units. Prior to the Group's IPO in October 2021 a significant estimate was present in relation to determining the market value of the underlying shares at the award grant date. In 2022 the level of estimation uncertainty relating to establishing the fair value of equity awards with no associated performance conditions is considered to be low due to the presence of an external share price at the date of grant.

Performance options and performance share units were granted to members of the executive management team in April 2022, all of which contain market-based performance conditions. Whilst a significant estimate has not been identified in relation to the market value of the underlying shares, estimation is present in relation to establishing the probability that the related market-based performance conditions will be achieved, and this estimation is deemed to have a significant impact on the fair value of the performance awards at the grant date.

The table below illustrates the sensitivity analysis of the Group's reported profit to a 10% increase or decrease in the estimated probability of meeting the market condition as assessed at the grant date for those awards granted in the period with market-based performance conditions.

	Change in % Complete Estimate	Effect on Profit Before Tax	Effect on Equity
		£'000	**£'000**
Impact of change in estimated % likelihood of meeting the market-based performance condition as assessed at the award grant date	+10 %	(297)	(297)
	-10 %	297	297

Accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

Recognition of revenue

Management judgement is required to determine the performance obligations under each agreement and appropriately allocate revenue to the identified performance obligations in line with IFRS 15. Judgement is also required in determining the point at which the total costs to be incurred in delivering a performance obligation can be reliably estimated such that revenue can be recognised in excess of recoverable costs incurred. Further judgement is required to determine whether sources of variable consideration are constrained as at the end of the reporting period as a result of it not being highly probable that a significant reversal in the amount of cumulative revenue recognised would not occur when the uncertainty associated with the variable consideration is subsequently resolved. Constraint is typically considered to be removed in relation to milestone/opt-in amounts when written confirmation of achievement has been provided by the counterparty or achievement has been ratified at a project Joint Steering Committee.

3. Critical accounting estimates and judgements (continued)

Loss-making contracts

Management judgement is required in order to determine whether the unavoidable costs of meeting the obligations under each customer collaboration arrangement, inclusive of both costs that relate directly to the contract and an allocation of other costs, exceed the economic benefits expected to be received under it. Where such costs are in excess of the Group's best estimate of future revenues to be generated from the arrangement a provision is recorded in accordance with IAS 37.

The company has assessed the value of the remaining transaction price relating to the outstanding performance obligations relative to the value of the estimated remaining unavoidable costs of meeting the obligations under contracts relating to the Group's customers and determined that no onerous contract provision is required as at December 31, 2022.

Goodwill and Pharmacoscopy IP intangible impairment

The Group assesses annually, or whenever there is a change in circumstances, whether goodwill or acquired IP may be impaired. Determining whether an impairment exists requires estimation of the recoverable amount of the CGU to which the goodwill and acquired IP relate, being equal to the higher of its value in use and fair value less costs to sell.

From January 1, 2022 the Group changed its designation of the CGU within which the goodwill and other intangibles relate, with one CGU identified across the Group relating to its drug discovery activities following the integration of the Allcyte business acquired by the Group in August 2021 into the Group's wider activities during the current year. As at December 31, 2021 the activities of that entity were deemed a separate CGU and the impairment review performed on that basis. This determination constitutes a significant judgement.

The value in use calculation is also judgmental in nature, and requires the Group to make a number of estimates relating to the future cash flows expected to arise from the CGU spanning drug discovery, development, regulatory approval and commercialisation, as well as a suitable discount rate in order to calculate present value. The cash flow projections are further risk adjusted based on observable market comparables to take into account the probability of successfully commercialising a drug at each stage of its development. Sensitivity analysis is performed in order to determine whether reasonable changes in significant assumptions would lead to the carrying value exceeding its recoverable amount. When the carrying value of the CGU exceeds its recoverable amount, the CGU is considered impaired and the assets in the CGU are written down to their recoverable amount. Impairment losses are recognised in the consolidated statement of loss and other comprehensive income. A detailed impairment assessment was performed as of December 31, 2022, with no impairment noted and no reasonable changes in significant assumptions were identified that would lead to the carrying amount exceeding its recoverable amount.

Leases

In applying IFRS 16 'Leases', management has applied judgement in respect of the lease term in order to determine whether the Group is reasonably certain to exercise extension options or invoke break clauses included in the lease contracts. For all of the Group's leased properties management have determined that it is not reasonably certain that extension options will be exercised and/or break clauses not utilised as at December 31, 2022 and as such the lease term in each instance has been set with reference to the break clause date rather than the lease end date.

3. Critical accounting estimates and judgements (continued)

Deferred tax recoverability

Management has made a judgement about the availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised. At December 31, 2022, the Group has decided not to recognise a UK deferred tax asset of £42,358,000 (2021: asset of £31,756,000) relating to losses and other timing differences due to the uncertainty involved in determining the future profitability of the Group.

4. Operating segments

The Group manages its operations as a single segment for the purposes of assessing performance and making operating decisions. Operating segments are defined as components of an enterprise for which separate financial information is regularly evaluated by the Group's chief operating decision maker, or decision-making group, in deciding how to allocate resources and assess performance. The Group has determined that its chief operating decision maker is its Chief Executive Officer.

Information on major customers:

Revenue recognised during the years ended December 31, 2022, 2021 and 2020 relates to collaboration agreements with Bristol Myers Squibb Company ("BMS"), Celgene Switzerland LLC ("Celgene") (a company acquired by BMS subsequent to the inception of the collaboration), Sanofi S.A. ("Sanofi"), Bayer AG ("Bayer"), GTA, and the Group's joint venture with RallyBio IPB, LLC ("RallyBio"), RE Ventures as well as legacy contracts operated by the Group's Austrian subsidiary.

The proportion of revenue by customer in each period is as follows:

	December 31,		
	2022	**2021**	**2020**
	%	**%**	**%**
BMS (including Celgene)	77	80	85
Sanofi	16	—	—
GTA	—	13	3
Others	7	7	12
	100 %	**100 %**	**100 %**

Information on non-current assets by geography

The Group's non-current assets are held in the following geographies as at December 31, 2022:

	UK	**Austria**	**Rest of the World**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Goodwill	173	6,148	—	**6,321**
Other intangible assets, net	2,688	30,914	—	**33,602**
Property, plant and equipment, net	30,893	6,647	108	**37,648**
Right-of-use Assets	10,403	4,391	—	**14,794**

4. Operating segments (continued)

Information on non-current assets by geography (continued)

The Group's non-current assets are held in the following geographies as at December 31, 2021:

	UK	Austria	Total
	£'000	**£'000**	**£'000**
Goodwill	173	5,812	**5,985**
Other intangible assets, net	2,670	33,660	**36,330**
Property, plant and equipment, net	8,086	654	**8,740**
Right-of-use Assets	4,975	179	**5,154**

5. Revenue

The Group's revenue by type during 2022, 2021 and 2020 are as follows:

	December 31,		
	2022	**2021**	**2020**
	£'000	**£'000**	**£'000**
Service fees	670	452	786
Licensing fees- opt-in payments and milestones achieved	—	18,583	—
Licensing fees- upfront payments and research funding (including term extension payments)	26,553	8,324	8,886
	27,223	**27,359**	**9,672**

Revenue is recognised upon the satisfaction of performance obligations, which occurs when control of the goods or services transfers to the customer. For obligations discharged over time the Group recognises revenue equal to recoverable costs incurred for new collaborations from their inception until such time as the collaboration is sufficiently progressed such that the Group can reliably estimate the level of profit that will be achieved from delivery of the related performance obligations. Where collaborations include significant variable consideration which is constrained at the inception of the arrangement this can lead to gross losses being recognised during the early stages of a contract.

Service fees during the year ended December 31, 2022 relate to revenues generated from legacy contracts held by Exscientia GmbH, in relation to which revenue is recognised at a point in time; with service fees for the year ended December 31, 2021 relating to obligations discharged over time consisting of services provided under the same legacy contracts in addition to services provided to the Group's joint venture arrangement with RallyBio, RE Ventures I, LLC, whereby Exscientia AI Limited provided services under a separate agreement to the joint venture entity, in which we hold a 50% interest. The scope of work under this service agreement was completed in June 2021.

5. Revenue (continued)

On January 4, 2022 the Group entered into a strategic research collaboration with Sanofi to develop an AI-driven pipeline of precision engineered medicines. Research will be focused on up to 15 novel small molecule candidates across oncology and immunology, in relation to which the Group will receive an up-front cash payment of £74,242,000 ($100,000,000) with the potential of $5,200,000,000 in total milestones plus tiered royalties over the duration of the collaboration.

On March 11, 2022, BMS extended its first collaboration arrangement with the Group by six months in order to generate additional data including the use of translational capabilities for key targets under the collaboration using the Group's precision medicine platform, in relation to which the Group received a cash payment of $5,000,000 (£3,821,000).The term extension payment has been treated as an addition to the transaction price relating to the collaboration's partially unsatisfied performance obligations relating to the design and development of candidates for collaboration targets, with a cumulative recognition of revenue at that date based upon the progress towards satisfaction of the related performance obligations in accordance with paragraph 21b of IFRS 15. The remaining element of the transaction price was recognised as revenue over the remainder of 2022 as the performance obligations were satisfied.

On May 30, 2022, the Group ended its pre-existing collaboration arrangement with Bayer AG by mutual agreement. Upon ending the agreement all remaining performance obligations pertaining to the contract were deemed to be fully discharged, resulting in the recognition of revenues totalling £1,153,000 at that point.

During the year ended December 31, 2021, £14,437,000 was recognised in relation to a candidate opt-in milestone achieved in respect of the Group's collaboration with Celgene, in addition to £3,349,000 recognised as revenue in relation to a candidate selection milestone achieved in respect of the Group's collaboration with GTA.

The Group has assessed its significant collaboration arrangements with commercial partners and determined that no provision for future operating losses is required as at December 31, 2022 taking into account expected future cash inflows and remaining contract liabilities amounts for each collaboration relative to the remaining unavoidable costs of meeting the contracts' obligations in each instance.

By geographical market:

	December 31,		
	2022	**2021**	**2020**
	£'000	**£'000**	**£'000**
United Kingdom	—	—	—
Rest of Europe	6,225	1,599	427
United States of America	20,998	22,197	9,245
Rest of the World	—	3,563	—
	27,223	**27,359**	**9,672**

The above table represents the geographic locations of the headquarters of the customers to which the Group has provided services during the period, rather than the locations where the services themselves were performed.

5. Revenue (continued)

Timing of revenue recognition:

	December 31,		
	2022	**2021**	**2020**
	£'000	**£'000**	**£'000**
Revenue related to obligations discharged over time	26,553	12,804	9,672
Revenue related to obligations discharged at a point in time	670	14,555	—
	27,223	**27,359**	**9,672**

During fiscal year 2022, £3,559,000 was recognised in relation to performance obligations satisfied or partially satisfied in previous periods (2021: £nil, 2020: £nil). £18,223,000 was recognised as revenue in the period that was included in the contract liability balance at the beginning of the period (2021: £4,975,000).

The transaction price (after excluding variable consideration that is constrained) allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31, are as follows:

	December 31,		
	2022	**2021**	**2020**
	£'000	**£'000**	**£'000**
Within one year	29,433	21,203	6,704
More than one year	58,451	7,743	747
	87,884	**28,946**	**7,451**

Contractual maturities reflect the Company's best estimate of when underlying costs upon which revenue is recognised will be incurred. Details of contract balances are set out in notes 18 and 24.

6. Other income

	December 31,		
	2022	**2021**	**2020**
	£'000	**£'000**	**£'000**
Grant income	1,819	2,096	197
R&D expenditure credits	3,923	1,653	1,008
	5,742	**3,749**	**1,205**

As at January 1, 2022 the Group operated three grants, a European governmental grant, a grant from the Gates Foundation and a grant from the Austrian Research Promotion Agency ("FFG"). The first two grants provide reimbursement for certain personnel, consumables and overhead costs incurred in the performance of research and development activities, while the FFG grant relates to the early stage testing of a drug's action in solid tumour patient samples with high content microscopy and deep-learning. On July 29, 2022 the Group was awarded a grant from the Austrian Wirtshaftsservice providing funding in respect of capital investments made in the period from August 2020 to the end of February 2022.

Total maximum future amounts of £561,000 were receivable under the grants as at December 31, 2022 (2021: £1,756,000).

7. Operating Loss

The following items have been included in operating loss:

	December 31,		
	2022	**2021**	**2020**
	£'000	**£'000**	**£'000**
Depreciation of property, plant and equipment	3,092	1,432	603
Depreciation of right-of-use assets	1,747	848	439
Amortisation of intangible assets	4,645	1,903	23
Research and development expenses	128,865	44,047	10,917
Foreign exchange (gain)/loss	(33,609)	(938)	3,062
Loss on forward contracts	11,287	—	—
Share-based payment charge	30,576	10,466	2,074
Acquisition related costs from business combinations	—	1,197	—
IPO-related costs included within G&A expenses	—	3,937	—
Fees payable to the Group's auditors for the audit of the Group and Company's financial statements	904	637	198
Other audit services provided by the Group's auditors	233	1,164	3

8. Finance income

	December 31,		
	2022	**2021**	**2020**
	£'000	**£'000**	**£'000**
Bank interest income	5,681	26	110
	5,681	**26**	**110**

9. Finance expenses

	December 31,		
	2022	**2021**	**2020**
	£'000	**£'000**	**£'000**
Bank interest payable	27	16	—
Loan interest payable	2	2	—
Interest expense on lease liabilities	299	149	86
Unwinding of discount rate on provisions	6	2	3
	334	**169**	**89**

10. Employee benefit expenses

Employee benefit expenses (including the directors) comprise:

	December 31,		
	2022	**2021**	**2020**
	£'000	**£'000**	**£'000**
Wages and salaries	42,738	15,006	6,077
Social security costs	6,845	3,147	818
Other pension costs	1,542	526	90
Share-based payment charge	30,576	10,466	2,074
Total employee benefit expenses	**81,701**	**29,145**	**9,059**

The average number of persons employed by the Group (including the directors) during the period, was as follows:

	2022	**2021**	**2020**
	Number	**Number**	**Number**
Research and development	344	151	61
Management and operations	62	24	13
	406	**175**	**74**

11. Directors' emoluments and key management personnel remuneration

Directors' emoluments

	December 31,		
	2022	**2021**	**2020**
	£'000	**£'000**	**£'000**
Directors' emoluments	3,010	1,537	1,026
Contributions to defined contribution pension schemes	3	2	4
Compensation for loss of office	—	—	29
Total emoluments	**3,013**	**1,539**	**1,059**

Retirement benefits were accrued for 2 directors (2021: 2, 2020: 4). Share options were granted to 5 directors during 2022 (2021: 4, 2020: 4) and 3 directors exercised options during 2022 (2021: 1, 2020: 1).

In respect of the highest paid director:

	December 31,		
	2022	**2021**	**2020**
	£'000	**£'000**	**£'000**
Short term employee benefits	542	491	290
Contributions to defined contribution pension schemes	1	1	1
	543	**492**	**291**

The highest paid director did not exercise any share options during the year.

11. Directors' emoluments and key management personnel remuneration (continued)

Key management personnel remuneration

The remuneration of key management personnel during the year (including remuneration relating to executive directors) was as follows:

	December 31,		
	2022	**2021**	**2020**
	£'000	**£'000**	**£'000**
Short term employee benefits	1,954	1,438	615
Share based payments	7,895	3,248	387
Contributions to defined contribution pension schemes	24	15	3
	9,873	**4,701**	**1,005**

12. Taxation

	December 31,		
	2022	**2021**	**2020**
	£'000	**£'000**	**£'000**
Current tax			
UK current tax on loss for the year	(20,459)	(6,706)	(2,074)
Overseas taxation on loss for the year	13	37	—
Adjustments in respect of prior year	(26)	(12)	(22)
	(20,472)	(6,681)	(2,096)
Deferred tax			
Origination and reversal of timing differences	(870)	(279)	—
Effect of tax rate change on opening balance	(565)	—	—
Total deferred tax benefit	(1,435)	(279)	—
Income tax benefit	**(21,907)**	**(6,960)**	**(2,096)**
Loss on ordinary activities before tax	(140,635)	(56,191)	(24,379)
Normal applicable rate of tax	19 %	19 %	19 %
Loss on ordinary activities multiplied by normal rate	(26,721)	(10,676)	(4,632)
Effects of:			
Fixed asset differences	(693)	(181)	—
Other permanent differences	(3,727)	—	—
Expenses not deductible for tax purposes	7,304	3,831	510
Income not deductible for tax purposes	—	(1)	(1)
Additional deduction for R&D expenditure	(15,503)	(5,185)	(1,536)
Surrender of tax losses for R&D tax credit refund	6,496	2,173	644
R&D expenditure credits	480	295	73
Adjustments to tax charge in respect of previous periods	(26)	(12)	(22)
Adjustments for foreign tax	(395)	(435)	—
Effects of changes in tax rates	—	—	—
Deferred tax not recognised	10,878	3,231	2,868
Income tax benefit	**(21,907)**	**(6,960)**	**(2,096)**

12. Taxation (continued)

Factors that may affect future tax charges:

In the Budget 2020, the government announced that the corporation tax main rate (for all profits except ring fence profits) for the years ended April 1, 2020 and 2021 would remain at 19%. In the Spring Budget 2021, the UK Government announced that from April 1, 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on May 24 2021 and as such taken into account in calculating the deferred tax assets and liabilities disclosed in note 23. In the Autumn Statement in November 2022, the government confirmed the increase in corporation tax rate to 25% from April 2023 will go ahead.

The Group currently surrenders losses relating to eligible UK research and development expenses for a cash rebate of up to 33.35% under the UK SME scheme. The SME Programme cash rebate rate will reduce to 18.6% for qualifying research and development expenditure incurred on or after April 1,2023, unless the Group qualifies as "R&D intensive" for an accounting period, in which case the cash rebate that may be claimed will be 26.97% of qualifying expenditure.

13. Basic and diluted loss per share per share

	December 31,		
	2022	**2021**	**2020**
	£	**£**	**£**
Basic and Diluted loss for the year	(118,728,000)	(49,230,897)	(22,283,000)

	December 31,		
	2022	**2021**	**2020**
	Number	**Number**	**Number**
Weighted average number of ordinary shares	122,119,635	49,876,081	30,576,900

	December 31,		
	2022	**2021**	**2020**
	£	**£**	**£**
Basic and diluted loss per share (pence per share)	(0.97)	(0.99)	(0.73)

Basic loss per share is calculated in accordance with IAS 33 ("Earnings per Share") based on earnings attributable to the Company's shareholders and the weighted average number of shares outstanding during the period. Concurrent with the Company's IPO on October 05, 2021 all of the ordinary and preference shareholders of Exscientia plc exchanged each of the existing shares held by them for 300 newly issued Ordinary shares of £0.0005 each in the Company. The ordinary shares outstanding used for computation of loss per share in all periods reflect this share split, consistent with the principles in IAS 33 paragraph 64.

13. Basic and diluted loss per share per share (continued)

The Company issues share based payment awards to employees (see note 31), upon the exercise of which ordinary shares are issued. Inclusion of the share options would have an anti-dilutive effect due to the loss incurred during the period, therefore basic and dilutive loss per share are the same.

14. Intangible assets and Goodwill

	Goodwill	Acquired IP	Computer Software	Patents	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At December 31, 2020	**173**	**—**	**85**	**150**	**408**
Additions	—	2,543	13	—	2,556
Additions on Acquisition	5,887	36,078	—	—	41,965
Foreign Currency Translation	(75)	(567)	—	—	(642)
At December 31, 2021	**5,985**	**38,054**	**98**	**150**	**44,287**
Additions	—	—	53	—	53
Foreign Currency Translation	336	2,055	—	—	2,391
At December 31, 2022	**6,321**	**40,109**	**151**	**150**	**46,731**
Accumulated Amortisation					
At December 31, 2020	**—**	**—**	**66**	**30**	**96**
Amortisation Charge- R&D Expenses	—	1,877	—	15	1,892
Amortisation Charge- G&A Expenses	—	—	11	—	11
Foreign Currency Translation	—	(27)	—	—	(27)
At December 31, 2021	**—**	**1,850**	**77**	**45**	**1,972**
Amortisation Charge- R&D Expenses	—	4,611	16	15	4,642
Amortisation Charge- G&A Expenses	—	—	3	—	3
Foreign Currency Translation	—	191	—	—	191
At December 31, 2022	**—**	**6,652**	**96**	**60**	**6,808**
Carrying Value					
At December 31, 2022	**6,321**	**33,457**	**55**	**90**	**39,923**
At December 31, 2021	**5,985**	**36,204**	**21**	**105**	**42,315**

Acquired IP- GT Apeiron collaboration

On July 1, 2021 the Group entered into a joint operation with GTA in order to build a sustainable pipeline of high-value, best in class therapeutics. As part of this arrangement the pre-existing collaboration arrangement between the two parties was terminated, the Group made a payment of £1,448,000 and waived the rights to 30% of the shares in GTA that became receivable following the achievement of a milestone on the pre-existing collaboration agreement (see note 5), with the total fair value of these amounts of £2,543,000 capitalised as an acquired IP intangible at that date. The intangible relates to the IP in the pre-existing collaboration target that the group gained joint control of as a result of its participation in the joint operation.

No amortisation charge has been recognised in relation to the IP during the period and as such the asset was reviewed for impairment on December 31, 2022. A value in use assessment was performed in order to determine that the asset's recoverable amount is in excess of its carrying amount. A discounted

14. Intangible assets and Goodwill (continued)

Acquired IP- GT Apeiron collaboration (continued)

cashflow methodogy was utilised, with key assumptions relating to the duration of and total costs relating to each phase of the drug development, the costs of completing clinical trials and obtaining certain regulatory approvals, and product sales volumes and the time period to patent expiry once regulatory approvals have been achieved. A probability of success was then applied to each phase of the drug development in order to reflect the possibility that the drug may not be successfully commercialised. Cashflows determined by the model were then discounted to present value using a discount rate of 12%.

Cashflows were projected over a 15 year period, with the period in question deemed appropriate based on the time taken to design, develop, and commercialise drugs through to patent expiry once regulatory approvals have been achieved. The assumptions are based from industry literature and, where possible, the Group's experience of developing similar drug candidates. No impairment was noted.

Goodwill and acquired IP- Allcyte acquisition

On August 18, 2021 the Group acquired intellectual property with a fair value of £36,078,000 relating to the pharmacoscopy technology utilised by Allcyte as part of the acquisition of that company. The IP is being amortised over a period of 8 years from the acquisition date. No indicators of impairment were noted in relation to the pharmacoscopy IP as at December 31, 2022.

Goodwill totalling £5,887,000 was also acquired as part of that acquisition, representing the additional value expected to be derived by the Group from the acquisition, as well as the assembled workforce. See note 28 for further details regarding the business combination made during the year ended December 31, 2021.

As identified in note 3 the Group only has one CGU, relating to its drug discovery activities, during the year ended December 31, 2022. An impairment review was performed in relation to the goodwill and pharmacoscopy IP as at December 31, 2022 by comparing the recoverable amount of the CGU to its carrying value using a value in use model. A discounted cashflow methodology was utilised, with key assumptions relating to the number of internal and partnership programs delivered by the Group, the duration of and total costs relating to each phase of the drug development, the costs of completing clinical trials and obtaining certain regulatory approvals, and product sales volumes and the time period to patent expiry once regulatory approvals have been achieved. A probability of success was then applied to each phase of the drug development in order to reflect the possibility that the drug may not be successfully commercialised. Other key inputs relate to costs incurred relating to other operational and administrative overheads and capital expenditure. Cashflows were projected over a 15 year period, with the period in question deemed appropriate based on the time taken to design, develop, and commercialise drugs through to patent expiry once regulatory approvals have been achieved. A terminal value growth rate of 2.5% was applied thereafter.

Cashflows determined by the model were then discounted to present value using a discount rate of 12%. The assumptions are based from industry literature and, where possible, the Group's experience of developing drug candidates. No impairment was noted as a result of this review. Sensitivity analysis was performed in order to determine whether reasonable changes in significant assumptions would lead to the carrying value exceeding its recoverable amount, this showed no reasonably possible change that would result in an impairment

14. Intangible assets and Goodwill (continued)

Goodwill- Kinetic Discovery acquisition

Goodwill amounting to £173,000 arose on the acquisition of Kinetic Discovery Limited on November 23, 2018. No impairment review was performed at December 31, 2022 given the value of this goodwill is deemed to be immaterial.

15. Property, plant and equipment

	Assets Under Construction	Plant and Equipment	Fixtures and Fittings	Leasehold Improvements	Computer Equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At January 1, 2021	**1,973**	**2,058**	**135**	**1,140**	**347**	**5,653**
Additions	631	3,703	189	228	432	5,183
Acquired on acquisition of subsidiary	—	348	25	—	—	373
Reclassification of assets under construction	(1,967)	—	—	1,967	—	—
Foreign currency translation	—	(1)	(4)	—	—	(5)
At December 31, 2021	**637**	**6,108**	**345**	**3,335**	**779**	**11,204**
Additions	25,755	4,391	398	310	1,123	**31,977**
Reclassification of assets under construction	(4,053)	1,593	—	2,460	—	—
Foreign currency translation	—	42	3	—	2	47
At December 31, 2022	**22,339**	**12,134**	**746**	**6,105**	**1,904**	**43,228**
Accumulated Depreciation						
At January 1, 2021	**—**	517	56	362	99	**1,034**
Depreciation charge- R&D expenses	**—**	786	—	—	—	786
Depreciation charge- G&A expenses	**—**	—	46	467	133	646
Foreign currency translation	—	(2)	—	—	—	(2)
At December 31, 2021	**—**	**1,301**	**102**	**829**	**232**	**2,464**
Depreciation charge- R&D expenses	—	1,895	27	626	332	2,880
Depreciation charge- G&A expenses	—	—	25	136	51	212
Foreign currency translation	—	21	—	—	3	24
At December 31, 2022	**—**	**3,217**	**154**	**1,591**	**618**	**5,580**
Carrying value						
At December 31, 2022	**22,339**	**8,917**	**592**	**4,514**	**1,286**	**37,648**
At December 31, 2021	**637**	**4,807**	**243**	**2,506**	**547**	**8,740**

Additions to assets under construction relate to leasehold improvements and plant and equipment at our Abingdon, Oxford and Vienna sites, all of which are expected to be brought into use during 2023.

16. Investments in joint ventures and joint operations

Investment in joint venture

Held by the Group and included in the Statement of Financial Position measured under the equity method:

Name	Class of shares	Holding	Country of incorporation	Principal Activity	Registered address
RE Ventures I, LLC (US)	Ordinary	50%	US	The JV was established to develop novel compounds for rare diseases	251 Little Falls Drive, Wilmington, Delaware 1980
RE Ventures II, LLC (US)	Ordinary	50%	US	The JV was established to develop novel compounds for rare diseases	251 Little Falls Drive, Wilmington, Delaware 1980

During 2019, the Group established a 50% interest in RE Ventures I, LLC with RallyBio which combines the deep therapeutic-area expertise of the RallyBio team with Exscientia's proprietary AI platform to deliver novel small molecule treatments for certain rare diseases. During 2022, additional capital contributions totalling £242,000 (2021: £1,424,000) were made by the Group.

During 2021 the Group established a further 50% joint venture with RallyBio, RE Ventures II, LLC, with the same aims. There have been no transactions with this entity and no capital contributions were made from its inception to December 31, 2022.

Under the equity method the joint venture was recognised as follows:

	2022	2021
	£'000	£'000
As at January 1,	424	123
Additional equity	242	1,424
Foreign exchange differences	25	29
Share of the losses	(691)	(1,152)
As at December 31,	—	**424**

No commitments to provide funding for the joint venture's capital commitments were present as at either December 31, 2022 or 2021.

The following table illustrates the summarised financial information of the joint venture entity, RE Ventures I, LLC. The Group acquired its interest in the joint venture entity at the point of incorporation and therefore, there were no financials prior to acquisition.

	December 31,		
	2022	2021	2020
	£'000	£'000	£'000
Operating expenses	(1,720)	(2,304)	(2,422)
Loss for the period	(1,720)	(2,304)	(2,422)
Total Comprehensive Loss	**(1,720)**	**(2,304)**	**(2,422)**

16. Investments in joint ventures and joint operations (continued)

	December 31,		
	2022	**2021**	**2020**
	£'000	**£'000**	**£'000**
Cash and cash equivalents	253	1,178	215
Current assets	3	91	306
Current liabilities	(209)	(78)	(66)
Members' surplus	**47**	**1,191**	**455**

Joint Operations

Exscientia has a joint contractual arrangement with Evotec AG, which originally entitled each party to 50% ownership over three novel compounds under the collaboration. The joint operation is not structured through a separate legal entity, and it operates from Exscientia and Evotec AG's respective principal places of business. Evotec exercised its opt-out rights in relation to the arrangement in April 2021, revising downwards their ownership rights at each stage of development of the collaboration's intellectual property, with their ownership rights at 40% as at December 31, 2022. Evotec's ownership reduces further at future stages of development, subject to a minimum level at commercialisation of 10%.

A joint contractual arrangement was entered into between Exscientia and SRI International ("SRI") on 05 May 2020 which entitled each party to 50% ownership of novel compounds under the collaboration. The joint operation was not structured through a separate legal entity, and operated from Exscientia and SRI's respective principal places of business. The arrangement was terminated early in 2021. No settlement amounts were paid as a result of the termination and no impairments of assets recorded.

A joint contractual arrangement was entered into between Exscientia and Huadong Medicine Co. Ltd ("Huadong") on August 27, 2020. The purpose of the arrangement for Exscientia to design compounds for subsequent synthesis and testing by Huadong. Commercial exploitation of any successful candidate developed as part of the collaboration will be the exclusive right of Huadong in certain Asian geographic markets and Exscientia in all other markets.

A joint contractual arrangement was entered into between Exscientia and Blue Oak Pharmaceuticals Inc. ("Blue Oak") on September 25, 2020. The purpose of this arrangement was to collaborate on a project to design dual targeted (bispecific) small molecules for the treatment of neurodegenerative illnesses. Exscientia has the primary responsibility for drug design, and Blue Oak the primary responsibility for managing the experimental chemistry, ADMET studies and *in vivo* behavioural assays, including translational medicine studies. Any collaboration IP will then be jointly owned with percentage ownership dependent upon costs incurred.

On May 26, 2021 the Group entered into a joint operation with EQRx Inc. ("EQRx"), a Delaware corporation to identify, discover and develop innovative drug candidates for high value therapeutics. Exscientia has the primary responsibility for the discovery, initial profiling, pre-clinical toxicology and IND-enabling studies of the potential candidates for each target, with EQRx responsible for the development and commercialisation of the candidates. As part of this arrangement, the Group received payments totalling £16,253,000 from EQRx during the year to December 31, 2021 which are recognised over time as a reduction in research and development expenses as the underlying costs to which the reimbursement relates are incurred.

16. Investments in joint ventures and joint operations (continued)

On July 1, 2021 the Group entered into a joint operation with GTA as described in note 14 above. The aim of the collaboration is to accelerate the discovery of multiple small molecule therapeutic drug candidates designed to selectively treat aberrant cell cycle driven cancers and build a pipeline of CDK novel therapies, with equal ownership of any pipeline products resulting from the collaboration.

On November 14, 2022 Exscientia entered into a joint operation with MD Anderson to leverage AI in developing novel oncology treatments. The research collaboration will utilise Exscientia's precision medicine platform to identify novel anti-cancer, cell-intrinsic small-molecule compounds based on jointly identified therapeutic targets. Promising candidates will advance for further development with the team at MD Anderson's Therapeutics Discovery division. MD Anderson and Exscientia anticipate that successful target discovery programs may be advanced into proof-of-concept clinical trials at MD Anderson. Under the agreement terms, Exscientia and MD Anderson will jointly contribute to and support each program designated to move forward. Any collaboration IP will then be jointly owned with percentage ownership dependent upon costs incurred, with a target cost-sharing ratio of 50%.

No collaboration IP has been capitalised in relation to any of the above joint operations as at December 31, 2022 and 2021 with the exception of the acquired IP intangible relating to the Group's collaboration with GTA as described in note 14.

17. Leases

Right-of-use assets:§

	£'000
Cost	
At January 1, 2021	**4,359**
Additions	2,035
Acquired on acquisition	235
Foreign currency translation	(4)
At December 31, 2021	**6,625**
Additions	9,502
Lease modification	1,759
Disposals	(161)
Foreign currency translation	133
At December 31, 2022	**17,858**
Accumulated Depreciation	
At January 1, 2021	**624**
Depreciation charge	848
At Foreign currency translation	(1)
At December 31, 2021	**1,471**
Depreciation charge- R&D expenses	1,468
Depreciation charge- G&A expenses	279
Disposals	(161)
Foreign currency translation	7
At December 31, 2022	**3,064**
Carrying value	
At December 31, 2022	**14,794**
At December 31, 2021	**5,154**

17. Leases (continued)

All right-of-use assets relate to leased properties. As at January 1, 2022 the Group had 6 pre-existing lease agreements relating to 3 properties based in the United Kingdom. In each instance the Group has the right, but not the obligation, to exit the leases at the end of the respective break periods. On March 25, 2022 the Group entered into three lease agreements in relation to additional space at its pre-existing premises within the Schrödinger Building in Oxford, United Kingdom. Two of the leases expire in September 2033, with a break period in September 2028. The third lease expires in December 2023.

On July 25, 2022 the group entered into a lease arrangement in relation to additional space at its pre-existing premises within the Schrödinger Building in Oxford, United Kingdom. The lease expires in February 2027 with a break period in February 2025.

On August 05, 2022 the Group entered into a lease arrangement in relation to premises at Fletcher House in Oxford, United Kingdom. The lease arrangement commenced on October 4, 2022 and expires on October 3, 2032 with a break period in October 2028.

The Group entered into two 7 year lease arrangements in relation to laboratory and office space in Vienna, Austria on September 3, 2021. The lease term for the office space commenced on December 01, 2022, expiring in December 2029. The lease arrangement for the laboratory space commenced on January 26, 2023. Annually from January, 1 each year lease payments will be indexed based on the consumer price index rate as published by STATISTIK AUSTRIA at September of the preceding year.

Restoration provisions of £200,000 and £500,000 were made during 2022 in respect of the Group's obligation to restore alterations made during the period on leased spaces in two of the Group's leasehold properties. The required work is expected to be completed in 2026 and 2031 respectively.

With effect from December 09, 2022, the Group modified the terms of their lease arrangement at Milton Park; originally signed on July 13, 2021. The lease term for the agreement was extended, expiring in July 2036, with a break date in July 2031. Annual rentals payable on the lease also increased.

Lease liability maturity

	December 31,	
	2022	**2021**
	£'000	**£'000**
Current	2,641	1,075
Non-current	10,942	3,804
	13,583	**4,879**

In respect of the Group's leasing activities the following amounts were recognised:

	December 31,	
	2022	**2021**
	£'000	**£'000**
Recognised within general administrative expenses		
Depreciation charge for the right-of-use assets	1,747	848
Expenses relating to short-term leases	409	93
Recognised within finance expenses		
Interest expense on lease liabilities	299	149

17. Leases (continued)

The undiscounted lease liability contractual maturities as at December 31, 2022 and 2021 are as follows:

	December 31, 2022 £'000	31 December 2021 £'000
Within one year	2,641	1,075
One to five years	9,682	3,811
More than 5 years	3,930	415
	16,253	**5,301**

18. Other receivables and contract assets

Current other receivables and contract assets

	December 31, 2022 £'000	2021 £'000
VAT recoverable	3,040	2,169
Prepayments	5,935	3,153
Contract assets and accrued grant income	176	305
Accrued bank interest	746	—
Other receivables	4,721	686
	14,618	**6,313**

Non-current other receivables and contract assets

	December 31, 2022 £'000	2021 £'000
Other receivables	100	100
	100	**100**

A reconciliation of the movement in contract assets and accrued grant income for the Group is as follows:

	January 1, 2022 £'000	Recognised as income £'000	Deductions £'000	Foreign Exchange £'000	December 31, 2022 £'000
Grants	126	171	(143)	22	176
Collaborations	179	(69)	(110)	—	—
Total contract assets and accrued grant income	**305**	**102**	**(253)**	**22**	**176**

	January 1, 2021 £'000	Recognised as income £'000	Deductions £'000	December 31, 2021 £'000
Grants	—	126	—	126
Collaborations	143	567	(531)	179
Total contract assets and accrued grant income	**143**	**693**	**(531)**	**305**

19. Inventories

	December 31, 2022	2021
	£'000	£'000
Raw materials	15	—
Work in progress	35	359
	50	**359**

20. Cash and cash equivalents

	December 31, 2022	2021
	£'000	£'000
Cash and cash equivalents	403,717	560,425
Restricted cash	860	1,748
	404,577	**562,173**

Restricted cash relates to amounts on deposit which have been granted to the Group to reimburse certain costs incurred in relation to the Group's first grant with the Gates Foundation.

21. Share Capital

	December 31, 2022	December 31, 2021
	£	£
Issued and fully paid share capital		
122,963,545 (2021: 120,886,527) Ordinary shares of £0.0005 each	61,482	60,443
nil (2021: 324,121) Deferred shares of £0.01 each	—	3,241
	61,482	**63,684**

Shares authorised and issued (number)

	December 31, 2021	Exercise of share-based payment awards	Cancellation of deferred shares	December 31, 2022
Ordinary shares	120,886,527	2,077,018	—	122,963,545
Deferred shares	324,121	—	(324,121)	—
	121,210,648	**2,077,018**	**(324,121)**	**122,963,545**

On June 27, 2022 the Company cancelled the 324,121 deferred shares outstanding at that date in exchange for consideration of £1, with the repurchase resulting in the creation of a capital redemption reserve at that date.

A total of 2,077,018 shares were issued upon the exercise of share-based payment awards during the year ended December 31, 2022; see note 31 for further details.

21. Share Capital (continued)

Rights of share classes

Holders of ordinary shares are entitled to one vote per share at a show of hands meeting of the Company and one vote per share on a resolution on a poll taken at a meeting and on a written resolution. The deferred shares conveyed no voting rights to the shareholders prior to their repurchase.

2021 Group reorganisation

The Company was incorporated on June, 29 2021, with share capital of 1 Ordinary A share of £2.00. On August 10, 2021 share capital of 77,699 Ordinary A shares of £2.00, 4,848 Ordinary B shares of £2.00, 30,255 Series A Preference shares of £2.00, 29,408 Series B Preference shares of £2.00, 57,295 Series C Preference shares of £2.00, 17,132 Series C1 Preference shares of £2.00, 10,123 Junior Series C Preference shares of £2.00 and 88,634 Series D1 Preference shares of £2.00 each were issued by the Company to the shareholders of Exscientia AI Limited in consideration for the transfer from Exscientia AI Limited of the entire issued share capital of Exscientia AI Limited, as a result of which a merger reserve of £217,380,000 was created.

On August 11, 2021, following the above transactions, the Company transferred its investment in Exscientia AI Limited to a newly formed fully owned intermediate holding company, Exscientia (UK) Holdings Limited.

On August 26, 2021 the Company capitalised the amount standing to the credit of the merger reserve of £217,380,000 via a bonus issue, applying such sum in paying up in full 108,690,325 Ordinary A shares of £2.00 each, which were allotted to each holder of the existing Ordinary A shares in proportion to the number of Ordinary A shares that they held as at August 12, 2021 prior to the transaction.

Following the bonus issue a capital reduction was executed, also on August, 26 2021, whereby the same number of shares were cancelled and extinguished, creating retained earnings at that point of £217,380,000. The Company then approved a reduction of capital by way of solvency statement pursuant to which £1.84 was cancelled from each issued ordinary and preference share of £2.00 each. This reduced the issued capital from £630,000 to £50,000 and increase retained earnings by £580,000. Following the capital reduction the issued share capital of the Company comprised of 77,700 Ordinary A shares of £0.16, 4,848 Ordinary B shares of £0.16, 30,255 Series A Preference shares of £0.16, 29,408 Series B Preference shares of £0.16, 57,295 Series C Preference shares of £0.16, 17,132 Series C1 Preference shares of £0.16, 10,123 Junior Series C Preference shares of £0.16 and 88,634 Series D1 Preference shares of £0.16. The value of Exscientia AI Limited's share premium immediately prior to the Group reorganisation was £272,224,000.

The below table summarizes the movements in the share capital of the group as a result of the various share transactions that occurred during the years ended December 31, 2022 and 2021.

21. Share Capital (continued)

	£
Issued and fully paid share capital as at January 1, 2021	230
Issue of shares as a result of share based payment award exercises/releases during the period	229
Series C1 funding round	17
Series D1 funding round	64
Share for share exchange	630,475
Bonus issue	217,380,650
Share capital reduction	(217,380,650)
Nominal value reduction	(580,327)
Issue of shares on acquisition of subsidiary	1,396
New share capital issued on consummation of the Group's IPO	11,600
Issued and fully paid share capital as at December 31, 2021	63,684
Issue of shares as a result of share based payment award exercises/releases during the period	1,039
Cancellation of deferred shares	(3,241)
Issued and fully paid share capital as at December 31, 2022	**61,482**

22. Reserves

Share capital

Share capital represents the nominal value of shares that have been issued.

Share premium

Share premium is the excess amount received by the Company over the par value of shares issued.

Capital redemption reserve

Represents the cancellation and repurchase of deferred shares.

Foreign exchange reserve

Comprises translation differences arising from the translation of financial statements of the Group's foreign entities into GBP.

Share based payment reserve

Represents share options awarded by the Group and company.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of investments classified as at FVOCI until the investments are derecognised.

Merger reserve

The merger reserve arose as a result of group reorganisation transactions and represents the difference between the equity of Exscientia plc and Exscientia AI Limited at the point at which the share for share exchange was executed.

22. Reserves (continued)

Retained earnings/accumulated losses

Retained earnings/accumulated losses comprise the Group's undistributed earnings after taxes in addition to amounts generated as a result of the Group's corporate reorganisation.

23. Deferred tax

United Kingdom

The Group have recognised deferred tax assets and liabilities at December 31, 2022 and 2021. In light of the Group's history of losses, recovery of the whole deferred tax asset is not sufficiently certain, and therefore a deferred tax asset has been recognised only to the extent that there is a deferred tax liability in the form of fixed asset temporary differences.

Recognised	**December 31,**	
	2022	**2021**
	£'000	**£'000**
Deferred tax asset		
Short term temporary differences	7,312	2,108
Deferred tax liability		
Fixed asset temporary differences	(7,312)	(2,108)
	—	—

Not recognised	**December 31,**	
	2022	**2021**
	£'000	**£'000**
Deferred tax asset		
Losses and other deductions	41,827	11,480
Short term temporary differences	531	20,276
	42,358	**31,756**

Austria

A net deferred tax liability of £7,072,000 (2021: £7,121,000) has been recognised consisting of a deferred tax asset of £nil (2021: £1,190,000 relating to losses of £4,761,000) offset by a deferred tax liability of £7,072,000 (2021: £8,312,000) relating to intangible assets acquired as part of the Group's acquisition of Allcyte, see note 28.

United States of America

The Group has a recognised deferred tax asset of £1,008,000 (2021: £nil) relating to short term timing differences and an unrecognised deferred tax asset of £660,000 (2021: £653,000) relating to losses of £3,144,000 (2021: £2,456,000).

24. Contract liabilities and other advances

	Within one year December 31,		More than one year December 31,	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Contract liabilities				
Revenue generating collaborations	29,433	21,203	58,451	7,743
Total contract liabilities	**29,433**	**21,203**	**58,451**	**7,743**
Other advances				
Grants	959	1,889	—	—
Joint Operations	8,420	6,870	719	8,616
Total other advances	**9,379**	**8,759**	**719**	**8,616**
Total contract liabilities and other advances	**38,812**	**29,962**	**59,170**	**16,359**

A reconciliation of the movement in contract liabilities and other advances is as follows:

	January 1, 2022	Additions	Recognised in the income statement	Foreign exchange	December 31, 2022
	£'000	£'000	£'000	£'000	£'000
Grants	1,889	715	(1,648)	3	959
Revenue generating collaborations	28,946	85,700	(26,769)	7	87,884
Joint operations	15,486	—	(6,347)	—	9,139
Total contract liabilities and other advances	**46,321**	**86,415**	**(34,764)**	**10**	**97,982**

Grant additions during the year ended December 31, 2022 relate to amounts received from the Gates Foundation and the Austrian Wirtshaftsservice during the period.

Additions to contract liabilities relating to revenue generating collaborations during the year ended December 31, 2022 include £74,242,000 ($100,000,000) invoiced to Sanofi relating to the collaboration initiated with that counterparty on January 4, 2022 and £11,434,000 ($15,000,000) invoiced to BMS comprising a $10,000,000 upfront payment relating to the fifth target in our second collaboration with that counterparty and a $5,000,000 payment relating to the extension of the Group's first collaboration with BMS as described in note 5.

The Group expects to recognise its contract liabilities relating to revenue generating collaborations over the terms of the related collaborations, the longest of which extends to December 2027. As at December 31, 2022 the Group expected to recognise its contract liabilities relating to revenue generating collaborations over the period to December 2023. The ageing presented above reflects the Group's best estimate of when contract liability and other advance amounts will be utilised based upon when the underlying costs to be incurred in the delivery of the related projects are expected to be incurred.

24. Contract liabilities and other advances (continued)

A reconciliation of the movement in contract liabilities and other advances for the year ended December 31, 2021 is as follows:

	January 1, 2021	Additions	Acquired as part of acquisition	Recognised in the income statement	Foreign exchange	December 31, 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Grants	2,336	1,198	114	(1,757)	(2)	1,889
Revenue generating collaborations	7,970	29,186	186	(8,393)	(3)	28,946
Joint Operations	—	16,253	—	(767)	—	15,486
Total contract liabilities and other advances	**10,306**	**46,637**	**300**	**(10,917)**	**(5)**	**46,321**

25. Provisions

	2022	2021
	£'000	£'000
At January 1,	537	535
Provisions made during the year	700	—
Unwind of discount rate	6	2
At December 31,	**1,243**	**537**

A provision of £535,000 was made during 2020 in respect of the Group's obligation to restore alterations made on lease space within one of the Group's leasehold properties. The required work is expected to be completed in 2024 and 2028.

Key uncertainties surrounding the amount and timing of the outflows relate to changes in required restoration costs over the lease term and the timing of exit of the relevant buildings.

Further provisions of £200,000 and £500,000 were made during 2022 in respect of the Group's obligation to restore alterations made during the period on leased spaces in two of the Group's leasehold properties. The required work is expected to be completed in 2026 and 2031 respectively.

26. Other payables

Current other payables

	December 31, 2022	2021
	£'000	**£'000**
Accruals	15,801	5,259
Other payables	814	931
Other taxation and social security	2,830	2,213
Corporation tax	10	6
	19,455	**8,409**

Non-current other payables

	December 31, 2022	2021
	£'000	**£'000**
Other payables	377	—
	377	—

27. Financial instruments

The group holds the following financial instruments:

Financial Assets	December 31, 2022	2021
	£'000	**£'000**
Held at amortised cost		
Trade and other receivables (excluding prepayments and taxes)	6,266	2,280
Cash and cash equivalents	404,577	562,173
Short term bank deposits	101,234	—
Held at fair value through OCI		
Investments held in unquoted equity instruments	2,145	2,145
	514,222	**566,598**

Financial Liabilities	December 31, 2022	2021
	£'000	**£'000**
Held at amortised cost		
Trade and other payables (excluding taxes and contract liabilities and other advances)	47,732	12,479
Loans	313	296
Lease liability	13,583	4,879
Other advances from joint operation partners	9,139	15,486
	70,767	**33,140**

As disclosed throughout the financial statements, management consider fair value to be materially the same as the carrying amount. Other advances relating to amounts received from joint operation partners have been classified as financial liabilities and included within the tables above and below.

27. Financial instruments (continued)

Classification of financial assets at amortised cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- The asset is held within a business model with the objective of collecting the contractual cash flows, and
- the contractual terms give rise on a specified date to cash flows that are solely payments of principal and interest on the principal outstanding.

Nature of financial instruments recognised and measured at fair value

Unlisted equity securities- Shares in GTA

Following the achievement of a development milestone on March 31, 2021, the Group became entitled to receive a number of ordinary shares and preference shares in GTA. These shares represent unlisted equity securities and the Group has taken the election provided within IFRS9 to recognize fair value gains and losses within Other Comprehensive Income (FVOCI) as gains and losses relating to the value of these securities are not considered to be part of the trading activities of the entity.

On July 1, 2021 the rights to a portion of these shares were waived as part of an agreement to enter into a joint arrangement with the Group as further detailed in note 14. The remainder of the shares in question were received on that date.

The Group's current valuation for this investment has been established with reference to the price of third party investment into GTA in the first quarter of 2022, with no adjustment deemed necessary based on our assessment of internal and other market factors throughout the remainder of 2022.

Foreign exchange forward contracts

During the three months ended June 30, 2022 the Group entered into one specific set of foreign exchange transactions, whereby a commitment was made to exchange US dollars for a fixed number of Pounds Sterling at future dates between one and three months from the trade dates based on the estimated future cashflow needs of the Group. All of the transactions were settled within the quarter ended June 30, 2022 for a cumulative loss of £11,287,000. No such transactions were entered subsequent to that date, and the group does not use derivative financial instruments for speculative purposes.

Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the group classifies its financial instruments into the three levels prescribed under the accounting standards as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted marked price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

27. Financial instruments (continued)

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over–the–counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Fair value measurements using significant unobservable inputs (level 3)

	Unlisted equity securities
	£'000
Opening balance as at January 1, 2022	2,145
Acquisitions	—
Loss recognised in other comprehensive income	—
Disposal	—
Closing balance as at December 31, 2022	**2,145**

The group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at December 31, 2022.

There have been no transfers between levels 2 and 3 and changes in valuation techniques during the period.

Risk management objectives

Management identifies and evaluates financial risks on an on-going basis. The principal risks to which the Group is exposed are market risk (including interest rate risk, and cash flow risk), credit risk, and liquidity risk.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. For the Group, market risk comprise of two types of risks; interest rate risk and foreign currency risk.

Foreign currency risk

The Group is exposed to foreign currency exchange risks due to the Group holding foreign currency monetary assets and liabilities which are exposed to exchange rate fluctuations, primarily in relation to foreign currency denominated cash and cash equivalents as well as trade receivables. This risk is assessed on an on-going basis.

27. Financial instruments (continued)

Foreign currency risk (continued)

The Group does not have a policy to use derivative financial instruments to manage currency exchange movements, although they may be used for specific transactions, and as such, no hedge accounting is applied.

The table below illustrates the sensitivity analysis of the Group's reported profit to a 10% increase or decrease in the respective foreign exchange rates to which they are significantly exposed. The sensitivity analysis is calculated on balances outstanding at the year end, with all other variables held constant.

	Change in rate	Effect on profit before tax	Effect on equity
		£'000	£'000
2022			
Change in USD	+10 %	6,290	6,051
	-10 %	(6,290)	(6,051)
Change in EUR	+10 %	165	4,631
	-10 %	(165)	(4,631)
2021			
Change in USD	+10 %	27,236	27,489
	-10 %	(27,236)	(27,489)
Change in EUR	+10 %	195	5,908
	-10 %	(195)	(5,908)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relate to the Group's interest-bearing current accounts. The Group has multiple instant access accounts which are exposed to variable interest rates which total to £370,868,000 (2021: £230,516,000). A sensitivity analysis prepared with a 1% increase or decrease in interest rate with all other variables held constant would lead to an increase or decrease in profit and equity of £3,709,000 (2021: £2,305,000).

The sensitivity analysis has been determined based on the exposure to floating interest rate instruments at the end of the reporting year. The analysis is prepared assuming the amount of the consolidated balance at the end of the reporting year was the balance for the whole year.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash balances (including bank deposits, cash and cash equivalents) and credit exposures to trade receivables.

The Group's maximum exposure to credit risk is represented by the carrying value of cash and cash equivalents and trade and other receivables.

Credit risk is managed by monitoring clients and performing credit checks before accepting any customers and by placing funds with banks with high credit-ratings assigned by international credit-rating agencies.

27. Financial instruments (continued)

Impaired trade receivables

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly.

There have been no impairments during 2022 (2021: £nil).

Expected credit losses

At each reporting date, the Group recognizes a loss allowance for expected credit losses on material balances by applying the simplified approach.

In applying the simplified approach, the Group uses a "probability of default" ("PD") approach, to determine the lifetime expected credit losses. Under the PD approach, the expected credit losses are calculated using three main parameters:

- a counterparty PD;
- expected LGD (loss given default); and
- EAD (expected exposure at default).

In calculating the expected credit loss, the following formula is applied:

Expected Credit Loss (ECL) = PD x LGD x EAD

Based on the nature of the Group's activities and trade receivables being current, management has determined that the expected credit loss on these balances is not material at the reporting date.

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern. The capital structure of the Group consists of issued capital, the share premium account and accumulated losses.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. No significant changes were made in the objectives, policies or processes during the years ended December 31, 2022 and December 31, 2021. The Group does not have any externally imposed capital requirements.As part of the Group's management of capital structure, consideration is given to the cost of capital.

Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or other financial assets. The Group seeks to manage its liquidity risk by ensuring that sufficient liquidity is available to meet its foreseeable needs.

A summary table with maturity of financial assets and liabilities presented below is used by management to manage liquidity risks. The amounts disclosed in the following tables are the contractual undiscounted cash flows with the exception of advances received from joint operation partners, which are based on the Group's best estimate of when the underlying costs to which those advances relate are incurred.

27. Financial instruments (continued)

Liquidity risk (continued)

Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position, as the impact of discounting is not material.

The maturity analysis of financial liabilities at December 31, 2022 is as follows:

	Carrying amount	Demand and less than 3 months	From 3 to 12 months	From 12 months to 2 years	From 2 to 5 years	More than 5 years	Total contractual cash flows
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Liabilities:							
Trade and other payables	(47,732)	(47,355)	—	(377)	—	—	(47,732)
Loans	(313)	(1)	(2)	(2)	(320)	—	(325)
Lease liability	(13,583)	(619)	(2,022)	(2,576)	(7,107)	(3,930)	(16,254)
Other advances from joint operation partners	(9,139)	(1,572)	(6,870)	(697)	—	—	(9,139)
	(70,767)	**(49,547)**	**(8,894)**	**(3,652)**	**(7,427)**	**(3,930)**	**(73,450)**

The maturity analysis of financial liabilities at December 31, 2021 is as follows:

	Carrying amount	Demand and less than 3 months	From 3 to 12 months	From 12 months to 2 years	From 2 to 5 years	More than 5 years	Total contractual cash flows
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Liabilities:							
Trade and other payables	(12,479)	(12,479)	—	—	—	—	(12,479)
Loans	(296)	—	(2)	(2)	(303)	—	(307)
Lease liability	(4,879)	(267)	(808)	(1,117)	(2,694)	(415)	(5,301)
Other advances from joint operation partners	(15,486)	(1,510)	(5,360)	(8,616)	—	—	(15,486)
	(33,140)	**(14,256)**	**(6,170)**	**(9,735)**	**(2,997)**	**(415)**	**(33,573)**

Interest bearing loans and borrowings

As part of the Group's acquisition of Allcyte the group acquired a loan of €353,000 (£300,000) from the FFG. This loan accrues interest at a rate of 0.75% repaid annually and is repayable on September 30, 2026.

27. Financial instruments (continued)

Changes in liabilities arising from financing activities

	At January, 1 2022	Cash flows	Additions	Interest expense	Foreign Exchange	At December 31, 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Interest-bearing loans and borrowings	296	—	—	2	15	313
Lease liabilities	4,879	(1,740)	10,033	298	113	13,583
Total liabilities from financing activities	**5,175**	**(1,740)**	**10,033**	**300**	**128**	**13,896**

	At January, 1 2021	Cash flows	Additions	Interest expense	Foreign Exchange	At December 31, 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Interest-bearing loans and borrowings	—	—	301	1	(6)	296
Lease liabilities	3,438	(881)	2,178	147	(3)	4,879
Total liabilities from financing activities	**3,438**	**(881)**	**2,479**	**148**	**(9)**	**5,175**

Other financial instruments

On June 21, 2022, the Group invested £100,000,000 into a 12-month short term deposit with an F1+ rated UK financial institution. This short term bank deposit accrues interest at a rate of 2.35% and has been classified as a financial asset measured at amortised cost.

The Group also has a number of other financial instruments which are not measured at fair value in the balance sheet consisting of trade receivables, trade and other payables, other loans and lease liabilities. For these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

28. Business Combinations

On August 18, 2021 the Group acquired 100% of the equity shares of Allcyte, a precision medicine biotechnology company incorporated in Austria. The acquisition allows the group to apply Allcyte's technology relating to the high content evaluation of individual patient biology in primary tumour tissues to the Group's target discovery and drug optimisation activities. Following the acquisition Allcyte was merged with the Group's 100% owned subsidiary, Alphaexscientia Beteiligungs GmbH, and the merged entity was renamed as Exscientia GmbH.

28. Business Combinations (continued)

Details of the purchase consideration, the net assets acquired and goodwill created were as follows:

	£'000
Purchase consideration	
Cash paid	19,865
Equity securities issued	13,887
Total purchase consideration	**33,752**

The assets and liabilities recognised as a result of the acquisition were as follows:

	£'000
Pharmacoscopy technology IP (see note 14)	36,078
Property, plant and equipment (see note 15)	373
Right-of-use assets (see note 17)	235
Cash and cash equivalents	1,829
Inventories	177
Trade receivables	176
Other receivables	123
Current tax assets	520
Trade payables	(481)
Loans	(300)
Other payables	(2,843)
Lease liabilities	(220)
Contract liabilities and other advances	(300)
Net deferred tax	(7,502)
Net identifiable assets acquired and liabilities assumed	**27,865**
plus Goodwill	5,887
	33,752

The goodwill is attributable to additional value expected to be derived by the Group from the acquisition, as well as the assembled workforce. None of the goodwill is expected to be deductible for tax purposes.

A net deferred tax liability of £7,502,000 arose on completion of the acquisition which is made up of a deferred tax liability of £8,879,000 in relation to the intangible assets acquired offset by a deferred tax asset of £1,377,000 relating to historical losses incurred by Allcyte prior to the acquisition.

Share clawback

As part of the purchase transaction additional equity securities with a total fair value of £8,074,000 were issued to shareholders of Allcyte who act in management positions of the company. These shares are subject to a clawback period of three years from the acquisition date whereby should said employees leave their positions within the Group within the clawback period the shares will be repurchased by the Group at their then nominal value. The fair value of these securities has been excluded from the purchase consideration in accordance with paragraph B55 of IFRS3 and will be expensed to profit and loss on a systematic basis over the period to which the clawback relates. The total expense recognised within the share based payment charge during the year to December 31, 2022 in relation to these shares in the period is £3,939,000 (2021: £1,824,000) . This expense is included within research and development expenses.

29. Pension commitments

The Group operates a defined contribution retirement benefit schemes for all qualifying employees. The assets of the scheme are held separately from those of the Group in funds under the control of trustees. The total expense recognised for the year ended December 31, 2022 was £1,542,000 (2021: £526,000). Contributions outstanding at the period end were £349,000 (2021: £210,000).

30. Related party transactions

Following the Group's IPO on October 05, 2021 the Group has no related parties in accordance with the IAS 24 definition, and as such there are no disclosable related party transactions during the year ended December 31, 2022 relating to such parties. Prior to the completion of the IPO Evotec AG were deemed to be a related party through the significance of their shareholding in Exscientia plc. During the period from January 1, 2021 to October 05, 2021 the Group had three main arrangements with Evotec AG and its affiliates:

A joint operation set up for the development of three compounds, with each party originally retaining a 50% ownership of the underlying IP. Evotec AG has invoiced the Group £223,000 during the period from January 1, 2021 to October 05, 2021 in relation to this joint operation, of which £nil was outstanding at December 31, 2021. The corresponding expenses related to these amounts are recognised within research and development expenses.

As part of this joint operation, Aptuit (Verona) SRL (an affiliate of Evotec AG) has been engaged to carry out the preclinical toxicology and manufacturing work for the lead compound. The costs of this arrangement are shared equally between Evotec AG and Exscientia AI Limited. The entity has invoiced the Group £724,000 during the period from January 1, 2021 to October 05, 2021, of which £nil was outstanding at December 31, 2021. The corresponding expenses related to these amounts are recognised within research and development expenses.

Exscientia AI Limited has a services arrangement with Evotec, pursuant to which it has engaged Evotec as a contract research organisation to help deliver candidate compounds under its collaboration agreement with Celgene Corporation. The entity has invoiced £9,983,000 during the period from January 1, 2021 to October 05, 2021, of which £nil was outstanding at December 31, 2021. The corresponding expenses related to these amounts are recognised within cost of sales.

The Group has undertaken transactions with its joint venture entity, RE Ventures I, LLC during the years ending December 31, 2022 and 2021:

Additional capital contributions of £242,000, during the year ended December 31, 2022 (2021: £1,424,000).

Research Services Agreement, where RE Ventures I, LLC has engaged Exscientia AI Limited to utilize its proprietary technology on the development of novel compounds. £nil was recognised in revenue for the year ended December 31, 2022 (2021: £330,000).

Research and development costs totalling £302,000 (2021: £145,000) have been recharged to RE Ventures I, LLC, with a further £nil contract assets recognised at December 2022 (2021:£98,000).

31. Share based payments

From April 2022 the Company has issued all share options, performance share options, RSUs and PSUs to employees and non-employee members of the Board of Directors under the *2021 Equity Incentive Plan ("EIP")*. All awards prior to that date were issued under the following legacy plans:

– *Enterprise Management Incentive ("EMI") Scheme*

– *Company Share Ownership Plan ("CSOP")*

– *Unapproved Share Ownership Plan ("USOP")*

Total share-based remuneration expenses (including charges relating to the clawback shares referred to in note 28) amounted to £30,576,000 during the year ended December 31, 2022 (2021: £10,466,000).

The following table represents the share-based payment expense by award type for the year ended December 31, 2022 and 2021:

	Year ended December 31,	
	2022	**2021**
	£'000	**£'000**
Share options	19,959	7,899
Performance share options	2,545	—
PSUs	424	—
RSUs	3,709	743
Clawback shares	3,939	1,824
	30,576	**10,466**

Share options

Share options are granted to employees and non-executive directors of the Group. These options typically vest in tranches over four years, with the only vesting condition relating to continued employment by the Group. Information with respect to share options for the year ended December 31, 2022 is as follows:

	Number of share options	**Weighted average exercise price**
Options held as at January 1, 2022	8,265,900	£0.02
Granted	3,173,725	£0.07
Exercised	(1,407,378)	£0.02
Forfeited/Replaced	(222,459)	£0.02
Options held as at December 31, 2022	**9,809,788**	**£0.04**
Exercisable as at December 31, 2022	**4,744,314**	**£0.02**

31. Share based payments (continued)

Share options (continued)

Share options outstanding as at December 31, 2022 had exercise prices in the range of £0.02 to £0.07 (December 31, 2021: £0.01 to £0.04). The weighted average contractual life for options outstanding as of December 31, 2022 was 7.8 years (December 31, 2021: 7.6 years).

The following information is relevant to the determination of the fair value of the options issued during the period. The Black-Scholes model has been used to calculate the fair value of options of the equity settled share based payments, with the following weighted average values:

Exercise price	£0.07
Expected life	6.0 years
Expected volatility	91.0 %
Risk-free rate	1.83 %
Expected dividend rate	£0.00
Fair value	£10.40

The fair value of the underlying ordinary shares is equal to closing share price at the grant date converted at the prevailing exchange rate at that date. The risk-free rate is determined by reference to the rate of interest obtainable from US Government Bonds over a period commensurate with the expect term of the options. Expected volatility has been derived as the weighted average volatility of comparator companies who have been listed for a period commensurate with the expected term prior to the grant date, and the expected life of the options has been set equal to the mid-point between the vesting date and the expiry date of the award in question.

Performance share options

Performance share options are granted to certain executive officers of the group on an annual basis, and contain market based performance conditions relating to total shareholder return as well as a continued employment vesting requirement. These awards vest in tranches over three years. Information with respect to performance share options for the year ended December 31, 2022 is as follows:

	Number of share options	Weighted average exercise price
Options held as at January 1, 2022	—	—
Granted	877,704	£0.00
Options held as at December 31, 2022	**877,704**	**£0.00**
Exercisable as at December 31, 2022	**—**	**—**

31. Share based payments (continued)

Performance share options (continued)

A Monte Carlo model has been used to calculate the fair value of the performance options as at the grant date, with the following weighted average values for the year ended December 31, 2022:

Exercise price	£0.0005
Expected life	2.6 years
Expected volatility	93.1 %
Risk-free rate	2.60 %
Expected dividend rate	—
Fair value	£9.33

The fair value of the underlying ordinary shares is equal to closing share price at the grant date converted at the prevailing exchange rate at that date. The risk-free rate is determined by reference to the rate of interest obtainable from US Government Bonds over a period commensurate with the expect term of the options. Expected volatility has been derived as the weighted average volatility of comparator companies who have been listed for a period commensurate with the expected term prior to the grant date, and the expected life of the options has been set equal to the mid-point between the vesting date and the expiry date of the award in question.

Performance share units

Performance share units are granted to certain executive officers of the group on an annual basis, and contain market based performance conditions relating to total shareholder return as well as a continued employment vesting requirement. These awards vest in tranches over three years. Information with respect to performance share units for the year ended December 31, 2022 is as follows:

	Number of PSUs
PSUs held as at January 1, 2022	—
Granted	146,285
PSUs held as at December 31, 2022	**146,285**

The weighted average grant date fair value per unit of the PSUs granted in the year to December 31, 2022 was £9.33. The weighted average remaining contractual life of the awards granted was 9.2 years as at December 31, 2022.

A Monte Carlo model has been used to calculate the fair value of the performance share units as at the grant date, with the same model inputs as detailed for the performance share options above.

Restricted share units

The Group operates a RSU scheme, whereby certain employees and directors receive restricted stock units held over Ordinary shares in the Company. These units are non-transferable and subject to forfeiture for periods prescribed by the Company. These awards are valued at the market value of the underlying shares at the date of grant and are subsequently amortised over the periods during which the restrictions lapse, typically four years. The awards expire on the cessation of the participant's employment with the Group.

31. Share based payments (continued)

Restricted share units (continued)

Details of the RSUs in existence during the year to December 31, 2022 are as follows:

	Number of RSUs
RSUs held as at January 1, 2022	931,500
Granted	794,386
Released	(897,048)
Forfeited	(69,142)
RSUs held as at December 31, 2022	**759,696**

Of the RSUs held at January 1, 2022, 600,000 were issued as replacement options for EMI options cancelled during the year ended December 31, 2021. These 600,000 awards were released during the year ended December 31, 2022 via a net settlement arrangement, with 374,887 shares issued and £2,282,000 paid by the Company in order to settle related employee tax obligations. The payment made has been recognised within retained earnings.

The weighted average grant date fair value per unit of the RSUs granted in the year to December 31, 2022 was £10.03. The weighted average remaining contractual life of the awards granted was 8.9 years as at December 31, 2022.

32. Capital commitments

The Group has significant capital expenditure contracted for the end of the reporting period but not recognised as liabilities is as follows:

	December 31, 2022	December 31, 2021
	£'000	£'000
Plant and equipment	8,656	2,065
Computer Equipment	8	0
Fixtures and Fittings	447	—
Leasehold improvements	2,639	1,068
	11,750	**3,133**

Gates Foundation private placement commitment

Concurrent with the Company's IPO on October 5, 2021, the Company completed a private placement to the Gates Foundation for the sale of 1,590,909 ADSs at the initial offering price of $22.00 per ADS, for gross proceeds of approximately $35,000,000 (£25,743,000). Under the terms of the Company's agreement with the Gates Foundation, the Group is committed to spending $70,000,000 over a four-year period to the research, discovery, and development of small molecule anti-infective therapeutics for future pandemic preparedness, with a specific focus on developing therapeutics that can be applied against multiple species of coronaviridae, influenza, and paramyxoviridae (the "Pandemic Preparedness Program").

32. Capital commitments (continued)

Gates Foundation private placement commitment (continued)

The Group had incurred £6,459,000 relating to the Pandemic Preparedness Program as at December 31, 2022 (2021: £793,000), with a total outstanding commitment of £45,027,000 (2021: £51,069,230).

In the event that the Group is in breach of certain terms within the agreement, the Gates Foundation has the right to sell, or require the Group to buy-back any shareholdings in the Group held by the Foundation at the higher of the public offering price and the market value of the shares at the date of default. Should such a breach occur or should the Company enter bankruptcy the Gates Foundation also has the exclusive right to utilise an exclusive global license granted as part of the agreement in relation to any IP generated by the Group pertaining to the Pandemic Preparedness Program for the benefit of people in certain developing countries. The default conditions are within the control of the Group and the license in question cannot be utilised unless such a default occurs or the Group enters bankruptcy. As such no fair value has been assigned to this license.

Lease commitments

The Group entered into two 7 year lease arrangements in relation to laboratory and office space in Vienna, Austria on September 3, 2021. The lease term for the office space commenced on December 01, 2022, with the lease arrangement for the laboratory space commencing on January 26, 2023. Total minimum lease commitments of £3,224,000 are payable under the arrangement for the laboratory space.

On July 1, 2022 the Group entered into a lease arrangement in relation to premises in Boston, Mass., United States of America. The lease arrangement in question commences on January 1, 2023 and expires on January 1, 2033, and total minimum lease commitments of £4,021,000 are payable under this arrangement.

On December, 22 the Group entered into a lease arrangement in relation to premises in Miami, United States of America. The lease arrangement in question commences on September 1, 2023 and expires on June 1, 2034, and total minimum lease commitments of £2,966,000 are payable under this arrangement.

33. Ultimate Parent and Controlling party

Exscientia plc is the ultimate parent company of the Group. There is no ultimate controlling party.

34. Events occurring after the reporting period

No events have occurred subsequent to the end of the reporting period as of the date of this filing that require disclosure.

Exhibit 2.4

DESCRIPTION OF SHARE CAPITAL AND ARTICLES OF ASSOCIATION

Set forth below is a summary of certain information concerning our share capital as well as a description of certain provisions of our articles of association and relevant provisions of the Companies Act, together with a summary of certain differences in corporate law in the United Kingdom and Delaware. The summary below contains only material information concerning our share capital and corporate status and does not purport to be complete and is qualified in its entirety by reference to our articles of association as currently in effect and applicable English law.

General

We are a public limited company, originally incorporated pursuant to the laws of England and Wales in June 2021 as a private limited company named Exscientia Holdings Limited, with nominal assets and liabilities for the purpose of becoming the ultimate holding company for Exscientia AI Limited (formerly Exscientia Limited) and consummating the corporate reorganization described below. Exscientia AI Limited was incorporated under the laws of Scotland in July 2012. On August 18, 2021 we changed our name to Exscientia Limited and Exscientia Limited changed its name to Exscientia AI Limited. On September 22, 2021, we were re-registered as a public limited company with the name Exscientia plc.

Prior to the completion of our initial public offering, we undertook a corporate reorganization pursuant to which we acquired all the issued shares in Exscientia AI Limited in consideration for the issue by us of newly issued shares of the same class, and with the same rights attaching thereto, and, as a result, Exscientia AI Limited became our wholly-owned subsidiary. We also incorporated a new wholly-owned subsidiary under the laws of England and Wales, named Exscientia (UK) Holdings Limited, that acquired all the issued shares in Exscientia AI Limited from us in consideration for the issue of an additional share in Exscientia (UK) Holdings Limited to us and, as a result, Exscientia (UK) Holdings Limited became the direct holding company of Exscientia AI Limited.

Our registered office in the United Kingdom is located at The Schrödinger Building, Oxford Science Park, Oxford OX4 4GE, United Kingdom, and the telephone number of our registered office is +44 (0)1865 818941.

Issued Share Capital

As of December 31, 2022, we had 122,963,545 ordinary shares outstanding, with a nominal value of £0.0005 per ordinary share. Each issued ordinary share is fully paid.

Ordinary Shares

The following summarizes the rights of holders of our ordinary shares:

a. each holder of our ordinary shares is entitled to one vote per ordinary share on all matters to be voted on by shareholders generally;
b. the holders of our ordinary shares shall be entitled to receive notice of, attend, speak and vote at our general meetings; and
c. the holders of our ordinary shares are entitled to receive such dividends as are recommended by our directors and declared by our shareholders.

See also "— Articles of Association" below.

RSUs, PSUs and Options

As of December 31, 2022, there were 759,696 RSUs and 146,285 PSUs outstanding, in addition to options to purchase 10,687,492 ordinary shares outstanding with a weighted average exercise price of £0.04 per ordinary share.

Register of Members

We are required by the Companies Act to keep a register of our shareholders. Under the laws of England and Wales, the ordinary shares are deemed to be issued when the name of the shareholder is entered in our register of members. The register of members therefore is prima facie evidence of the identity of our shareholders, and the shares that they hold. The register of members generally provides limited, or no, information regarding the ultimate beneficial owners of our ordinary shares. Our register of members is maintained by our registrar, Computershare Investor Services plc.

Holders of our ADSs are not treated as one of our shareholders and their names are therefore not entered in our register of members. The depositary, the custodian or their nominees are the holder of the ordinary shares underlying our ADSs. Holders of our ADSs have a right to receive the ordinary shares underlying their ADSs.

Under the Companies Act, we must enter an allotment of shares in our register of members as soon as practicable and in any event within two months of the allotment. We also are required by the Companies Act to register a transfer of shares (or give the transferee notice of and reasons for refusal) as soon as practicable and in any event within two months of receiving notice of the transfer.

We, any of our shareholders or any other affected person, may apply to the court for rectification of the register of members if:

a. the name of any person, without sufficient cause, is wrongly entered in or omitted from our register of members; or
b. there is a default or unnecessary delay in entering on the register the fact of any person having ceased to be a member or on which we have a lien, provided that such refusal does not prevent dealings in the shares taking place on an open and proper basis.

Registration Rights

We and certain holders of our ordinary shares have entered into a registration rights agreement that provides the following registration rights:

a. Demand Registration on Form F-1: Each holder shall be entitled to demand registrations on Form F-1, provided that these demand registration rights may only be exercised by holders who hold, in the aggregate, not less than 50% of the aggregate number of shares then outstanding and held by all holders who are party to the agreement, and provided further that the we shall not be required to effect a demand registration statement after we have effected two demand registration statements, and such registration statements have been declared or ordered effective.
b. Demand Registration on Form F-3: Each holder shall be entitled to unlimited demand registrations on Form F-3, if we are eligible to register shares on Form F-3, provided that these demand registration rights may only be exercised by holders who hold, in the aggregate, not less than 10% of the aggregate number of shares then outstanding and held by all holders who are party to the agreement. These demand registration rights may not be exercised more than twice in any twelve-month period.
c. Piggyback Registration: Each holder shall be entitled to piggyback registration rights, subject, in the case of an underwritten offering, to customary reductions by the underwriter, provided that the aggregate number of securities of the holders included in the registration may not be reduced to less than 30% of the total number of securities registered.
d. Expenses: We will pay all registration expenses relating to the exercise of the registration rights above, including the reasonable fees and expenses of legal counsel to the participating holders up to a maximum of $60,000 in the aggregate per registration.

Preemptive Rights

The laws of England and Wales generally provide shareholders with preemptive rights when new shares are issued for cash; however, it is possible for the articles of association, or shareholders at a general meeting representing at least 75% of our ordinary shares present (in person or by proxy) and voting at that general meeting, to disapply these preemptive rights. Such a disapplication of preemptive rights may be for a maximum period of up to five years from the date of adoption of the articles of association, if the disapplication is contained in the articles of association, or from the date of the shareholder resolution, if the disapplication is by shareholder resolution. In either case, this disapplication would need to be renewed by our shareholders upon its expiration (*i.e.*, at least every five years) to be effective.

On September 15, 2021, our shareholders authorized our board of directors to disapply preemptive rights on the allotment of new shares for cash for a period of five years up to an aggregate nominal amount of £200,000. This disapplication (to the extent unutilized) remains effective until 2026.

Exhibit 2.4

Articles of Association
The following is a summary of certain key provisions of our articles of association, which were adopted by a special resolution of our shareholders passed in September 2021. Please note that this is only a summary and is not intended to be exhaustive.

The articles of association contain, among other things, provisions to the following effect:

Objects
The objects of the Company are unrestricted.

Share Rights
Subject to the Companies Act and any rights attaching to shares already in issue, our shares may be issued with or have attached to them any rights and restrictions as we may by ordinary resolution of the shareholders determine or, in the absence of any such determination, as our board of directors may determine.

Voting Rights
Subject to any rights or restrictions attached to any shares from time to time, the general voting rights attaching to shares are as follows:

a. any resolution put to the vote of a general meeting must be decided exclusively on a poll; on a poll, every shareholder who is present in person or by proxy or corporate representative shall have one vote for each share of which they are the holder. A shareholder entitled to more than one vote need not, if they vote, use all their votes or cast all the votes in the same way; and
b. if two or more persons are joint holders of a share, then in voting on any question the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names of the holders stand in the share register.

Restrictions on Voting
No shareholder shall be entitled to vote at any general meeting or at any separate class meeting in respect of any share held by him unless all calls or other sums payable by him in respect of that share have been paid.
The board of directors may from time to time make calls upon the shareholders in respect of any money unpaid on their shares and each shareholder shall (subject to at least 14 clear days' notice specifying the time or times and place of payment) pay at the time or times so specified the amount called on their shares.

Dividends
We may, subject to the provisions of the Companies Act and the articles of association, by ordinary resolution of shareholders declare dividends out of profits available for distribution in accordance with the respective rights of shareholders, but no such dividend shall exceed the amount recommended by the board of directors.

The board of directors may from time to time pay shareholders such interim dividends as appears to the board to be justified by the profits available for distribution (including any dividends at a fixed rate). If the share capital is divided into different classes, the board of directors may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.

The board of directors may deduct from any dividend or other money payable to any person on or in respect of a share all such sums as may be due from such shareholder to the Company on account of calls or otherwise in relation to the shares of the Company. Sums so deducted can be used to pay amounts owing to the Company in respect of the shares.

Subject to any special rights attaching to or the terms of issue of any share, no dividend or other moneys payable by us on or in respect of any share shall bear interest against us. Any dividend unclaimed after a period of 12 years from the date such dividend became due for payment shall be forfeited and shall revert to us.

Dividends may be declared or paid in any currency and the board may decide the rate of exchange for any currency conversions that may be required, and how any costs involved are to be met.

The board of directors may, by ordinary resolution of the Company, direct (or in the case of an interim dividend may without the authority of an ordinary resolution direct) that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways.

Change of Control
There is no specific provision in our articles of association that would have the effect of delaying, deferring or preventing a change of control.

Distributions on Winding Up
On a winding up, the liquidator may, with the sanction of a special resolution of shareholders and any other sanction required by law, divide among the shareholders in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the shareholders as he may with the like sanction determine, but no shareholder shall be compelled to accept any assets upon which there is a liability.

Variation of Rights
All or any of the rights and restrictions attached to any class of shares issued may be varied or abrogated with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class (excluding any shares held as treasury shares) or by special resolution passed at a separate general meeting of the holders of such shares, subject to the Companies Act and the terms of their issue. The Companies Act provides a right to object to the variation of the share capital by the shareholders who did not vote in favour of the variation. Should an aggregate of not less than 15% of the shareholders of the issued shares in question apply to the court to have the variation cancelled, the variation shall have no effect unless and until it is confirmed by the court.

Alteration to Share Capital
We may, by ordinary resolution of shareholders, consolidate all or any of our share capital into shares of larger amount than our existing shares, or sub-divide our shares or any of them into shares of a smaller amount. We may, by special resolution of shareholders, confirmed by the court, reduce our share capital or any capital redemption reserve or any share premium account in any manner authorised by the Companies Act. We may redeem or purchase all or any of our shares as described in "— Other English Law Considerations — Purchase of Own Shares".

Allotment of Shares and Preemption Rights
Subject to the Companies Act and to any rights attached to existing shares, any share may be issued with or have attached to it such rights and restrictions as we may by ordinary resolution determine, or if no ordinary resolution has been passed or so far as the resolution does not make specific provision, as our board of directors may determine (including shares which are to be redeemed, or are liable to be redeemed at our option or the holder of such shares).
In accordance with section 551 of the Companies Act, the board of directors may be generally and unconditionally authorised to exercise for each prescribed period of up to five years all the powers of the Company to allot shares or grant rights to subscribe for or to convert any security into shares up to an aggregate nominal amount equal to the amount stated in the relevant ordinary resolution authorizing such allotment.

On September 15, 2021, our shareholders granted our board of directors the authority to allot shares or grant rights to subscribe for, or to convert any security into, shares for a period of five years up to an aggregate nominal amount of £200,000. This authority (to the extent unutilized) remains effective until 2026.

In certain circumstances, our shareholders may have statutory preemptive rights under the Companies Act in respect of the allotment of new shares as described in "— Preemptive Rights" and "— Differences in Corporate Law — Preemptive Rights" in this document.

Transfer of Shares
Any shareholder holding shares in certificated form may transfer all or any of his shares by an instrument of transfer in any usual or common form or in any other manner which is permitted by the Companies Act and approved by the board. Any written instrument of transfer shall be signed by or on behalf of the transferor and (in the case of a share which is not fully paid up) the transferee.

All transfers of uncertificated shares shall be made in accordance with and subject to the provisions of the Uncertificated Securities Regulations 2001 and the facilities and requirements of its relevant system. The Uncertificated Securities Regulations 2001 permit shares to be issued and held in uncertificated form and transferred by means of a computer-based system.

The board of directors may, in its absolute discretion, decline to register any transfer of any share in certificated form unless:

a. it is for a share which is fully paid up;
b. it is for a share upon which the Company has no lien;
c. it is only for one class of share;
d. it is in favour of a single transferee or no more than four joint transferees;
e. it is duly stamped or is duly certificated or otherwise shown to the satisfaction of the board to be exempt from stamp duty (if this is required); and
f. it is delivered for registration to our registered office (or such other place as the board may determine), accompanied (except in the case of a transfer by a person to whom the Company is not required by law to issue a certificate and to whom a certificate has not been issued or in the case of a renunciation) by the certificate for the shares to which it relates and such other evidence as the board may reasonably require to prove the title of the transferor (or person renouncing) and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so.

The board of directors may decline to register a transfer of uncertificated shares in any circumstances that are allowed or required by the Uncertificated Securities Regulations 2001 and the requirements of its relevant system.
If the board of directors declines to register a transfer it shall, as soon as practicable and in any event within two months after the date on which the transfer is lodged, send to the transferee notice of the refusal, together with reasons for the refusal or, in the case of uncertified shares, notify such persons as may be required by the Uncertified Securities Regulations 2001 and the requirements of the relevant system concerned.

Our board of directors shall not refuse to register any transfer of partly paid shares in respect of which ADSs are admitted to Nasdaq on the grounds that they are partly paid shares in circumstances where such refusal would prevent dealings in such shares from taking place on an open and proper basis.

Annual General Meetings
In accordance with the Companies Act, we are required in each year to hold an annual general meeting in addition to any other general meetings in that year and to specify the meeting as such in the notice convening it. The annual general meeting shall be convened whenever and wherever the board sees fit, subject to the requirements of the Companies Act, as described in "— Differences in Corporate Law — Annual General Meeting" and "— Differences in Corporate Law — Notice of General Meetings" in this document.

Notice of General Meetings
The arrangements for the calling of general meetings are described in "— Differences in Corporate Law — Notice of General Meetings" in this document.

Quorum of General Meetings

No business shall be transacted at any general meeting unless a quorum is present. At least two shareholders present in person or by proxy and entitled to vote shall be a quorum for all purposes.

Class Meetings

The provisions in our articles of association relating to general meetings apply to every separate general meeting of the holders of a class of shares except that:

a. the quorum for such class meeting shall be two holders in person or by proxy representing not less than one-third in nominal value of the issued shares of the class (excluding any shares held in treasury); and
b. if at any adjourned meeting of such holders a quorum is not present at the meeting, one holder of shares of the class present in person or by proxy at an adjourned meeting constitutes a quorum.

Number of Directors

We may not have less than two directors or more than fifteen directors on the board of directors. We may, by ordinary resolution of the shareholders, vary the minimum and/or maximum number of directors from time to time.

Appointment of Directors, Classification and Reappointment of Directors

Subject to our articles of association and the Companies Act, the company may by ordinary resolution appoint a person who is willing to act as a director and the board of directors shall have power at any time to appoint any person who is willing to act as a director, in both cases either to fill a vacancy or as an addition to the existing board of directors, provided the total number of directors shall not exceed the maximum number of fifteen.

Our articles of association provide that our board of directors is divided into three classes, each of which will consist, as nearly as possible, of one-third of the total number of directors constituting our entire board and which will serve staggered three-year terms. At each annual general meeting, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual general meeting following election. Directors of the class retiring at the annual general meeting shall be eligible for re-appointment by ordinary resolution at such annual general meeting.

Directors' Interests

The directors may authorise, to the fullest extent permitted by law, any matter or situation proposed to them which would otherwise result in a director infringing his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with our interests. A director shall not, save as otherwise agreed by him, be accountable to us for any remuneration, profit or other benefit which he derives from any matter authorised by the directors or by the shareholders in general meeting and no contract shall be liable to be avoided on any such grounds.

Subject to the requirements under sections 175, 177 and 182 of the Companies Act, a director who is any way, whether directly or indirectly, interested in a proposed or existing transaction or arrangement with us shall declare the nature of his interest at a meeting of the directors.

A director shall not vote in respect of any transactions or, arrangement with the Company in which he has an interest, and which may reasonably be regarded as likely to give rise to a conflict of interest. A director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

A director shall be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:

a. the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of our company or any of our subsidiary undertakings;
b. the giving of any guarantee, security or indemnity in respect of a debt or obligation of our company or any of our subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

c. any proposal or contract relating to an offer of securities of or by our company or any of our subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
d. any arrangement involving any other company if the director (together with any person connected with him) has an interest of any kind in that company (including an interest by holding any position in that company or by being a member of that company), unless he is to his knowledge (either directly or indirectly) the holder of or beneficially interested in one per cent or more of any class of the equity share capital of that company (calculated exclusive of any shares of that class in that company held as treasury shares) or of the voting rights available to members of that company;
e. any arrangement for the benefit of employees of our company or any of our subsidiary undertakings which only gives him benefits which are also generally given to employees to whom the arrangement relates;
f. any contract relating to insurance which our company is to buy or renew for the benefit of the directors or a group of people which includes directors; and
g. a contract relating to a pension, superannuation or similar scheme or a retirement, death, disability benefits scheme or employees' share scheme which gives the director benefits which are also generally given to the employees to whom the scheme relates. If a question arises at a meeting of the board or of a committee of the board as to the right of a director to vote or be counted in the quorum, and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, the question shall be determined by the Chairman and his ruling in relation to any director other than himself shall be final and conclusive except in a case where the nature or extent of the interest of the director concerned has not been fairly disclosed. If the question arises about the Chairman, the question must be directed to the directors. The Chairman cannot vote on the question but can be counted in the quorum. The directors' resolution about the chairman is final and conclusive, unless the nature and extent of the Chairman's interests have not been fairly disclosed to the directors.

Directors' Fees and Remuneration
Each of the directors shall be paid a fee at such rate as may from time to time be determined by the board (or for the avoidance of doubt any duly authorised committee of the board) provided that the aggregate of all such fees so paid to directors shall not exceed $2,500,000 per annum, or such higher amount as may from time to time be determined by ordinary resolution of the shareholders.

Each director may be paid his reasonable travelling, hotel and other expenses of attending and returning from meetings of the board or committees of the board or general meetings or separate meetings of the holders of any class of shares or of debentures and shall be paid all expenses properly incurred by him in the conduct of the Company's business.

Any director who is appointed to any executive office or who serves on any committee or who devotes special attention to the business of our company, or who otherwise performs services which in the opinion of the directors are outside the scope of the ordinary duties of a director, may be paid such extra remuneration by way of salary, commissions, participation in profits or otherwise as the directors may determine.

Borrowing Powers
Subject to our articles of association and the Companies Act, the board of directors may exercise all the powers to borrow money, provide any indemnity or guarantee and to mortgage or charge our undertaking, property and assets (present or future) and uncalled capital or any part thereof, to create and issue debentures and other securities and to give security, whether outright or as collateral security for any debt, liability or obligation of us or of any third party.

Indemnity
Every director or other office of our group may be indemnified against all costs, charges, expenses, losses and liabilities sustained or incurred by them in connection with that director's or officer's duties or powers in relation to the Company or other members of our group.

Other Relevant English Law Considerations

Mandatory Bid

We believe that, at the date of this document, our place of central management and control is not, and is not expected to be, in the United Kingdom (or the Channel Islands or the Isle of Man) for the purposes of the jurisdictional criteria of the Takeover Code. Accordingly, we believe that following re-registration as a public company we are not subject to the Takeover Code and, as a result, our shareholders are not entitled to benefit from certain takeover offer protections provided under the Takeover Code, including the rules regarding mandatory takeover bids (a summary of which is set out below). In the event that this changes, or if the interpretation or application of the Takeover Code by the Takeover Panel changes (including changes to the way in which the Takeover Panel assesses the application of the Takeover Code to English companies whose shares are listed outside the United Kingdom), the Takeover Code may apply to us in the future.

Under the Takeover Code, where:

a. any person, together with persons acting in concert with him, acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which he is already interested, and in which persons acting in concert with him are interested) carry 30% or more of the voting rights of a company; or
b. any person who, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30% of the voting rights of a company but does not hold shares carrying more than 50% of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested,

such person shall, except in limited circumstances, be obliged to extend offers, on the basis set out in Rules 9.3, 9.4 and 9.5 of the Takeover Code, to the holders of any class of equity share capital, whether voting or non-voting, and also to the holders of any other class of transferable securities carrying voting rights. Offers for different classes of equity share capital must be comparable; the Takeover Panel should be consulted in advance in such cases.

An offer under Rule 9 of the Takeover Code must be in cash and at the highest price paid for any interest in the shares by the person required to make an offer or any person acting in concert with him during the 12 months prior to the announcement of the offer.

Under the Takeover Code, a "concert party" arises where persons acting together pursuant to an agreement or understanding (whether formal or informal and whether or not in writing) actively cooperate, through the acquisition by them of an interest in shares in a company, to obtain or consolidate control of the company. "Control" means holding, or aggregate holdings, of an interest in shares carrying 30% or more of the voting rights of the company, irrespective of whether the holding or holdings give de facto control.

Mandatory Purchases and Acquisitions

Pursuant to Sections 979 to 991 of the Companies Act, where a takeover offer has been made for us and the offeror has acquired or unconditionally contracted to acquire not less than 90% in value of the shares to which the offer relates and not less than 90% of the voting rights carried by those shares, the offeror may give notice to the holder of any shares to which the offer relates which the offeror has not acquired or unconditionally contracted to acquire that he wishes to acquire, and is entitled to so acquire, those shares on the same terms as the general offer. The offeror would do so by sending a notice to the outstanding minority shareholders telling them that it will compulsorily acquire their shares.

Such notice must be sent within three months of the last day on which the offer can be accepted in the prescribed manner or if earlier, and the offer is not one to which section 943(1) of the Companies Act applies, within the period of six months beginning with the date of the offer. The squeeze out of the minority shareholders can be completed at the end of six weeks from the date the notice has been given, subject to the minority shareholders failing to successfully lodge an application to the court to prevent such squeeze out any time prior to the end of those six weeks following which the offeror can execute a transfer of the outstanding shares in its favour and pay the consideration to us, which would hold the consideration on trust for the outstanding minority shareholders. The consideration offered to the outstanding minority shareholders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

Sell Out
The Companies Act also gives our minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer for all of our shares. The holder of shares to which the offer relates, and who has not otherwise accepted the offer, may require the offeror to acquire his shares if, prior to the expiry of the acceptance period for such offer, (1) the offeror has acquired or unconditionally agreed to acquire not less than 90% in value of the voting shares and (2) not less than 90% of the voting rights carried by those shares. The offeror may impose a time limit on the rights of minority shareholders to be bought out that is not less than three months after the end of the acceptance period. If a shareholder exercises his rights to be bought out, the offeror is required to acquire those shares on the terms of this offer or on such other terms as may be agreed.

Disclosure of Interest in Shares
Pursuant to Part 22 of the Companies Act and our articles of association, we are empowered by notice in writing to any person whom we know or have reasonable cause to believe to be interested in our shares, or at any time during the three years immediately preceding the date on which the notice is issued has been so interested, within a reasonable time to disclose to us particulars of that person's interest and (so far as is within his knowledge) particulars of any other interest that subsists or subsisted in those shares.

Under our articles of association, if a person defaults in supplying us with the required particulars in relation to the shares in question, or default shares, within the prescribed period, the directors may by notice direct that:

a. in respect of the default shares, the relevant shareholder shall not be entitled to vote (either in person or by representative or proxy) at any general meeting or to exercise any other right conferred by a shareholding in relation to general meetings; and
b. where the default shares represent at least 0.25% in nominal value of the issued shares of their class, (a) any dividend or other money payable in respect of the default shares shall be retained by us without liability to pay interest and/or (b) no transfers by the relevant shareholder of any default shares may be registered (unless the shareholder himself is not in default and the shareholder provides a certificate, in a form satisfactory to the directors, to the effect that after due and careful enquiry the shareholder is satisfied that none of the shares to be transferred are default shares).

Purchase of Own Shares
Under the laws of England and Wales, a public limited company may only purchase its own shares out of the distributable profits of the Company or the proceeds of a fresh issue of shares made for the purpose of financing the purchase, subject to complying with procedural requirements under the Companies Act and provided that they are not restricted from doing so by their articles of association. A public limited company may not purchase its own shares if, as a result of the purchase, there would no longer be any issued shares of the Company other than redeemable shares or shares held as treasury shares. Shares must be fully paid to be repurchased.

Any such purchase will be either a "market purchase" or "off market purchase", each as defined in the Companies Act. A "market purchase" is a purchase made on a "recognised investment exchange" (other than an overseas exchange) as defined in the U.K. Financial Services and Markets Act 2000, as amended, or FSMA. An "off market purchase" is a purchase that is not made on a "recognised investment exchange". Both "market purchases" and "off market purchases" require prior shareholder approval by way of an ordinary resolution. In the case of an "off market purchase", a company's shareholders, other than the shareholders from whom the company is purchasing shares, must approve the terms of the contract to purchase shares and in the case of a "market purchase", the shareholders must approve the maximum number of shares that can be purchased and the maximum and minimum prices to be paid by the company. Both resolutions authorizing "market purchases" and "off-market purchases" must specify a date, not later than five years after the passing of the resolution, on which the authority to purchase is to expire.

A share buy-back by a company of its shares will give rise to U.K. stamp duty reserve tax and stamp duty at the rate of 0.5% of the amount or value of the consideration payable by the company (rounded up to the next £5.00), and such stamp duty reserve tax or stamp duty will be paid by the company. The charge to U.K. stamp duty reserve tax will be cancelled or, if already paid, repaid (generally with interest), where a transfer instrument for U.K. stamp duty

purposes has been duly stamped within six years of the charge arising (either by paying the U.K. stamp duty or by claiming an appropriate relief) or if the instrument is otherwise exempt from U.K. stamp duty.

Nasdaq is an "overseas exchange" for the purposes of the Companies Act and does not fall within the definition of a "recognised investment exchange" for the purposes of FSMA and any purchase made by us would need to comply with the procedural requirements under the Companies Act that regulate "off market purchases".
Our shareholders have approved the form of a share repurchase contract in respect of a proposed "off market purchase" by us of certain shares in our share capital held by the Gates Foundation, with such contract to be entered into by us and the Gates Foundation on a future date. This is to enable us to comply with our obligations in the event we are required to repurchase for cash all of the Gates Foundation's shares pursuant to our global access agreement with the Gates Foundation.

At our annual general meeting held on May 18, 2022, our shareholders approved the forms of share repurchase contracts and counterparties with whom such contracts may be entered into for the purpose of making repurchases of our ordinary shares (including ordinary shares represented by ADSs). These approvals are valid for five years. To date, we have not entered into any share repurchase contract with a counterparty.

On June 27, 2022, we repurchased the 324,121 deferred shares outstanding in exchange for an aggregate consideration of £1.00 and cancelled the deferred shares on that date.

Our articles of association do not have conditions governing changes to our capital which are more stringent than those required by law.

Distributions and Dividends
Under the Companies Act, before a company can lawfully make a distribution or dividend, it must ensure that it has sufficient distributable reserves (on a non-consolidated basis). The basic rule is that a company's profits available for the purpose of making a distribution are its accumulated, realised profits, so far as not previously utilised by distribution or capitalisation, less its accumulated, realised losses, so far as not previously written off in a reduction or reorganisation of capital duly made. The requirement to have sufficient distributable reserves before a distribution or dividend can be paid applies to us and to each of our subsidiaries that has been incorporated under the laws of England and Wales.

It is not sufficient that we, as a public limited company, have made a distributable profit for the purpose of making a distribution. An additional capital maintenance requirement is imposed on us to ensure that the net worth of the Company is at least equal to the amount of its capital. A public limited company can only make a distribution:

a. if, at the time that the distribution is made, the amount of its net assets (that is, the total excess of assets over liabilities) is not less than the total of its called-up share capital and undistributable reserves; and
b. if, and to the extent that, the distribution itself, at the time that it is made, does not reduce the amount of the net assets to less than that total.

Shareholder Rights
Certain rights granted under the Companies Act, including the right to requisition a general meeting or require a resolution to be put to shareholders at the annual general meeting, are only available to our shareholders. For English law purposes, our shareholders are the persons who are registered as the owners of the legal title to the shares and whose names are recorded in our share register. If a person who holds their ADSs in DTC wishes to exercise certain of the rights granted under the Companies Act, they may be required to first take steps to withdraw their ADSs from the settlement system operated by DTC and become the registered holder of the shares in our share register. A withdrawal of shares from DTC may have tax implications.

Exchange Controls
There are no governmental laws, decrees, regulations or other legislation in the United Kingdom that may affect the import or export of capital, including the availability of cash and cash equivalents for use by us, or that may affect the remittance of dividends, interest or other payments by us to non-resident holders of our ordinary shares or ADSs

representing our ordinary shares, other than withholding tax requirements. There is no limitation imposed by the laws of England and Wales or in the articles of association on the right of non-residents to hold or vote shares.

Differences in Corporate Law

The applicable provisions of the Companies Act differ from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of certain differences between the provisions of the Companies Act applicable to us and the General Corporation Law of the State of Delaware relating to shareholders' rights and protections. This summary is not intended to be a complete discussion of the respective rights and it is qualified in its entirety by reference to Delaware law and the laws of England and Wales.

	England and Wales	**Delaware**
Number of Directors	Under the Companies Act, a public limited company must have at least two directors and the number of directors may be fixed by or in the manner provided in a company's articles of association.	Under Delaware law, a corporation must have at least one director and the number of directors shall be fixed by or in the manner provided in the bylaws.
Removal of Directors	Under the Companies Act, shareholders may remove a director without cause by an ordinary resolution (which is passed by a simple majority of those voting in person or by proxy at a general meeting) irrespective of any provisions of any service contract the director has with the Company, provided 28 clear days' notice of the resolution has been given to the Company and its shareholders. On receipt of notice of an intended resolution to remove a director, the Company must forthwith send a copy of the notice to the director concerned. Certain other procedural requirements under the. Companies Act must also be followed such as allowing the director to make representations against his or her removal either at the meeting or in writing.	Under Delaware law, any director or the entire board of directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors, except (a) unless the certificate of incorporation provides otherwise, in the case of a corporation whose board of directors is classified, shareholders may effect such removal only for cause or (b) in the case of a corporation having cumulative voting, if less than the entire board of directors is to be removed, no director may be removed without cause if the votes cast against his removal would be sufficient to elect him if then cumulatively voted at an election of the entire board of directors, or, if there are classes of directors, at an election of the class of directors of which he is a part.
Vacancies on the Board of Directors	Under the laws of England and Wales, the procedure by which directors, other than a company's initial directors, are appointed is generally set out in a company's articles of association, provided that where two or more persons are appointed as directors of a public limited company by resolution of the shareholders, resolutions appointing each director must be voted on individually unless a resolution has first been unanimously passed confirming that a single resolution appointing two or more directors may be tabled at that meeting.	Under Delaware law, vacancies and newly created directorships may be filled by a majority of the directors then in office (even though less than a quorum) or by a sole remaining director unless (a) otherwise provided in the certificate of incorporation or by-laws of the corporation or (b) the certificate of incorporation directs that a particular class of stock is to elect such director, in which case a majority of the other directors elected by such class, or a sole remaining director elected by such class, will fill such vacancy.

Annual General Meeting	Under the Companies Act, a public limited company must hold an annual general meeting in each six-month period following its annual accounting reference date.	Under Delaware law, the annual meeting of stockholders shall be held at such place, on such date and at such time as may be designated from time to time by the board of directors or as provided in the certificate of incorporation or by the bylaws.
General Meeting	Under the Companies Act, a general meeting of the shareholders of a public limited company may be called by the directors. Shareholders holding at least 5% of the paid-up capital of the Company carrying voting rights at general meetings (excluding any paid up capital held as treasury shares) can require the directors to call a general meeting and, if the directors fail to do so within a certain period, may themselves (or any of them representing more than one half of the total voting rights of all of them) convene a general meeting.	Under Delaware law, special meetings of the stockholders may be called by the board of directors or by such person or persons as may be authorised by the certificate of incorporation or by the bylaws.
Notice of General Meetings	Subject to a company's articles of association providing for a longer period, under the Companies Act, 21 clear days' notice must be given for an annual general meeting and any resolutions to be proposed at the meeting. Subject to a company's articles of association providing for a longer period, at least 14 clear days' notice is required for any other general meeting. In addition, certain matters, such as the removal of directors or auditors, require special notice, which is 28 clear days' notice. The shareholders of a company (that is not a "traded company", as such term is defined in Part 13 of the Companies Act) may in all cases consent to a shorter notice period, the proportion of shareholders' consent required being 100% of those entitled to attend and vote in the case of an annual general meeting and, in the case of any other general meeting, a majority in number of the members having a right to attend and vote at the meeting, being a majority who together hold not less than 95% in nominal value of the shares giving a right to attend and vote at the meeting.	Under Delaware law, unless otherwise provided in the certificate of incorporation or bylaws, written notice of any meeting of the stockholders must be given to each stockholder entitled to vote at the meeting not less than 10 nor more than 60 days before the date of the meeting and shall specify the place, date, hour and purpose or purposes of the meeting.

Quorum	Subject to the provisions of a company's articles of association, the Companies Act provides that two shareholders present at a meeting (in person, by proxy or authorised representative under the Companies Act) shall constitute a quorum for companies with more than one shareholder.	The certificate of incorporation or bylaws may specify the number of shares, the holders of which shall be present or represented by proxy at any meeting to constitute a quorum, but in no event shall a quorum consist of less than one third of the shares entitled to vote at the meeting. In the absence of such specification in the certificate of incorporation or bylaws, a majority of the shares entitled to vote, present in person or represented by proxy, shall constitute a quorum at a meeting of stockholders.
Proxy	Under the Companies Act, at any meeting of shareholders, a shareholder may designate another person to attend, speak and vote at the meeting on their behalf by proxy.	Under Delaware law, at any meeting of stockholders, a stockholder may designate another person to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A director of a Delaware corporation may not issue a proxy representing the director's voting rights as a director.
Preemptive Rights	Under the Companies Act, "equity securities", being (1) shares in the Company other than shares that, with respect to dividends and capital, carry a right to participate only up to a specified amount in a distribution, referred to as "ordinary shares" or (2) rights to subscribe for, or to convert securities into, ordinary shares, proposed to be allotted for cash must be offered first to the existing equity shareholders in the Company in proportion to the respective nominal value of their holdings, unless an exception applies or a special resolution to the contrary has been passed by shareholders in a general meeting or the articles of association provide otherwise in each case in accordance with the provisions of the Companies Act.	Under Delaware law, shareholders have no preemptive rights to subscribe to additional issues of stock or to any security convertible into such stock unless, and except to the extent that, such rights are expressly provided for in the certificate of incorporation.

Authority to Allot	Under the Companies Act, the directors of a company must not allot shares or grant rights to subscribe for or to convert any security into shares unless an exception applies or an ordinary resolution to the contrary has been passed by shareholders in a general meeting or the articles of association provide otherwise in each case in accordance with the provisions of the Companies Act.	Under Delaware law, if the corporation's charter or certificate of incorporation so provides, the board of directors has the power to authorise the issuance of stock. It may authorise capital stock to be issued for consideration consisting of cash, any tangible or intangible property or any benefit to the corporation or any combination thereof. It may determine the amount of such consideration by approving a formula. In the absence of actual fraud in the transaction, the judgement of the directors as to the value of such consideration is conclusive.
Liability of Directors and Officers	Under the Companies Act, any provision, whether contained in a company's articles of association or any contract or otherwise, that purports to exempt a director of a company, to any extent, from any liability that would otherwise attach to him in connection with any negligence, default, breach of duty or breach of trust in relation to the Company is void. Any provision by which a company directly or indirectly provides an indemnity, to any extent, for a director of the Company or of an associated company against any liability attaching to him in connection with any negligence, default, breach of duty or breach of trust in relation to the Company of which he is a director is also void except as permitted by the Companies Act, which provides exceptions for the Company to (a) purchase and maintain insurance against such liability; (b) provide a "qualifying third party indemnity" (being an indemnity against liability incurred by the director to a person other than the Company or an associated company or criminal proceedings in which he is convicted); and (c) provide a "qualifying pension scheme indemnity" (being an indemnity against liability incurred in connection with our activities as trustee of an occupational pension plan).	Under Delaware law, a corporation's certificate of incorporation may include a provision eliminating or limiting the personal liability of a director to the corporation and its stockholders for damages arising from a breach of fiduciary duty as a director. However, no provision can limit the liability of a director for: a. any breach of the director's duty of loyalty to the corporation or its stockholders; b. acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law; c. intentional or negligent payment of unlawful dividends or stock purchases or redemptions; or d. any transaction from which the director derives an improper personal benefit.

Voting Rights	Under the laws of England and Wales, unless a poll is demanded by the shareholders of a company or is required by the chairman of the meeting or our articles of association, shareholders shall vote on all resolutions on a show of hands. Under the Companies Act, a poll may be demanded by (a) not fewer than five shareholders having the right to vote on the resolution; (b) any shareholder(s) representing not less than 10% of the total voting rights of all the shareholders having the right to vote on the resolution (excluding any voting rights attaching to treasury shares); or (c) any shareholder(s) holding shares in the Company conferring a right to vote on the resolution (excluding any voting rights attaching to treasury shares) being shares on which an aggregate sum has been paid up equal to not less than 10% of the total sum paid up on all the shares conferring that right. A company's articles of association may provide more extensive rights for shareholders to call a poll. Under the laws of England and Wales, an ordinary resolution is passed on a show of hands if it is approved by a simple majority (more than 50%) of the votes cast by shareholders present (in person or by proxy) and entitled to vote. If a poll is demanded, an ordinary resolution is passed if it is approved by holders representing a simple majority of the total voting rights of shareholders present, in person or by proxy, who, being entitled to vote, vote on the resolution. Special resolutions require the affirmative vote of not less than 75% of the votes cast by shareholders present, in person or by proxy, at the meeting. If a poll is demanded, a special resolution is passed if it is approved by holders representing not less than 75% of the total voting rights of shareholders in person or by proxy who, being entitled to vote, vote on the resolution.	Delaware law provides that, unless otherwise provided in the certificate of incorporation, each stockholder is entitled to one vote for each share of capital stock held by such stockholder.

Shareholder Vote on Certain Transactions	The Companies Act provides for schemes of arrangement, which are arrangements or compromises between a company and any class of shareholders or creditors and used in certain types of reconstructions, amalgamations, capital reorganisations or takeovers. These arrangements require: a. the approval at a shareholders' or creditors' meeting convened by order of the court, of a majority in number of shareholders or creditors representing 75% in value of the capital held by, or debt owed to, the class of shareholders or creditors, or class thereof present and voting, either in person or by proxy; and b. the approval of the court.	Generally, under Delaware law, unless the certificate of incorporation provides for the vote of a larger portion of the stock, completion of a merger, consolidation, sale, lease or exchange of all or substantially all of a corporation's assets or dissolution requires: a. the approval of the board of directors; and b. approval by the vote of the holders of a majority of the outstanding stock or, if the certificate of incorporation provides for more or less than one vote per share, a majority of the votes of the outstanding stock of a corporation entitled

Standard of Conduct for Directors	Under the laws of England and Wales, a director owes various statutory and fiduciary duties to the Company, including: a. to act in the way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole; b. to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly conflicts, with the interests of the Company; c. to act in accordance with our constitution and only exercise his powers for the purposes for which they are conferred; d. to exercise independent judgement; e. to exercise reasonable care, skill and diligence; f. not to accept benefits from a third party conferred by reason of his being a director or doing, or not doing, anything as a director; and g. a duty to declare any interest that he has, whether directly or indirectly, in a proposed or existing transaction or arrangement with the Company.	Delaware law does not contain specific provisions setting forth the standard of conduct of a director. The scope of the fiduciary duties of directors is generally determined by the courts of the State of Delaware. In general, directors have a duty to act without self-interest, on a well-informed basis and in a manner they reasonably believe to be in the best interest of the stockholders. Directors of a Delaware corporation owe fiduciary duties of care and loyalty to the corporation and to its shareholders. The duty of care generally requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director act in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. In general, but subject to certain exceptions, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Delaware courts have also imposed a heightened standard of conduct upon directors of a Delaware corporation who take any action designed to defeat a threatened change in control of the corporation.

		In addition, under Delaware law, when the board of directors of a Delaware corporation approves the sale or break-up of a corporation, the board of directors may, in certain circumstances, have a duty to obtain the highest value reasonably available to the shareholders.
Stockholder Suits	Under the laws of England and Wales, generally, the Company, rather than its shareholders, is the proper claimant in an action in respect of a wrong done to the Company or where there is an irregularity in the Company's internal management. Notwithstanding this general position, the Companies Act provides that (1) a court may allow a shareholder to bring a derivative claim (that is, an action in respect of and on behalf of the Company) in respect of a cause of action arising from a director's negligence, default, breach of duty or breach of trust and (2) a shareholder may bring a claim for a court order where our affairs have been or are being conducted in a manner that is unfairly prejudicial to some of its shareholders.	Under Delaware law, a stockholder may initiate a derivative action to enforce a right of a corporation if the corporation fails to enforce the right itself. The complaint must: a. state that the plaintiff was a stockholder at the time of the transaction of which the plaintiff complains or that the plaintiffs shares thereafter devolved on the plaintiff by operation of law; and b. allege with particularity the efforts made by the plaintiff to obtain the action the plaintiff desires from the directors and the reasons for the plaintiff's failure to obtain the action; or c. state the reasons for not making the effort. Additionally, the plaintiff must remain a stockholder through the duration of the derivative suit. The action will not be dismissed or compromised without the approval of the Delaware Court of Chancery.

Securities Exchange Listing
Our ADSs are listed on the Nasdaq Global Select Market under the symbol "EXAI".

Registrar of Shares; Depositary for ADSs
Our register of members is maintained by Computershare Investor Services plc. The share register reflects only registered holders of our ordinary shares. Our ordinary shares are not listed for trading on any securities exchange and we do not plan to list our ordinary shares on any securities exchange.

Holders of ADSs representing our ordinary shares are not treated as our shareholders and their names will therefore not be entered in our share register. Citibank N.A. acts as the depositary for the ADSs representing our ordinary shares. The custodian for ordinary shares represented by ADSs is Citibank, N.A., London Branch. Holders of ADSs representing our ordinary shares have a right to receive the ordinary shares underlying such ADSs.

Exhibit 2.5

DESCRIPTION OF AMERICAN DEPOSITARY SHARES

Depositary

We have appointed Citibank, N.A., or Citibank, as the depositary for the ADSs pursuant to a deposit agreement, or the Deposit Agreement. Citibank's depositary offices are located at 388 Greenwich Street, New York, New York 10013.

Provisions

ADSs represent ownership interests in securities that are on deposit with the depositary. ADSs may be represented by certificates that are commonly known as American Depositary Receipts, or ADRs. The depositary typically appoints a custodian to safekeep the securities on deposit. In this case, the custodian is Citibank, N.A., London Branch, located at 25 Canada Square, Canary Wharf, London, E14 5LB, United Kingdom.

The following is a summary of the material provisions of the Deposit Agreement. For more complete information, you should read the Deposit Agreement and Form of ADR. The Deposit Agreement has been filed with the Securities and Exchange Commission as an exhibit to the Annual Report on 20-F of which this Exhibit is a part.

Each ADS represents the right to receive, and to exercise the beneficial ownership interests in, one ordinary share that is on deposit with the depositary or custodian. An ADS also represents the right to receive, and to exercise the beneficial interests in, any other property received by the depositary or the custodian on behalf of the owner of the ADS but that has not been distributed to the owners of ADSs because of legal restrictions or practical considerations. We and the depositary may agree to change the ADS-to-share ratio by amending the Deposit Agreement. This amendment may give rise to, or change, the depositary fees payable by ADS owners. The custodian, the depositary and their respective nominees will hold all deposited property for the benefit of the holders and beneficial owners of ADSs. The deposited property does not constitute the proprietary assets of the depositary, the custodian or their nominees. Beneficial ownership in the deposited property will under the terms of the Deposit Agreement be vested in the beneficial owners of the ADSs. The depositary, the custodian and their respective nominees will be the record holders of the deposited property represented by the ADSs for the benefit of the holders and beneficial owners of the corresponding ADSs. A beneficial owner of ADSs may or may not be the holder of ADSs. Beneficial owners of ADSs will be able to receive, and to exercise beneficial ownership interests in, the deposited property only through the registered holders of the ADSs, the registered holders of the ADSs (on behalf of the applicable ADS owners) only through the depositary, and the depositary (on behalf of the owners of the corresponding ADSs) directly, or indirectly, through the custodian or their respective nominees, in each case upon the terms of the Deposit Agreement.

If you become an owner of ADSs, you will become a party to the Deposit Agreement and therefore will be bound to its terms and to the terms of any ADR that represents your ADSs. The deposit agreement and the ADR specify our rights and obligations as well as your rights and obligations as owner of ADSs and those of the depositary. As an ADS holder you appoint the depositary to act on your behalf in certain circumstances. The deposit agreement and the ADRs are governed by New York law. However, our obligations to the holders of ordinary shares will continue to be governed by the laws of England and Wales, which may be different from the laws in the United States.

In addition, applicable laws and regulations may require you to satisfy reporting requirements and obtain regulatory approvals in certain circumstances. You are solely responsible for complying with such reporting requirements and obtaining such approvals. None of the depositary, the custodian, us or any of their or our respective agents or affiliates shall be required to take any actions whatsoever on your behalf to satisfy such reporting requirements or obtain such regulatory approvals under applicable laws and regulations. You agree to comply with information requests from us pursuant to applicable laws, stock exchange rules and our articles of association. We may restrict transfers of ADSs and take other actions necessary to comply with any applicable ownership restrictions.

Holders will not be treated as one of our shareholders and will not have direct shareholder rights. The depositary will hold on the behalf of the holders the shareholder rights attached to the ordinary shares underlying the ADSs. Holders are able to exercise the shareholders rights for the ordinary shares represented by their ADSs through *the depositary only to the extent contemplated in the Deposit Agreement. To exercise any shareholder rights not contemplated in the Deposit Agreement holders will need to arrange for the cancellation of their ADSs and become a direct shareholder.*

The manner in which you own the ADSs (*e.g.*, in a brokerage account versus as a registered holder, or as a holder of certificated versus uncertificated ADSs) may affect your rights and obligations, and the manner in which, and extent to which, the depositary's services are made available to you.

Holders may hold your ADSs either by means of an ADR registered in your name, through a brokerage or safekeeping account, or through an account established by the depositary in your name reflecting the registration of uncertificated ADSs directly on the books of the depositary (commonly referred to as the direct registration system or DRS). The direct registration system reflects the uncertificated (book-entry) registration of ownership of ADSs by the depositary. Under the direct registration system, ownership of ADSs is evidenced by periodic statements issued by the depositary to the holders of the ADSs. The direct registration system includes automated transfers between the depositary and The Depository Trust Company, or DTC, the central book-entry clearing and settlement system for equity securities in the United States. If you decide to hold your ADSs through your brokerage or safekeeping account, you must rely on the procedures of your broker or bank to assert your rights as ADS owner. Banks and brokers typically hold securities such as the ADSs through clearing and settlement systems such as DTC. The procedures of such clearing and settlement systems may limit your ability to exercise your rights as an owner of ADSs. Please consult with your broker or bank if you have any questions concerning these limitations and procedures. All ADSs held through DTC will be registered in the name of a nominee of DTC. This summary description assumes you have opted to own the ADSs directly by means of an ADS registered in your name and, as such, we will refer to you as the "holder". When we refer to "you", we assume the reader owns ADSs and will own ADSs at the relevant time.

The registration of the ordinary shares in the name of the depositary or the custodian shall, to the maximum extent permitted by applicable law, vest in the depositary or the custodian the record ownership in the applicable ordinary shares with the beneficial ownership rights and interests in such ordinary shares being at all times vested with the beneficial owners of the ADSs representing the ordinary shares. The depositary or the custodian shall at all times be entitled to exercise the beneficial ownership rights in all deposited property, in each case only on behalf of the holders and beneficial owners of the ADSs representing the deposited property.

Dividends and Other Distributions

Holders generally have the right to receive the distributions we make on the securities deposited with the custodian. Your receipt of these distributions may be limited, however, by practical considerations and legal limitations. Holders of ADSs will receive such distributions under the terms of the Deposit Agreement in proportion to the number of ADSs held as of the specified record date, after deduction the applicable fees, taxes and expenses.

Distributions of Cash

Whenever we make a cash distribution for the securities on deposit with the custodian, we will deposit the funds with the custodian. Upon receipt of confirmation of the deposit of the requisite funds, the depositary will arrange for the funds received in a currency other than U.S. dollars to be converted into U.S. dollars and for the distribution of the U.S. dollars to the holders, subject to the laws and regulations of England and Wales. The conversion into U.S. dollars will take place only if practicable and if the U.S. dollars are transferable to the United States. The depositary will apply the same method for distributing the proceeds of the sale of any property (such as undistributed rights) held by the custodian in respect of securities on deposit.

The distribution of cash will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the Deposit Agreement. The depositary will hold any cash amounts it is unable to distribute in a non-interest bearing account for the benefit of the applicable holders and beneficial owners of ADSs until the distribution can be effected or the funds that the depositary holds must be escheated as unclaimed property in accordance with the laws of the relevant states of the United States.

Distributions of Shares

Whenever we make a free distribution of ordinary shares for the securities on deposit with the custodian, we will deposit the applicable number of ordinary shares with the custodian. Upon receipt of confirmation of such deposit, the depositary will either distribute to holders new ADSs representing the ordinary shares deposited or modify the ADS-to-ordinary shares ratio, in which case each ADS you hold will represent rights and interests in the additional ordinary shares so deposited. Only whole new ADSs will be distributed. Fractional entitlements will be sold, and the proceeds of such sale will be distributed as in the case of a cash distribution.

The distribution of new ADSs or the modification of the ADS-to-ordinary shares ratio upon a distribution of ordinary shares will be made net of the fees, expenses, taxes and governmental charges payable by holders under

the terms of the Deposit Agreement. To pay such taxes or governmental charges, the depositary may sell all or a portion of the new ordinary shares so distributed.

No such distribution of new ADSs will be made if it would violate a law (*e.g.*, the U.S. securities laws) or if it is not operationally practicable. If the depositary does not distribute new ADSs as described above, it may sell the ordinary shares received upon the terms described in the Deposit Agreement and will distribute the proceeds of the sale as in the case of a distribution of cash.

Distributions of Rights

Whenever we intend to distribute rights to purchase additional ordinary shares, we will give prior notice to the depositary and we will assist the depositary in determining whether it is lawful and reasonably practicable to distribute rights to purchase additional ADSs to holders.

The depositary will establish procedures to distribute rights to purchase additional ADSs to holders and to enable such holders to exercise such rights if it is lawful and reasonably practicable to make the rights available to holders of ADSs, and if we provide all the documentation contemplated in the Deposit Agreement (such as opinions to address the lawfulness of the transaction). You may have to pay fees, expenses, taxes and other governmental charges to subscribe for the new ADSs upon the exercise of your rights. The depositary is not obligated to establish procedures to facilitate the distribution and exercise by holders of rights to purchase new ordinary shares other than in the form of ADSs.

The depositary will not distribute the rights to you if:

- we do not timely request that the rights be distributed to you or we request that the rights not be distributed to you; or
- we fail to deliver satisfactory documents to the depositary; or
- it is not reasonably practicable to distribute the rights.

The depositary will sell the rights that are not exercised or not distributed if such sale is lawful and reasonably practicable. The proceeds of such sale will be distributed to holders as in the case of a cash distribution. If the depositary is unable to sell the rights, it will allow the rights to lapse.

Elective Distributions

Whenever we intend to distribute a dividend payable at the election of shareholders either in cash or in additional shares, we will give prior notice thereof to the depositary and will indicate whether we wish the elective distribution to be made available to you. In such case, we will assist the depositary in determining whether such distribution is lawful and reasonably practicable.

The depositary will make the election available to you only if it is reasonably practicable and if we have provided all the documentation contemplated in the Deposit Agreement. In such case, the depositary will establish procedures to enable you to elect to receive either cash or additional ADSs, in each case as described in the Deposit Agreement.

If the election is not made available to you, you will receive either cash or additional ADSs, depending on what a shareholder in England and Wales would receive upon failing to make an election, as more fully described in the Deposit Agreement.

Other Distributions

Whenever we intend to distribute property other than cash, ordinary shares or rights to purchase additional ordinary shares, we will notify the depositary in advance and will indicate whether we wish such distribution to be made to you. If so, we will assist the depositary in determining whether such distribution to holders is lawful and reasonably practicable.

If it is reasonably practicable to distribute such property to you and if we provide all the documentation contemplated in the Deposit Agreement, the depositary will distribute the property to the holders in a manner it deems practicable.

The distribution will be made net of fees, expenses, taxes and governmental charges payable by holders under the terms of the Deposit Agreement. To pay such taxes and governmental charges, the depositary may sell all or a portion of the property received.

The depositary will *not* distribute the property to you and will sell the property if:

- we do not request that the property be distributed to you or if we ask that the property not be distributed to you; or
- we do not deliver satisfactory documents to the depositary; or
- the depositary determines that all or a portion of the distribution to you is not reasonably practicable.

The proceeds of such a sale will be distributed to holders as in the case of a cash distribution.

Redemption

Whenever we decide to redeem any of the securities on deposit with the custodian, we will notify the depositary in advance. If it is practicable and if we provide all the documentation contemplated in the Deposit Agreement, the depositary will provide notice of the redemption to the holders.

The custodian will be instructed to surrender the shares being redeemed against payment of the applicable redemption price. The depositary will convert the redemption funds received in a currency other than U.S. dollars into U.S. dollars upon the terms of the Deposit Agreement and will establish procedures to enable holders to receive the net proceeds from the redemption upon surrender of their ADSs to the depositary. You may have to pay fees, expenses, taxes and other governmental charges upon the redemption of your ADSs. If less than all ADSs are being redeemed, the ADSs to be retired will be selected by lot or on a pro rata basis, as the depositary may determine.

Changes Affecting Ordinary Shares

The ordinary shares held on deposit for your ADSs may change from time to time. For example, there may be a change in nominal value, sub-division, cancellation, consolidation or any other reclassification of such ordinary shares or a recapitalisation, reorganisation, merger, consolidation or sale of assets of our company.

If any such change were to occur, your ADSs would, to the extent permitted by law and the Deposit Agreement, represent the right to receive the property received or exchanged in respect of the ordinary shares held on deposit. The depositary may in such circumstances deliver new ADSs to you, amend the Deposit Agreement, the ADRs and the applicable registration statement(s) on Form F-6, call for the exchange of your existing ADSs for new ADSs and take any other actions that are appropriate to reflect as to the ADSs the change affecting the ordinary shares. If the depositary may not lawfully distribute such property to you, the depositary may sell such property and distribute the net proceeds to you as in the case of a cash distribution.

Transfer, Combination and Split Up of ADRs

Holders are entitled to transfer, combine or split up your ADRs and the ADSs evidenced thereby. For transfers of ADRs, you will have to surrender the ADRs to be transferred to the depositary and also must:

- ensure that the surrendered ADR is properly endorsed or otherwise in proper form for transfer;
- provide such proof of identity and genuineness of signatures, and of such other matters contemplated in the Deposit Agreement, as the depositary deems appropriate;
- comply with applicable laws and regulations, including regulations imposed by us and the depositary consistent with the Deposit Agreement, the ADR and applicable law;
- provide any transfer stamps required by the State of New York or the United States; and
- pay all applicable fees, charges, expenses, taxes and other government charges payable by ADR holders pursuant to the terms of the Deposit Agreement, upon the transfer of ADRs.

To have your ADRs either combined or split up, you must surrender the ADRs in question to the depositary with your request to have them combined or split up, and you must pay all applicable fees, charges and expenses payable by ADR holders, pursuant to the terms of the Deposit Agreement, upon a combination or split up of ADRs.

Withdrawal of Ordinary Shares Upon Cancellation of ADSs

Holders are entitled to present your ADSs to the depositary for cancellation and then receive the corresponding number of underlying ordinary shares at the custodian's offices. Your ability to withdraw the ordinary shares held in respect of the ADSs may be limited by legal considerations under the laws of the United States and England and Wales applicable at the time of withdrawal. To withdraw the ordinary shares represented by your ADSs, you will be required to pay to the depositary the fees for cancellation of ADSs and any charges and taxes payable upon the transfer of the ordinary shares. You assume the risk for delivery of all funds and securities upon withdrawal. Once cancelled, the ADSs will not have any rights under the Deposit Agreement.

If you hold ADSs registered in your name, the depositary may ask you to provide proof of identity and genuineness of any signature and such other documents as the depositary may deem appropriate before it will cancel your ADSs. The withdrawal of the ordinary shares represented by your ADSs may be delayed until the depositary receives satisfactory evidence of compliance with all applicable laws and regulations. Please keep in mind that the depositary will only accept ADSs for cancellation that represent a whole number of securities on deposit.

You will have the right to withdraw the securities represented by your ADSs at any time except as a result of:

- temporary delays that may arise because (1) the transfer books for the ordinary shares or ADSs are closed, or (2) ordinary shares are immobilised on account of a shareholders' meeting or a payment of dividends;
- obligations to pay fees, taxes and similar charges; or
- restrictions imposed because of laws or regulations applicable to ADSs or the withdrawal of securities on deposit.

The deposit agreement may not be modified to impair your right to withdraw the securities represented by your ADSs except to comply with mandatory provisions of law.

Voting Rights

Holders generally have the right under the Deposit Agreement to instruct the depositary to exercise the voting rights for the ordinary shares represented by your ADSs. The voting rights of holders of ordinary shares are described in the section titled "Description of Share Capital and Articles of Association" in this prospectus.

At our request, the depositary will distribute to you any notice of shareholders' meeting received from us together with information explaining how to instruct the depositary to exercise the voting rights of the securities represented by ADSs. In lieu of distributing such materials, the depositary may distribute to holders of ADSs instructions on how to retrieve such materials upon request.

If the depositary timely receives voting instructions from a holder of ADSs, it will endeavour to vote the securities (in person or by proxy) represented by the holder's ADSs as follows:

- *In the event of voting by show of hands*, the depositary will vote (or cause the custodian to vote) all ordinary shares held on deposit at that time in accordance with the voting instructions received from a majority of holders of ADSs who provide timely voting instructions.
- *In the event of voting by poll*, the depositary will vote (or cause the custodian to vote) the ordinary shares held on deposit in accordance with the voting instructions received from the holders of ADSs.

Note that our articles of association currently provide for all resolutions to be decided as a poll, not a show of hands. The depositary will not join in demanding a vote by poll.

Securities for which no voting instructions have been received will not be voted (except as otherwise contemplated in the Deposit Agreement). Please note that the ability of the depositary to carry out voting

instructions may be limited by practical and legal limitations and the terms of the securities on deposit. We cannot assure you that you will receive voting materials in time to enable you to return voting instructions to the depositary in a timely manner.

Fees and Charges

As an ADS holder, you will be required to pay the following fees under the terms of the Deposit Agreement:

Service	Fees
• Issuance of ADSs (e.g., an issuance of ADS upon a deposit of ordinary shares, upon a change in the ADS(s)-to-ordinary share(s) ratio, or for any other reason), excluding ADS issuances as a result of distributions of ordinary shares)	Up to U.S. 5¢ per ADS issued
• Cancellation of ADSs (e.g., a cancellation of ADSs for delivery of deposited property, upon a change in the ADS(s)-to-ordinary share(s) ratio, or for any other reason)	Up to U.S. 5¢ per ADS cancelled
• Distribution of cash dividends or other cash distributions (e.g., upon a sale of rights and other entitlements)	Up to U.S. 5¢ per ADS held
• Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs	Up to U.S. 5¢ per ADS held
• Distribution of securities other than ADSs or rights to purchase additional ADSs (e.g., upon a spin-off)	Up to U.S. 5¢ per ADS held
• ADS Services	Up to U.S. 5¢ per ADS held on the applicable record date(s) established by the depositary
• Registration of ADS transfers (e.g., upon a registration of the transfer of registered ownership of ADSs, upon a transfer of ADSs into DTC and *vice versa*, or for any other reason)	Up to U.S. 5¢ per ADS (or fraction thereof) transferred
• Conversion of ADSs of one series for ADSs of another series (e.g., upon conversion of Partial Entitlement ADSs for Full Entitlement ADSs, or upon conversion of Restricted ADSs (each as defined in the Deposit Agreement) into freely transferable ADSs, and *vice versa*).	Up to U.S. 5¢ per ADS (or fraction thereof) converted

As an ADS holder you will also be responsible to pay certain charges such as:

- taxes (including applicable interest and penalties) and other governmental charges;

- the registration fees as may from time to time be in effect for the registration of ordinary shares on the share register and applicable to transfers of ordinary shares to or from the name of the custodian, the depositary or any nominees upon the making of deposits and withdrawals, respectively;

- certain cable, telex and facsimile transmission and delivery expenses;

- the fees, expenses, spreads, taxes and other charges of the depositary and/or service providers (which may be a division, branch or affiliate of the depositary) in the conversion of foreign currency;

- the reasonable and customary out-of-pocket expenses incurred by the depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to ordinary shares, ADSs and ADRs; and

- the fees, charges, costs and expenses incurred by the depositary, the custodian, or any nominee in connection with the ADR program.

ADS fees and charges for (i) the issuance of ADSs, and (ii) the cancellation of ADSs are charged to the person for whom the ADSs are issued (in the case of ADS issuances) and to the person for whom ADSs are cancelled (in the case of ADS cancellations). In the case of ADSs issued by the depositary into DTC, the ADS issuance and cancellation fees and charges may be deducted from distributions made through DTC, and may be charged to the DTC participant(s) receiving the ADSs being issued or the DTC participant(s) holding the ADSs being cancelled, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participants as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are charged to the holders as of the applicable ADS record date. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, holders as of the ADS record date will be invoiced for the amount of the ADS fees and charges and such ADS fees and charges may be deducted from distributions made to holders of ADSs. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC participants in accordance with the procedures and practices prescribed by DTC and the DTC participants in turn charge the amount of such ADS fees and charges to the beneficial owners for whom they hold ADSs. In the case of (i) registration of ADS transfers, the ADS transfer fee will be payable by the ADS Holder whose ADSs are being transferred or by the person to whom the ADSs are transferred, and (ii) conversion of ADSs of one series for ADSs of another series, the ADS conversion fee will be payable by the Holder whose ADSs are converted or by the person to whom the converted ADSs are delivered.

In the event of refusal to pay the depositary fees, the depositary may, under the terms of the Deposit Agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder. Certain depositary fees and charges (such as the ADS services fee) may become payable shortly after the closing of the ADS offering. Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary. You will receive prior notice of such changes. The depositary may reimburse us for certain expenses incurred by us in respect of the ADR program, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary agree from time to time.

Amendments and Termination

We may agree with the depositary to modify the Deposit Agreement at any time without your consent. We undertake to give holders of ADSs 30 days' prior notice of any modifications that would materially prejudice any of their substantial rights under the Deposit Agreement. We will not consider to be materially prejudicial to your substantial rights any modifications or supplements that are reasonably necessary for the ADSs to be registered under the Securities Act or to be eligible for book-entry settlement, in each case without imposing or increasing the fees and charges you are required to pay. In addition, we may not be able to provide you with prior notice of any modifications or supplements that are required to accommodate compliance with applicable provisions of law.

You will be bound by the modifications to the Deposit Agreement if you continue to hold your ADSs after the modifications to the Deposit Agreement become effective. The deposit agreement cannot be amended to prevent you from withdrawing the ordinary shares represented by your ADSs (except as permitted by law).

We have the right to direct the depositary to terminate the Deposit Agreement subject to certain conditions. Similarly, the depositary may in certain circumstances on its own initiative terminate the Deposit Agreement. In

either case, the depositary must give notice to the holders at least 30 days before termination. Until termination, your rights under the Deposit Agreement will be unaffected.

After termination, the depositary will continue to collect distributions received (but will not distribute any such property until you request the cancellation of your ADSs) and may sell the securities held on deposit. After the sale, the depositary will hold the proceeds from such sale and any other funds then held for the holders of ADSs in a non-interest-bearing account. At that point, the depositary will have no further obligations to ADS holders other than to account for the funds then held for the holders of ADSs still outstanding (after deduction of applicable fees, taxes and expenses).

In connection with the termination of the Deposit Agreement, the depositary may, but shall not be obligated to, independently and without the need for any action by us, make available to holders of ADSs a means to withdraw the ordinary shares and other deposited securities represented by their ADSs and to direct the deposit of such ordinary shares and other deposited securities into an unsponsored American depositary shares programme established by the depositary, upon such terms and conditions as the depositary may deem reasonably appropriate, subject however, in each case, to satisfaction of the applicable registration requirements by the unsponsored American depositary shares programme under the Securities Act, and to receipt by the depositary of payment of the applicable fees and charges of, and reimbursement of the applicable expenses incurred by, the depositary.

Books of Depositary

The depositary maintains ADS holder records at its depositary office. You may inspect such records at such office during regular business hours but solely for the purpose of communicating with other holders in the interest of business matters relating to the ADSs and the Deposit Agreement.

The depositary maintains in New York facilities to record and process the issuance, cancellation, combination, split-up and transfer of ADSs. These facilities may be closed from time to time, to the extent not prohibited by law.

Limitations on Obligations and Liabilities

The deposit agreement limits our obligations and the depositary's obligations to you. Please note the following:

- We and the depositary are obligated only to take the actions specifically stated in the Deposit Agreement without negligence or bad faith.
- The depositary disclaims any liability for any failure to carry out voting instructions, for any manner in which a vote is cast or for the effect of any vote, provided it acts in good faith and in accordance with the terms of the Deposit Agreement.
- The depositary disclaims any liability for any failure to determine the lawfulness or practicality of any action, for the content of any document forwarded to you on our behalf or for the accuracy of any translation of such a document, for the investment risks associated with investing in ordinary shares, for the validity or worth of the ordinary shares, for any tax consequences that result from the ownership of ADSs, for the credit-worthiness of any third party, for allowing any rights to lapse under the terms of the Deposit Agreement, for the timeliness of any of our notices or for our failure to give notice.
- We and the depositary will not be obligated to perform any act that is inconsistent with the terms of the Deposit Agreement.
- We and the depositary disclaim any liability if we or the depositary are prevented or forbidden from or subject to any civil or criminal penalty or restraint on account of, or delayed in, doing or performing any act or thing required by the terms of the Deposit Agreement, by reason of any provision, present or future of any law or regulation, or by reason of present or future provision of any provision of our Articles of Association, or any provision of or governing the securities on deposit, or by reason of any act of God or war or other circumstances beyond our control.
- We and the depositary disclaim any liability by reason of any exercise of, or failure to exercise, any discretion provided for in the Deposit Agreement or in our Articles of Association or in any provisions of or governing the securities on deposit.

- We and the depositary further disclaim any liability for any action or inaction in reliance on the advice or information received from legal counsel, accountants, any person presenting Shares for deposit, any holder of ADSs or authorised representatives thereof, or any other person believed by either of us in good faith to be competent to give such advice or information.

- We and the depositary also disclaim liability for the inability by a holder to benefit from any distribution, offering, right or other benefit that is made available to holders of ordinary shares but is not, under the terms of the Deposit Agreement, made available to you.

- We and the depositary may rely without any liability upon any written notice, request or other document believed to be genuine and to have been signed or presented by the proper parties.

- We and the depositary also disclaim liability for any consequential or punitive damages for any breach of the terms of the Deposit Agreement.

- No disclaimer of any Securities Act liability is intended by any provision of the Deposit Agreement.

- Nothing in the Deposit Agreement gives rise to a partnership or joint venture, or establishes a fiduciary relationship, among us, the depositary and you as ADS holder.

- Nothing in the Deposit Agreement precludes Citibank (or its affiliates) from engaging in transactions in which parties adverse to us or the ADS owners have interests, and nothing in the Deposit Agreement obligates Citibank to disclose those transactions, or any information obtained in the course of those transactions, to us or to the ADS owners, or to account for any payment received as part of those transactions.

As the above limitations relate to our obligations and the depositary's obligations to you under the Deposit Agreement, we believe that, as a matter of construction of the clause, such limitations would likely to continue to apply to ADS holders who withdraw the ordinary shares from the ADS facility with respect to obligations or liabilities incurred under the Deposit Agreement before the cancellation of the ADSs and the withdrawal of the ordinary shares, and such limitations would most likely not apply to ADS holders who withdraw the ordinary shares from the ADS facility with respect to obligations or liabilities incurred after the cancellation of the ADSs and the withdrawal of the ordinary shares and not under the Deposit Agreement.

In any event, you will not be deemed, by agreeing to the terms of the Deposit Agreement, to have waived our or the depositary's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder. In fact, you cannot waive our or the depositary's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder

Taxes

Holders or Beneficial Owners of ADSs are responsible for the taxes and other governmental charges payable on the ADSs and the securities represented by the ADSs as provided for in the Deposit Agreement. We, the depositary and the custodian may deduct from any distribution the taxes and governmental charges payable by Holders and Beneficial Owners (as defined in the Deposit Agreement) of ADSs and may sell any and all property on deposit to pay the taxes and governmental charges payable by ADS holders. As a Holder or Beneficial Owner of ADSs, you will be liable for any deficiency if the sale proceeds do not cover the taxes that are due. Notwithstanding the foregoing, we expect to bear the cost of stamp duty or stamp duty reserve tax, if any, payable in respect of the issue of ordinary shares to the depositary in this offering.

The depositary may refuse to issue ADSs, to deliver, transfer, split and combine ADRs or to release securities on deposit until all taxes and charges are paid by the applicable Holder or Beneficial Owner (as defined in the Deposit Agreement) of ADSs. The depositary and the custodian may take reasonable administrative actions to obtain tax refunds and reduced tax withholding for any distributions on your behalf. However, you may be required to provide to the depositary and to the custodian proof of taxpayer status and residence and such other information as the depositary and the custodian may require to fulfil legal obligations. You are required to indemnify us, the depositary and the custodian for any claims with respect to taxes based on any tax benefit obtained for you.

Foreign Currency Conversion

The depositary will arrange for the conversion of all foreign currency received into U.S. dollars if such conversion is practical, and it will distribute the U.S. dollars in accordance with the terms of the Deposit Agreement.

You may have to pay fees and expenses incurred in converting foreign currency, such as fees and expenses incurred in complying with currency exchange controls and other governmental requirements.

If the conversion of foreign currency is not practical or lawful, or if any required approvals are denied or not obtainable at a reasonable cost or within a reasonable period, the depositary may take any of the following actions in its discretion:

- Convert the foreign currency to the extent practical and lawful and distribute the U.S. dollars to the ADS holders for whom the conversion and distribution is lawful and practical.
- Distribute the foreign currency to ADS holders for whom the distribution is lawful and practical.
- Hold the foreign currency (without liability for interest) for the applicable ADS holders.

Governing Law / Waiver of Jury Trial

The deposit agreement and the ADRs and ADSs will be interpreted in accordance with the laws of the State of New York. The rights of holders of ordinary shares (including ordinary shares represented by ADSs) are governed by the laws of England and Wales.

AS A PARTY TO THE DEPOSIT AGREEMENT, YOU IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, YOUR RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF THE DEPOSIT AGREEMENT OR THE ADRs AGAINST US AND/OR THE DEPOSITARY.

The deposit agreement provides that, to the extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depositary arising out of or relating to our ordinary shares, the ADSs or the Deposit Agreement, including any claim under U.S. federal securities laws. If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable case law. However, you will not be deemed, by agreeing to the terms of the Deposit Agreement, to have waived our or the depositary's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder.

COLLABORATION AND LICENCE AGREEMENT

DATED JANUARY 4, 2022

EXSCIENTIA AI LIMITED

and

SANOFI

Certain confidential information contained in this document, marked by [***], has been omitted because it is both (i) not material and (ii) is the type that the registrant treats as private or confidential.

CONTENTS

THIS AGREEMENT is dated January 4, 2022 (this "**Agreement**")

BETWEEN:

(1) **EXSCIENTIA AI LIMITED** (registered in Scotland under SC428761), whose registered office is at Level 3, Dundee One River Court, 5 West Victoria Dock Road, Dundee, United Kingdom ("**EXS**"); and

(2) **SANOFI**, a French Société Anonyme, having its registered head office at 54, rue La Boétie, 75008 Paris, France ("**Sanofi**"),

each a "**Party**" and together the "**Parties**".

RECITALS

(A) EXS controls a proprietary, patient-first, artificial intelligence-driven, end-to-end integrated platform to rapidly design and develop novel small molecule precision drugs with an improved probability of success in the clinic.

(B) Sanofi is a pharmaceutical company with expertise in the development, manufacturing and commercialisation of pharmaceutical products.

(C) The Parties wish to collaborate to carry out target-based research programs leveraging EXS's artificial intelligence-driven, end-to-end integrated platform to discover and validate novel targets in the oncology and immunology therapeutic areas, advance certain targets into small molecule inhibitor drug research projects following the Parties' confirmation of the drug modality, accelerate the identification of certain development candidates and achieve certain translational milestones pursuant to a mutually-agreed research plan with respect to certain non-small molecule targets, in each case on the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. INTERPRETATION

1.1 In this Agreement, the following terms will have the respective meanings set forth below:

1.1.1 "**Accounting Standard**" means, with respect to a Party or its Affiliate or Sublicensee, GAAP or IFRS, as such Party, Affiliate or Sublicensee uses for its financial reporting obligations, in each case consistently applied.

1.1.2 "**Acquired Party Family**" means, in the case of a Change of Control of a Party or its Affiliate, such Party or such Affiliate existing immediately prior to the Change of Control transaction and any subsidiaries thereof (then existing or thereafter created).

1.1.3 "**Acquiring Entity**" means, in the case of a Change of Control of a Party or its Affiliate, the successor in interest, resulting entity, assignee or purchaser, as applicable, of such Party or such Affiliate.

1.1.4 "**Acquiring Entity Family**" means, in the case of a Change of Control of a Party or its Affiliate, the Acquiring Entity and its Affiliates existing immediately prior to the closing of the Change of Control transaction together with any future Affiliates of such Party or such Affiliate (but excluding the Acquired Party Family).

1.1.5 "**Active Internal R&D**" means, with respect to a Target, [***] internal EXS Research or Development program that is [***], where EXS is conducting, [***] that are Directed To that Target.

1.1.6 "**Advanced-At-Risk Candidate**" has the meaning given in Clause 6.1.

1.1.7 "**Affiliate**" means any Person which, directly or indirectly through one (1) or more intermediaries, controls, is controlled by, or is under common control with, a Party for so long as such Person controls, is controlled by or is under common control with such Party. For purposes of this Clause 1.1.7 and Clause 1.1.26 only, the term "**control**" (including, with correlative meanings, the terms "**controlled by**" and "**under common control with**") as used with respect to a Person means: (a) direct or indirect ownership of fifty percent (50%) or more of the voting securities or other voting interest of any Person (including attribution from related parties); or (b) the possession, directly or indirectly, of the power to direct, or cause the direction of, the management and policies of such Person, whether through ownership of voting securities, by contract or otherwise.

1.1.8 "**Agreed PDP Amount**" has the meaning given in Clause 11.8(d).

1.1.9 "**Alliance Manager**" has the meaning given in Clause 12.1.

1.1.10 "**Annual Net Sales**" means, [***] for such [***] in a particular Calendar Year, [***].

1.1.11 "**Applicable Laws**" means applicable laws, statutes, rules, regulations, treaties (including tax treaties), orders, judgments or ordinances having the effect of law of any national, multinational, federal, state, provincial, county, city or other political subdivision, including, (a) to the extent applicable, GCP, GLP and GMP, (b) all applicable Data Protection Laws, and (c) written governmental interpretations or the application of any of the foregoing, in each case that are in force from time to time.

1.1.12 "**Approved Collaboration Target**" has the meaning given in Clause 4.1(a).

1.1.13 "**Approved Collaboration Target Payment**" has the meaning given in Clause 13.2.

1.1.14 "**Arbitrator**" has the meaning given in Clause 38.3(c).

1.1.15 "**Auditing Party**" has the meaning given in Clause 35.2.

1.1.16 "**Available Target**" means each Target that is not an Excluded Target as of the time a determination is made in accordance with this Agreement.

1.1.17 "**Background IP**" means, with respect to a Party, all Patents, Know-How and other intellectual property rights that are Controlled by such Party prior to the Effective Date or are otherwise developed by such Party outside of this Agreement.

1.1.18 "**Back-Up Molecule**" means, with respect to an Approved Collaboration Target, any of the back-up Small Molecules arising out of the Research Program directed to that Approved Collaboration Target.

1.1.19 [***]

1.1.20 "**Blocking Third Party Intellectual Property**" means, with respect to a Qualifying Small Molecule or Qualifying Small Molecule Product in any country, Patent Rights or Know-How in that country that are owned or controlled by a Third Party that are necessary or reasonably useful to Manufacture or Commercialise that Qualifying Small Molecule or Qualifying Small Molecule Product in that country.

1.1.21 "**Blocking Third Party Intellectual Property Costs**" means, with respect to a Qualifying Small Molecule or Qualifying Small Molecule Product in any country, all amounts (including upfront license fees, royalties, milestones or any other payments amounts) that are actually paid by Sanofi or its Affiliates to a Third Party who owns or controls Blocking Third Party Intellectual Property to license or acquire the rights to such Blocking Third Party Intellectual Property, to the extent such amounts are attributable to the Manufacture or Commercialisation of that Qualifying Small Molecule or Qualifying Small Molecule Product in that country, as determined by Sanofi or its Affiliates using its applicable Accounting Standards.

1.1.22 "**Budget Estimate**" has the meaning given in Clause 6.5(c).

1.1.23 "**Business Day**" means any day other than Saturday, Sunday, or any day that banks in (a) London, England, (b) Paris, France or (c) New York, New York are required to be closed.

1.1.24 "**Calendar Quarter**" means each successive period of three (3) calendar months commencing on 1 January, 1 April, 1 July and 1 October, except that the first Calendar Quarter of the Term will commence on the Effective Date and end on the day immediately prior to the first to occur of 1 January, 1 April, 1 July or 1 October after the Effective Date and the last Calendar Quarter will end on the effective date of expiration or termination of this Agreement.

1.1.25 "**Calendar Year**" means: (a) the period starting on the Effective Date and ending on 31 December following the Effective Date; and (b) each period of twelve (12) consecutive months starting on 1 January following the Effective Date, except for the final Calendar Year, which will start on 1 January of the year in which termination or expiry of this Agreement occurs and end on the date of termination or expiry of this Agreement.

1.1.26 "**Change of Control**" means, with respect to a Party, from and after the Effective Date: (a) a merger or consolidation in which (i) such Party is a constituent party, or (ii) an Affiliate of such Party that directly or indirectly controls such Party is a constituent party, except in the case of either clause (i) or (ii) any such merger or consolidation involving such Party or such Affiliate in which the shares of capital stock of such entity outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or are exchanged for shares of capital stock which represent, immediately following such merger or consolidation, fifty percent (50%) or more by voting power of the capital stock of (A) the surviving or resulting corporation or (B) a parent corporation of such surviving or resulting corporation,

whether direct or indirect; (b) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by such Party or an Affiliate of such Party of all or substantially all of the assets of such Party or such Affiliate taken as a whole and whether owned directly or indirectly through Affiliates (except where such sale, lease, transfer, exclusive license or other disposition is to an Affiliate of such Party existing prior to such time); or (c), any "person" or "group", as such terms are defined in Sections 13(d) and 14(d) of the U.S. Securities Exchange Act of 1934, in a single transaction or series of related transactions, becomes the beneficial owner as defined under the U.S. Securities Exchange Act of 1934, directly or indirectly, whether by purchase or acquisition or agreement to act in concert or otherwise, of fifty percent (50%) or more by voting power of the then-outstanding capital stock or other equity interests of such Party or a subsidiary of such Party.

1.1.27 "**Claim**" means any suit, claim, action, proceeding or demand.

1.1.28 "**Clinical Development**" means, in respect of a Collaboration Development Candidate, Development carried out from the start of the first Phase 1 Clinical Trial (including all preparatory activities with respect to such Phase 1 Clinical Trial) for that Collaboration Development Candidate (or a Qualifying Small Molecule Product containing or comprising that Collaboration Development Candidate) until Regulatory Approvals required for all Indications of the applicable Qualifying Small Molecule Product for that Collaboration Development Candidate have been obtained in all of the Major Markets, including any Development related to any Phase 4 Clinical Trial or other post-approval commitments.

1.1.29 "**Clinical Development Costs**" means, in relation to a Collaboration Development Candidate, the FTE Costs and Out-of-Pocket Expenses incurred by or on behalf of a Party or its Affiliates that are directly attributable or reasonably allocable to Clinical Development activities for that Collaboration Development Candidate.

1.1.30 "**Clinical Trial**" means any clinical investigation conducted on human subjects, as that term is defined in FDA regulations at 21 C.F.R. § 312.3, or a similar clinical investigation conducted on human subjects, as defined under Applicable Law outside the United States, including any Phase 1 Clinical Trial, Phase 1/2 Clinical Trial, Phase 2 Clinical Trial, Pivotal Trial, Phase 3 Clinical Trial or Phase 4 Clinical Trial.

1.1.31 "**Code**" means the U.S. Bankruptcy Code, 11 U.S.C. §§ 101 et. seq. (as amended).

1.1.32 "**Collaboration Development Candidates**" means, with respect to an Approved Collaboration Target, the Licensed Collaboration Development Candidates [***] for that Approved Collaboration Target.

1.1.33 "**Collaboration Disease Field**" means oncology (including immuno-oncology) and Immunology.

1.1.34 "**Collaboration NSM Target**" has the meaning given in Clause 3.4.

1.1.35 "**Collaboration Targets**" has the meaning given in paragraph 3.3 of Schedule 1.

1.1.36 "**Commercialisation**" means any and all activities directed to the commercialisation of a product, including: marketing; detailing; promotion; market research; distributing; order processing; handling returns and recalls; booking sales; customer service; administering and commercially selling such product; importing, exporting and transporting such product for commercial sale; and seeking Pricing Approval of a product (if applicable), whether before or after Regulatory Approval has been obtained, as well as all regulatory compliance with respect to the foregoing. For clarity, "**Commercialisation**" does not include: (a) Manufacturing or (b) any Clinical Trials and other trials commenced after Regulatory Approval. When used as a verb, "**Commercialise**" means to engage in Commercialisation. "**Commercial**" is to be interpreted accordingly.

1.1.37 "**Commercially Reasonable Efforts**" means:

(a) with respect to Sanofi's obligations under this Agreement [***], the carrying out of such obligations or tasks with a level of efforts and resources [***] consistent with the efforts and resources that [***]; and

(b) with respect to EXS's obligations under this Agreement [***] the carrying out of such obligations or tasks with a level of efforts and resources [***], consistent with the efforts and resources that [***].

1.1.38 "**Committee**" means each of the Joint Steering Committee and any Subcommittee established under this Agreement.

1.1.39 "**Competing Product**" has the meaning given in Clause 2.4.

1.1.40 "**Confidential Information**" means, with respect to a Party, all confidential or proprietary information Controlled by such Party, including chemical or biological materials, chemical structures, Research plans, Development plans, Commercialisation plans, correspondence, customer lists, Know-How, regulatory filings, strategies, or other information or data, in each case that are disclosed or made available by or on behalf of such Party to the other Party pursuant to this Agreement, regardless of whether any of the foregoing are marked "confidential" or "proprietary" or communicated to the other Party by or on behalf of the disclosing Party in oral, written, visual, graphic or electronic form.

1.1.41 "**Control**" means (a) in relation to any Patent Rights or other intellectual property right (excluding Know-How), the possession by a Party of the right to grant (other than by virtue of a licence granted to such Party in this Agreement) a licence or sublicence of such Patent Rights or other intellectual property right under the terms of this Agreement without breaching the terms of any agreement between that Party and any Third Party; (b) in relation to Know-How or any other materials (including Confidential Information), the possession by a Party of the right (other than by virtue of a licence granted to such Party in this Agreement) to supply such Know-How or materials to the other Party under the terms of this Agreement without breaching the terms of any agreement between that Party and any Third Party; and (c) in relation to a Small Molecule, the possession by a Party of the right to supply that Small Molecule to the other Party under the terms of this Agreement for Development as a candidate that is Directed To an Approved Collaboration Target without breaching the terms of any agreement between that Party and any Third Party. "**Controlled**" is to be interpreted

accordingly. Notwithstanding anything to the contrary in this Agreement, in the event of a Change of Control of a Party, then, whether or not this Agreement is assigned to the Acquiring Entity, any intellectual property rights owned or controlled by the Acquiring Entity Family will not be deemed to be Controlled by such Party after the effective date of such Change of Control transaction for purposes of this Agreement, except to the extent any such intellectual property rights are (i) developed, acquired or otherwise Controlled by the Acquiring Entity Family pursuant to or in connection with a licence or other agreement between the Acquiring Party or any of its Affiliates, on the one hand, and such Party, on the other hand [***], (ii) developed or acquired by the Acquiring Entity Family following such Change of Control with the use of or access to the subject matter used or made available by the Acquired Party Family under this Agreement, or (iii) used by the Acquiring Entity Family in the Development, Manufacture or Commercialisation of [***] by or on behalf of the Acquiring Entity Family.

1.1.42 "**Cost Share Candidate**" has the meaning given in Clause 6.6.

1.1.43 "**Cover**" means, with reference to a claim in a Patent or to a Valid Claim, as applicable, and a compound or product (including a composition of matter), that the Research, Development, Manufacture, Commercialisation, making, using, offering to sell, selling, importing or exporting of such compound or product would infringe such claim or Valid Claim in the country in which such activity occurs without a licence thereto (or ownership thereof).

1.1.44 "**Cure Period**" has the meaning given in Clause 32.4.

1.1.45 "**Cycle Time**" means the period of time [***].

1.1.46 "**D&R Milestone**" has the meaning given in Clause 15.1.

1.1.47 "**D&R Milestone Payment**" has the meaning given in Clause 15.1.

1.1.48 "**Data Protection Laws**" means any and all Applicable Laws relating (specifically or generally) to the processing of data relating to living persons including (a) all U.S. state and federal privacy and data protection laws, including, to the extent applicable, the Health Insurance Portability and Accountability Act of 1996), as amended by the Health Information Technology for Economic and Clinical Health Act adopted as part of the American Recovery and Reinvestment Act of 2009; (b) the General Data Protection Regulation ((EU) 2016/679) ("**EU GDPR**") and any national implementing law relating thereto; (c) the EU GDPR as it forms part of "retained EU law" as defined in the European Union (Withdrawal) Act 2018 as amended from time to time; and (d) the UK Data Protection Act 2018.

1.1.49 "[***]" has the meaning given in Clause 26.1.

1.1.50 "**Defend and Enforce**" means, with respect to any Patent Rights, Know-How or other intellectual property rights, any and all activities related to defending or enforcing those intellectual property rights in any action or proceeding by or against a Third Party, and "**Defence and Enforcement**" is to be interpreted accordingly.

1.1.51 "**Development**" means clinical drug development activities and other development activities with respect to a compound or product, including Clinical Trials (and other trials commenced after Regulatory Approval), test method development and stability testing; toxicology; formulation; process development; qualification; validation; quality assurance and quality control; statistical analysis and report writing; the preparation and submission of INDs and MAAs; medical and regulatory affairs with respect to the foregoing and all other activities necessary or useful or otherwise requested or required by a Regulatory Authority or as a condition or in support of obtaining or maintaining a Regulatory Approval. For clarity, "**Development**" does not include Research or Manufacturing. When used as a verb, "**Develop**" means to engage in Development.

1.1.52 "**Development Candidate Data Package**" means, with respect to a Target and the Lead Molecule and each of the Back-Up Molecules that are Directed To such Target, [***] information package relating to such each Small Molecule, containing such items set forth in Schedule 6, to the extent such information is in existence and in the Control of EXS or its Affiliates at the time that such information package is delivered to Sanofi in accordance with this Agreement and including such other information that the Joint Steering Committee may agree upon in accordance with Clause 3.2(f).

1.1.53 "**Directed To**" means, with regard to a particular Target, that the compound or product at issue [***] such Target or other binding partner, and [***] causes pharmacologically relevant activity with respect to such Target.

1.1.54 "**Disclosing Party**" means, in relation to the Confidential Information of:

(a) EXS or any of EXS's Affiliates, EXS; or

(b) Sanofi or any of Sanofi's Affiliates, Sanofi.

1.1.55 "**Discovery Activity Commencement**" has the meaning given in paragraph 4.4(a) of Schedule 1.

1.1.56 "**Dispute**" has the meaning given in Clause 38.1.

1.1.57 "**Effective Date**" means the later of: (a) the date on which Sanofi executes this Agreement; and (b) the date on which EXS executes this Agreement.

1.1.58 "**Enforcing Party**" has the meaning given in Clause 24.3.

1.1.59 "**EU**" means all countries that are officially recognised as member states of the European Union at any particular time.

1.1.60 "**Excluded Target**" means any Target that is, at a given point in time, an [***] Third Party Target or EXS Internal Target.

1.1.61 "**Excluded Target List**" has the meaning given in paragraph 2.3 of Schedule 1.

1.1.62 "**Exclusions Lists**" has the meaning given in Clause 1.1.244.

1.1.63 "[***]" means one (1) or more Targets that [***] in each case, as designated by the Parties via the Joint Steering Committee pursuant to [***].

1.1.64 "[***] **Third Party Target**" means, at a given point in time, any Target that EXS is unable to Research under this Agreement because [***].

1.1.65 "**EXS Background IP**" means Background IP Controlled by EXS, but excluding any EXS Platform Technology IP. EXS Background IP is Confidential Information of EXS.

1.1.66 [***] means any Patent Rights, Know-How or other intellectual property rights arising out of a Research Program that [***]. By way of example, [***].

1.1.67 "**EXS Indemnitees**" has the meaning given in Clause 28.1.

1.1.68 "**EXS Internal Target**" means, at a given point in time, any Target (other than a Collaboration Target (solely for the period of time described in Clause 2.1(c)), Substitution Target or Approved Collaboration Target) that is then subject to Active Internal R&D.

1.1.69 "**EXS Internalization Notice**" has the meaning given in paragraph 3.7 of Schedule 1.

1.1.70 "**EXS Knowledge-Based Target**" has the meaning given in paragraph 1.1(c) of Schedule 1.

1.1.71 "**EXS Platform Invention**" means any invention that is conceived or reduced to practice [***] directly in the conduct of any Research Program that relates specifically to the EXS Platform Technology (including those that constitute improvements, modifications or enhancements to the EXS Platform Technology) that do not incorporate or arise from Sanofi Background IP, EXS Project IP or Sanofi Collaboration IP. For the avoidance of doubt: (a) any Know-How that is generated in the course of conducting any Research Program that relates specifically to that Research Program or a Qualifying Molecule or Qualifying Product for an Approved Collaboration Target or NSM Collaboration Target, including any Know-How relating to models generated solely from Sanofi Background IP shall not be an EXS Platform Invention (and, for clarity, such Know-How will be [***] in accordance with Clause 22); and (b) the Parties do not intend to create EXS Platform Inventions during the conduct of the Research Programs.

1.1.72 "**EXS Platform Technology**" means: (a) the proprietary coding, software, mathematical or probabilistic models that predict the likelihood of compounds being active against a specified biological target or having a particular ADMET parameter, automated design algorithms, evolutionary design algorithms, active learning algorithms, an integrated structural database, and structure-based design programs, in each case which are controlled by EXS as of the Effective Date or otherwise during the Term and which comprise EXS's artificial intelligence-based drug discovery platform; and (b) any enhancement, refinement, modification or improvement to any technology falling within the scope of sub-clause (a) (including all EXS Platform Inventions). For the avoidance of doubt, EXS Platform Technology will not embody any EXS Project IP or Sanofi Collaboration IP; however Sanofi acknowledges that EXS may develop EXS Platform Technology that [***].

1.1.73 "**EXS Platform Technology IP**" means the Patent Rights, Know-How and other intellectual property rights subsisting in EXS Platform Technology.

1.1.74 "**EXS Project IP**" has the meaning given in Clause 22.1.

1.1.75 "**FFDCA**" means the United States Federal Food, Drug, and Cosmetic Act, 21 U.S.C. 301, *et seq*., as it may be amended from time to time, and the rules, regulations, guidance, guidelines, and requirements promulgated or issued thereunder.

1.1.76 "**Field**" means any and all uses or purposes, including the treatment, prophylaxis, palliation, diagnosis or prevention of any human or animal disease, disorder or condition.

1.1.77 "**First Commercial Sale**" means, with respect to a Qualifying Small Molecule Product in a country in the Territory, the first sale to a Third Party of that Qualifying Small Molecule Product for monetary value in that country for use or consumption by the general public after all Regulatory Approvals that are required in order to sell that Qualifying Small Molecule Product in that country have been obtained and for which any of Sanofi or its Affiliates or Sublicensees has invoiced sales of that Qualifying Small Molecule Product in that country in the Territory; provided, however, that the following will not constitute a First Commercial Sale: (a) any sale to an Affiliate or Sublicensee of Sanofi, unless such Affiliate or Sublicensee is the last Person in the distribution chain of the Qualifying Small Molecule Product; (b) any use of such Qualifying Small Molecule Product in Clinical Trials or non-clinical Research activities with respect to such Qualifying Small Molecule Product by or on behalf of a Party; or (c) any disposal or transfer of such Qualifying Small Molecule Product for a bona fide charitable purpose, compassionate use or samples.

1.1.78 [***] has the meaning given in Clause 4.5.

1.1.79 [***] has the meaning given in Clause 4.5.

1.1.80 "**Floor**" has the meaning given in Clause 18.4(a).

1.1.81 "**Force Majeure Event**" means any cause or causes beyond a Party's reasonable control to the extent such cause or causes could not reasonably be planned for or avoided including any of the following: acts of God, fires, earthquakes, acts of war, terrorism, civil unrest, hurricane or other inclement weather, embargoes, shortages, epidemics, quarantines, strikes, lockouts or other labour disturbances (whether involving the workforce of the affected Party or of any other Person), or acts, omissions or delays in acting by any Governmental Authority (except to the extent such omission or delay results from the breach by the affected Party or any of its Affiliates of its or their Research, Development, Manufacturing or Commercialisation obligations or any other term or condition of this Agreement).

1.1.82 "**FTE**" means a full-time equivalent person year (consisting of [***] hours per year) of work as an employee or contractor as tracked by a Party using its standard practice and methodologies. For clarity, indirect personnel (including support functions such as alliance management, managerial, financial, legal or business development) will not constitute FTEs. Notwithstanding the foregoing, the time of a single individual will not account for more than

one FTE for a given Calendar Year (or applicable pro rata portion of an FTE during any Calendar Quarter or other period of less than a Calendar Year).

1.1.83 "**FTE Costs**" means the actual direct and indirect costs of the performing Party's FTE for the performance of Clinical Development activities, per one full FTE (including personnel and travel expenses), multiplied by the number of FTEs.

1.1.84 "**Gatekeeper**" has the meaning given in paragraph 2.1 of Schedule 1.

1.1.85 "**GCP**" means the applicable then-current ethical and scientific quality standards for designing, conducting, recording and reporting Clinical Trials as are required by applicable Regulatory Authorities or Applicable Law in the relevant jurisdiction, including, in the United States, Good Clinical Practices established through FDA guidances, and, outside the United States, Guidelines for Good Clinical Practice – ICH Harmonized Tripartite Guideline (ICH E6), to the extent such standards are not less stringent than United States GCP.

1.1.86 "**Generic Version**" means, with respect to a Qualifying Small Molecule Product in a country in the Territory, any pharmaceutical product that: (a) (x) is distributed by a Third Party under a MAA approved by a Regulatory Authority [***] of such Qualifying Small Molecule Product, including any [***]; or (y) is otherwise substitutable under Applicable Law for such Qualifying Small Molecule Product when dispensed without the intervention of a physician or other health care provider with prescribing authority; and (b) is sold in the same country by any Third Party that (i) is not a Sublicensee (other than a Sublicensee that has been granted a sublicence by Sanofi solely in connection with any settlement) and (ii) did not purchase such pharmaceutical product in a chain of distribution that included any of Sanofi or its Affiliates or Sublicensees.

1.1.87 "**GLP**" means the applicable then-current good laboratory practice standards as are required by applicable Regulatory Authorities or Applicable Law in the relevant jurisdiction, including, in the United States, those promulgated or endorsed by the FDA in U.S. 21 C.F.R. Part 58, or the equivalent thereof as promulgated or endorsed by the applicable Regulatory Authorities outside of the United States, to the extent such standards are not less stringent than United States GLP.

1.1.88 "**GMP**" means all applicable then-current good manufacturing practice standards relating to fine chemicals, intermediates, bulk products or finished pharmaceutical or biological products, as are required by applicable Regulatory Authorities or Applicable Law in the relevant jurisdiction, including, as applicable: (a) all applicable requirements detailed in the FDA's current Good Manufacturing Practices regulations, U.S. 21 C.F.R. Parts 210 and 211; (b) all applicable requirements detailed in the EMA's "The Rules Governing Medicinal Products in the European Community, Volume IV, Good Manufacturing Practice for Medicinal Products" and (c) all Applicable Law promulgated by any Governmental Authority having jurisdiction over the Manufacture of the applicable compound or pharmaceutical or biological product, as applicable.

1.1.89 "**Governmental Authority**" means any: (a) federal, state, local, municipal, foreign or other government; (b) governmental or quasi-governmental authority of any nature (including any agency, board, body, branch, bureau, commission, council, department, entity, governmental

division, instrumentality, office, officer, official, organisation, representative, subdivision, unit, and any court or other tribunal); (c) multinational governmental organisation or body; or (d) entity or body exercising, or entitled to exercise, any executive, legislative, judicial, administrative, regulatory, police, military or taxing authority or power of any nature (including any arbiter).

1.1.90 "**Handoff**" has the meaning given in Clause 6.2.

1.1.91 [***] has the meaning given in Clause 38.3(a).

1.1.92 "**IFRS**" means the International Financial Reporting Standards.

1.1.93 "**Immunology**" means the therapeutic area of immunology (including [***]).

1.1.94 "**IND**" means an investigational new drug application (including any amendment or supplement thereto) submitted to the FDA pursuant to U.S. 21 C.F.R. Part 312, including any amendments thereto. References herein to IND will include, to the extent applicable, any foreign counterpart of the foregoing filed with a Regulatory Authority outside the U.S. for the investigation of a product in any other country or group of countries (such as a Clinical Trial Application in the EU) in conformance with the requirements of such Regulatory Authority.

1.1.95 "**Initial Pathways of Interest**" means those [***] set forth in Schedule 7.

1.1.96 "**Indemnified Party**" has the meaning given in Clause 28.3.

1.1.97 "**Indemnifying Party**" has the meaning given in Clause 28.3.

1.1.98 "**Independent Accountant**" means, in relation to a Party's exercise of its audit rights under Clause 35:

(a) any of KPMG, PwC, Deloitte or EY (or their successors); or

(b) any other internationally recognised independent public accountant approved by the other Party in writing.

1.1.99 "**Indication**" means a specific disease or medical condition in humans that is approved by a Regulatory Authority to be included as a discrete claim (as opposed to a variant or subdivision or subset of a claim) in the labelling of a product based on the results of a separate Pivotal Trial(s) sufficient to support Regulatory Approval of such claim; provided, however, with respect to [***] Indications, a particular [***] Indication will be considered distinct from another [***] Indication only if it has [***]. For clarity, the following will be part of the same Indication: (a) [***]; (b) [***]; (c) [***]; (d) [***]; (e) [***] or (f) [***].

1.1.100 "**Infringement**" has the meaning given in Clause 24.2.

1.1.101 "**Initiation**" means (a) with respect to a Phase 1 Clinical Trial (or the Phase 1 Clinical Trial portion of a Phase 1/2 Clinical Trial), the administration of the first dose of a Qualifying Product to the first patient (or volunteer, as relevant) participating in such Clinical Trial or (b) with respect to any Clinical Trial other than as set forth in sub-clause (a), the administration

of the first dose of a Qualifying Product or placebo to the first patient (or volunteer, as relevant) participating in such Clinical Trial.

1.1.102 "**Insolvency Event**" means circumstances under which a Party (a) has a receiver or similar officer appointed over all or a material part of its assets or business; (b) passes a resolution for winding-up of all or a material part of its assets or business (other than a winding-up for the purpose of, or in connection with, any solvent amalgamation or reconstruction) or a court enters an order to that effect; (c) has entered against it an order for relief recognising it as a debtor under any insolvency or bankruptcy laws (or any equivalent order in any jurisdiction); or (d) enters into any composition or arrangement with its creditors with respect to all or a material part of its assets or business (other than relating to a solvent restructuring).

1.1.103 [***] has the meaning given in Clause 2.3(a).

1.1.104 [***] has the meaning given in Clause 2.3(b).

1.1.105 "**Invention**" means any process, method, composition of matter, article of manufacture, discovery or finding that is conceived or reduced to practice.

1.1.106 "**Joint Steering Committee**" has the meaning given in Clause 11.1.

1.1.107 "**Know-How**" means algorithms, data, information, Inventions, improvements, knowledge, methods (including methods of use or administration or dosing), practices, results, software, techniques, technology and trade secrets, including analytical and quality control data, analytical methods (including applicable reference standards), assays, pre-clinical models, biomarkers, batch records, chemical structures and formulations, crystallisation methods, X-ray diffraction data and analyses, compositions of matter, formulae, synthesis route, manufacturing data, in vitro and in vivo pharmacological, toxicological and clinical test data and results, processes, reports, research data, research tools, sequences, standard operating procedures and techniques, in each case, whether patentable or not, and, in each case, tangible manifestations thereof.

1.1.108 "**Knowledge Graph**" has the meaning given in paragraph 1.1 of Schedule 1.

1.1.109 "**Knowledge Graph Output**" has the meaning given in paragraph 1.1 of Schedule 1.

1.1.110 "**Lead Identification Data Package**" has the meaning given in Clause 5.7.

1.1.111 "**Lead Molecule**" means, with respect to an Approved Collaboration Target, the lead Small Molecule arising out of the Research Program directed to that Approved Collaboration Target.

1.1.112 "**Licensed Collaboration Development Candidate**" means, for a given Approved Collaboration Target, any Small Molecule Controlled by EXS or any of its Affiliates as of the Effective Date or during the Term for such Approved Collaboration Target that is selected by Sanofi under the Small Molecule Research Project with respect to that Approved Collaboration Target under Clause 6.1.

1.1.113 "**Licensed Product Patent**" means, for a given Approved Collaboration Target, any Patent Rights (including all claims and the entire scope of claims therein) comprised in the EXS Project IP.

1.1.114 "**Licensed Small Molecule Product**" means any product in the Field that (a) is Directed To any Approved Collaboration Target; and (b) contains or comprises a Licensed Collaboration Development Candidate.

1.1.115 "**Loss**" or "**Losses**" means all damages, losses, liabilities, fines, penalties, interest and claims (including Taxes), and all related costs and expenses (including reasonable legal fees and disbursements and costs of investigation, litigation, experts, settlement and judgment).

1.1.116 "**M1 Criteria**" means, with respect to a compound, the criteria that serve as a basis for Sanofi's determination in accordance with its standard internal policies and formal governance procedures to further commit resources to potentially achieve [***] for such compound, which criteria include, as applicable, (a) identification of [***] (b) establishment of [***] (c) development of [***] and (d) any other criteria used by Sanofi to determine whether to advance such compound towards achievement of [***].

1.1.117 "**M2 Criteria**" means, with respect to a compound, the criteria that serve as a basis for Sanofi's determination in accordance with its standard internal policies and formal governance procedures to further commit resources to potentially achieve [***].

1.1.118 "**MAA**" means a marketing authorisation application or similar application, as applicable, and all amendments and supplements thereto, submitted to the FDA, EMA or any equivalent filing in a country or regulatory jurisdiction other than the U.S. or EU with the applicable Regulatory Authority, to obtain Regulatory Approval for a pharmaceutical or biological product, in a country or in a group of countries.

1.1.119 "**Major Country**" means [***].

1.1.120 "**Major Markets**" means [***].

1.1.121 "**Market**" means either a country or region, in each case, as determined in accordance with Sanofi's internal policies, as applied consistently to Third Parties.

1.1.122 "**Manufacture**" means all activities related to the manufacturing of a compound or product or any component or ingredient thereof, including the production, manufacture, having manufactured, processing, filling, finishing, packaging, labelling, shipping and holding of that compound or product or any intermediate thereof, including process development, process qualification and validation, scale-up, commercial manufacture and analytic development, product characterisation, stability testing, quality assurance and quality control. When used as a verb, "**Manufacture**" means to engage in Manufacture.

1.1.123 "**Material Transfer Agreement**" means any Material Transfer Agreement entered into between the Parties, a template of which is attached hereto as Schedule 5.

1.1.124 "**NDA**" means, with respect to a pharmaceutical product, a New Drug Application submitted to the FDA in accordance with the FFDCA, and the rules and regulations promulgated thereunder, or any foreign counterpart to the foregoing filed with any Regulatory Authority outside of the United States in conformance with the requirements of such Regulatory Authority.

1.1.125 "**Negotiation Period**" has the meaning given in Clause 10.1.

1.1.126 "**Net Sales**" means, with respect to a Qualifying Small Molecule Product, for any period, the gross amount invoiced by Sanofi or its Affiliates or Sublicensees for the sale of such Qualifying Small Molecule Product to Third Parties, commencing with the First Commercial Sale of such Qualifying Small Molecule Product upon meeting the applicable IFRS revenue recognition criteria *less* the following amounts, determined in accordance with IFRS, which are actually incurred, allowed, accrued or specifically allocated, with respect to such Qualifying Small Molecule Product over such period:

(a) [***];

(b) [***];

(c) [***];

(d) [***];

(e) [***];

(f) [***];

(g) [***];

(h) [***];

(i) [***]; and

(j) [***].

Net Sales shall *not* include: (i) the sale, transfer or other disposition of a Qualifying Small Molecule Product (x) prior to Regulatory Approval for use in Clinical Trials, (y) free of charge for use in special access programs or for compassionate use, or (z) free of charge of reasonable quantities of promotional samples; or (ii) the transfer of Qualifying Small Molecule Products to an Affiliate or Sublicensee, provided that, (x) unless subject to an exception in the foregoing proviso (i), the First Commercial Sale occurs if the Affiliate or Sublicensee is the end user and provided further that (y) Sanofi does not consolidate the revenues recognised by the Affiliate or Sublicensee with respect to any further resale of the Qualifying Small Molecule Product.

In the event that a Qualifying Small Molecule Product is sold in any country in the form of a pharmaceutical preparation in final form containing a Qualifying Small Molecule in combination with one or more active ingredients, for sale by prescription, over-the-counter or

any other method either as a fixed dose or unit or as separate doses or units in a single package (a "**Combination Product**"), Net Sales of such Combination Product will be adjusted by multiplying actual Net Sales of such Combination Product in such country calculated pursuant to the foregoing definition of "Net Sales" by the fraction [***] in such Combination Product. If either the Qualifying Small Molecule Product that contains the Qualifying Small Molecule(s) as its sole active ingredient, on the one hand, or the Other Items (individually or collectively) are not sold separately in a particular country in the same Calendar Quarter, [***].

1.1.127 "**Nomination List**" has the meaning given in paragraph 3.3 of Schedule 1.

1.1.128 "**Non-Enforcing Party**" has the meaning given in Clause 24.3.

1.1.129 "**Non-Small Molecule Target**" means any Target for which the modality Directed To such Target is not a Small Molecule Inhibitor.

1.1.130 "**Non-Validated Sanofi-Originated Target**" has the meaning given in paragraph 1.4 of Schedule 1.

1.1.131 "**NSM Option**" has the meaning given in paragraph 4.4(b) of Schedule 1.

1.1.132 "**NSM Option Period**" has the meaning given in paragraph 4.4(b) of Schedule 1.

1.1.133 "**NSM Research Plan**" has the meaning given in Clause 3.4.

1.1.134 "**Option Period**" has the meaning given in Clause 2.3(b).

1.1.135 "**Out-of-Pocket Expenses**" means, with respect to certain Clinical Development activities, specifically identifiable expenses paid or payable by a Party or its Affiliates to Third Parties to conduct those Clinical Development activities, including payments to contract personnel.

1.1.136 "**Party**" has the meaning given in the preamble to this Agreement.

1.1.137 "**Patent Rights**" means: (a) any patent or patent application in any country or supranational jurisdiction worldwide, including any provisional patent application; (b) any application claiming priority to any such patent or patent application or any substitution, divisional, continuation, continuation-in-part, reissue, renewal, registration, confirmation or the like of any such patent or patent application, or (c) any extension or restoration by any existing or future extension or restoration mechanism, including revalidation, reissue, re-examination or extension, including any supplementary protection certificate of any of the foregoing.

1.1.138 "**Person**" means any individual, partnership, joint venture, limited liability company, corporation, firm, trust, association, unincorporated organisation, Governmental Authority or any other entity not specifically listed herein.

1.1.139 "**Phase 1 Clinical Trial**" means a Clinical Trial which provides for the first introduction into humans of a product, conducted in normal volunteer subjects or patients to get information on product safety, tolerability, immunogenicity, pharmacological activity or pharmacokinetics, as

further described in 21 C.F.R. 312.21(a), as amended from time to time, or its foreign equivalents.

1.1.140 "**Phase 1/2 Clinical Trial**" means a Clinical Trial that combines both a Phase 1 Clinical Trial and a Phase 2 Clinical Trial into a single protocol, where the Phase 1 Clinical Trial portion is performed first to (a) establish initial safety, tolerability, pharmacokinetic and pharmacodynamic information for a product as a monotherapy or in combination with another agent or (b) determine the maximum tolerable dose of a product in subjects, and the Phase 2 Clinical Trial portion is performed second to further evaluate safety and/or efficacy of that product as a monotherapy or in combination with another agent in subjects treated with a selected dose.

1.1.141 "**Phase 2 Clinical Trial**" means a Clinical Trial of a product, the principal purpose of which is to evaluate the effectiveness of such product for a particular Indication or Indications in patients with the disease or condition under study and to determine the common short-term side effects and risks associated with such product, as described in 21 C.F.R. 312.21(b), as amended from time to time, or a similar clinical study prescribed by the relevant Regulatory Authority in a country other than the U.S.

1.1.142 "**Phase 3 Clinical Trial**" means a Clinical Trial on a sufficient number of subjects that is designed to establish that a product is safe and efficacious for its intended use, and to determine warnings, precautions and adverse reactions that are associated with such product in the dosage range to be prescribed, and to support Regulatory Approval for such product, as described in 21 C.F.R. 312.21(c), as amended from time to time, or a similar clinical study prescribed by the relevant Regulatory Authority in a country other than the U.S.

1.1.143 "**Phase 4 Clinical Trial**" means a Clinical Trial for a product with respect to any Indication commented after Regulatory Approval has been received for that product in such Indication.

1.1.144 "**Pivotal Trial**" means a single randomised, controlled (e.g. compared against SOC (standard of care), e.g. against a checkpoint inhibitor alone) Clinical Trial of a Qualifying Product that: (a) (i) satisfies the requirements of 21 C.F.R. 312.21(c) or corresponding foreign regulations or (ii) is intended to provide sufficient efficacy data to support the filing of a MAA for such Qualifying Product without the need for additional Clinical Trials; and (b) which, at the time of Initiation of such Clinical Trial, is expected to be the basis for EU Regulatory Approval or Regulatory Approval by the FDA of such Qualifying Product based on discussions with the relevant Regulatory Authority. For clarity, a Pivotal Trial shall include Phase 3 Clinical Trials.

1.1.145 "**Preliminary Research Plan**" has the meaning given in Clause 3.2.

1.1.146 "**Pricing Approval**" means any approval, agreement, determination or decision establishing prices that can be charged to consumers for a pharmaceutical or biological product or that will be reimbursed by Governmental Authorities for a pharmaceutical or biological product, in each case, in a country where Governmental Authorities approve or determine pricing for pharmaceutical or biological products for reimbursement or otherwise.

1.1.147 [***] has the meaning given in Clause 1.1.63.

1.1.148 "**Prioritisation Data Package**" means, with respect to a Target listed in the Target Pool Shortlist, an information package related to such Target that is sufficient for the Joint Steering Committee to be able to determine [***], in each case, containing such information to be agreed upon by the Parties through the Joint Steering Committee

1.1.149 "**Prioritised Target**" has the meaning given in paragraph 3.2 of Schedule 1.

1.1.150 "**Processing**" (including its cognate, "**Process**") means any operation or set of operations that is performed upon data, whether or not by automatic means, including, but not limited to, collection, recording, organization, storage, access, adaptation, alteration, retrieval, consultation, 10 use, disclosure, dissemination, making available, alignment, combination, blocking, deleting, appending, erasure, or destruction.

1.1.151 "**Product Patent**" means any Licensed Product Patent or Sanofi Product Patent.

1.1.152 "**Prosecution and Maintenance**" means, with respect to Patent Rights:

(a) the preparing, filing, prosecuting and maintenance of such Patent Right (including conducting all correspondence and interactions with any government office or court having jurisdiction over the same), including the right to apply for Patent Rights pursuant to The Agreement on Trade-Related Aspects of Intellectual Property Rights or pursuant to any other convention, treaty, agreement or understanding; and

(b) seeking, conducting or defending re-examinations, reissues, requests for patent term extensions and the like with respect to such Patent Right, together with the conduct of interferences, inter partes reviews, post-grant reviews, the defence of oppositions and other similar proceedings with respect to such Patent Right (whether before or after issuance),

and "**Prosecute and Maintain**" and "**Prosecuting and Maintaining**" are to be interpreted accordingly.

1.1.153 [***]

1.1.154 "**Publication**" has the meaning given in Clause 30.5.

1.1.155 "**Publishing Party**" has the meaning given in Clause 30.5.

1.1.156 "**Qualifying Molecule**" means any Qualifying Small Molecule or Qualifying Non-Small Molecule.

1.1.157 "**Qualifying Non-Small Molecule**" means any molecule arising out the Parties' activities under an NSM Research Plan that is Directed To a Collaboration NSM Target.

1.1.158 "**Qualifying Non-Small Molecule Product**" means any product in the Field that is Directed To any Collaboration NSM Target and contains or comprises a Qualifying Non-Small Molecule.

1.1.159 "**Qualifying Product**" means any Qualifying Small Molecule Product or any Qualifying Non-Small Molecule Product.

1.1.160 "**Qualifying Small Molecule**" means any (a) Licensed Collaboration Development Candidate that is Directed To an Approved Collaboration Target (excluding any Termination Molecule) or any (b) [***] that is Directed To an Approved Collaboration Target.

1.1.161 "**Qualifying Small Molecule Product**" means any product in the Field that (a) is Directed To any Approved Collaboration Target; and (b) contains or comprises a Qualifying Small Molecule.

1.1.162 "**Receiving Party**" means, in relation to Confidential Information of:

(a) EXS or any of EXS's Affiliates, Sanofi; or

(b) Sanofi or any of Sanofi's Affiliates, EXS.

1.1.163 "**Regulatory Approval**" means, with respect to a country or jurisdiction, any approval, licence and authorisation of the applicable Regulatory Authority necessary for the marketing and sale of a product for a particular Indication in a country or region (including, to the extent necessary for the marketing and sale of that product, separate Pricing Approvals), and any approval by the applicable Regulatory Authority of any expansion or modification of the label for such Indication.

1.1.164 "**Regulatory Authority**" means any national or supranational Governmental Authority, including the United States Food and Drug Administration (and any successor entity thereto) (the "**FDA**") in the U.S., the United Kingdom Medicines and Healthcare products Regulatory Agency in the United Kingdom, the European Medicines Agency (and any successor entity thereto) (the "**EMA**") in the EU and any equivalent health regulatory authority in any country or jurisdiction that that is a counterpart to the foregoing agencies, in each case, that holds responsibility for development, manufacture and commercialisation of, and the granting of a Regulatory Approval for, a pharmaceutical or biological product in that country or jurisdiction.

1.1.165 "**Regulatory Exclusivity**" means, with respect to a Qualifying Small Molecule Product, any rights or protections which are recognised, afforded or granted by the FDA or any other Regulatory Authority in any country or jurisdiction of the Territory, in association with the Regulatory Approval of the Qualifying Small Molecule Product, providing the Qualifying Small Molecule Product: [***] a period of marketing exclusivity, during which a Regulatory Authority recognising, affording or granting such marketing exclusivity will refrain from either reviewing or approving a MAA or similar regulatory submission, submitted by a Third Party seeking to market a Generic Version of such Qualifying Small Molecule Product, [***]

1.1.166 "**Regulatory Materials**" means the regulatory applications, registrations, authorisations and approvals (including approvals of MAAs, supplements and amendments, pre- and post-approvals, Pricing Approvals and labelling approvals), Regulatory Approvals and other submissions made to or with any Regulatory Authority, including drug master files, for Research, Development (including the conduct of Clinical Trials), Manufacture or

Commercialisation of a pharmaceutical or biological product in a regulatory jurisdiction, together with all related correspondence to or from any Regulatory Authority and all documents referenced in the complete regulatory chronology for each NDA, MAA, IND and foreign equivalents of any of the foregoing.

1.1.167 "**Relevant Personal Data**" has the meaning given in Clause 26.3.

1.1.168 "**Requisite Sanofi-Originated Molecule Data**" means data owned or controlled by Sanofi that is relevant to the research of a Sanofi-Originated Molecule and a Sanofi-Originated Target, which data is, as of the time of the provision of such Sanofi-Originated Molecule, sufficient to [***] and that has progressed towards, but has not yet [***].

1.1.169 "**Research**" means any pre-clinical research or pre-clinical development activities (including Target validation, drug discovery, identification or synthesis) with respect to a Target, compound or product. When used as a verb, "**Research**" means to engage in Research.

1.1.170 "**Research Collaboration**" means the collaboration between the Parties as set out in this Agreement.

1.1.171 "**Research Milestone**" has the meaning given in Clause 14.1.

1.1.172 "**Research Milestone Payment**" has the meaning given in Clause 14.1.

1.1.173 "**Research Plan**" has the meaning given in Clause 4.2.

1.1.174 "**Research Program**" means, collectively, with respect to a Target, activities conducted by or on behalf of the Parties under the Research Collaboration, including, as applicable, activities to (a) discover and validate a Target in the Collaboration Disease Field (including the conduct of validation activities in accordance with the Target Validation Plan for a Collaboration Target); (b) advance a Collaboration Target into a Small Molecule Research Project; (c) accelerate the identification of Collaboration Development Candidates Directed To an Approved Collaboration Target (including the conduct of Research activities in accordance with the Research Plan for an Approved Collaboration Target); and (d) achieve certain Translational Milestones pursuant to an NSM Research Plan with respect to Collaboration NSM Targets.

1.1.175 "**Research Term**" means the date starting on the Effective Date and ending on the [***] anniversary of the Effective Date, provided that if any Approved Collaboration Target was substituted for another Approved Collaboration Target before the [***] anniversary of the Effective Date, then the Research Term will be extended until the date on which the Small Molecule Research Project for the substituted-in Approved Collaboration Target is completed or terminated by the Joint Steering Committee.

1.1.176 "**Reversion IP**" has the meaning given in Clause 33.2(d).

1.1.177 "**Reversion Molecule**" has the meaning given in Clause 33.2(d).

1.1.178 "**Reversion Product**" has the meaning given in Clause 33.2(d).

1.1.179 "**Reviewing Party**" has the meaning given in Clause 30.5.

1.1.180 "**Royalty Report**" has the meaning given in Clause 18.5.

1.1.181 "**Royalty Term**" means, on a Qualifying Small Molecule Product-by-Qualifying Small Molecule Product basis and country-by-country basis, the period that starts upon the First Commercial Sale of that Qualifying Small Molecule Product in such country in the Territory to a Third Party and ends upon the latest of:

(a) the date on which use or sale of that Qualifying Small Molecule Product is no longer Covered by a Valid Claim in that country in the Territory;

(b) expiry of Regulatory Exclusivity for that Qualifying Small Molecule Product in that country in the Territory; or

(c) [***] years after the First Commercial Sale in that country in the Territory.

1.1.182 "**Rules**" has the meaning given in Clause 38.3(a).

1.1.183 "**Safety Reason**" means any medical risk in relation to a Qualifying Molecule or Qualifying Product that is sufficiently unfavourable as to be incompatible with the welfare of patients to Develop or Commercialise or to continue to Develop or Commercialise that Qualifying Molecule or Qualifying Product.

1.1.184 "**Sales Milestone**" has the meaning given in Clause 17.1.

1.1.185 "**Sales Milestone Payment**" has the meaning given in Clause 17.1.

1.1.186 "**Sanofi Background IP**" means Background IP Controlled by Sanofi. Sanofi Background IP is Confidential Information of Sanofi.

1.1.187 [***] means, for a given Approved Collaboration Target, any [***] or any of its Affiliates as of the Effective Date or during the Term for such Approved Collaboration Target that is selected by Sanofi under the Small Molecule Research Project with respect to that Approved Collaboration Target under Clause 6.1.

1.1.188 "**Sanofi Collaboration IP**" has the meaning given in Clause 22.2.

1.1.189 "**Sanofi Data**" means (a) all data or information in any form or format (including interim, Processed, compiled, summarised, copied, or derivative versions of such data or information, and any insights that may be learned from such data or information that may exist in any system, database, or record) submitted to EXS or its Affiliates by or on behalf of Sanofi or its Affiliates in connection with or related to any Research Program ("**Sanofi-Provided Data**"); or (b) all Know-How included in the EXS Project IP or Sanofi Collaboration IP. Sanofi Data is Confidential Information of Sanofi.

1.1.190 "**Sanofi Desired Targets**" has the meaning given in paragraph 2.6 of Schedule 1.

1.1.191 "**Sanofi Indemnitees**" has the meaning given in Clause 28.2.

1.1.192 "**Sanofi Materials**" has the meaning given in Clause 5.14.

1.1.193 "**Sanofi Licensed Background IP**" means any Patent Rights, Know-How and other intellectual property rights Controlled by Sanofi (or an Affiliate of Sanofi) that are necessary or reasonably useful for the activities to be conducted by EXS under any Research Program, including such intellectual property rights subsisting in the Sanofi-Originated Targets, Sanofi-Originated Molecules and Sanofi Data, in each case excluding Sanofi Collaboration IP.

1.1.194 "**Sanofi-Originated Molecule**" means a Small Molecule originated from Sanofi's early stage oncology and Immunology pipeline that is Controlled by Sanofi or one of its Affiliates and that, as of the date such Small Molecule is provided by or on behalf of Sanofi to EXS for use in the Research Collaboration hereunder, as identified in the applicable Research Plan.

1.1.195 "**Sanofi-Originated Target**" means any Target originated from Sanofi's early stage oncology or Immunology pipeline, as identified in the applicable Research Plan. A Sanofi Originated Target will be either a Non-Validated Sanofi-Originated Target or a Validated Sanofi-Originated Target.

1.1.196 "**Sanofi Preferred Targets**" the meaning given in paragraph 2.2 of Schedule 1.

1.1.197 "**Sanofi Product Patent**" means, for a given Approved Collaboration Target or Collaboration NSM Target, any Patent Rights (including all claims and the entire scope of claims therein) comprised in the Sanofi Collaboration IP.

1.1.198 [***] has the meaning given in Clause 4.6.

1.1.199 "**Securities Regulator**" has the meaning given in Clause 30.2(a).

1.1.200 "**Segregate**" means, with respect to a Competing Product, to segregate the Research, Development, Manufacture and Commercialisation strategy, decisions and activities relating to such Competing Product from the Research, Development, Manufacture or Commercialisation strategy, decisions and activities with respect to any compound or product Directed To a Target that is the subject of a Research Program, including ensuring that: (a) no personnel involved in overseeing, directing or performing the Research, Development, Manufacture or Commercialisation, as applicable, of such Competing Product have access to non-public plans or non-public information or data relating to the Research, Development, Manufacture or Commercialisation of compounds or products Directed To any Target that is the subject of a Research Program or any other relevant Confidential Information of either Party; and (b) no personnel involved in overseeing, directing or performing the Research, Development, Manufacture or Commercialisation of compounds or products Directed To any Target that is the subject of a Research Program have access to non-public plans or information relating to the Research, Development, Manufacture or Commercialisation of such Competing Product; provided that, in either case ((a) or (b)), personnel at executive level may review and evaluate plans and information regarding the Research, Development, Manufacture or Commercialisation of such Competing Product solely in connection with monitoring the progress of products, including portfolio decision-making among product opportunities.

1.1.201 "**Senior Executives**" means (i) for EXS, its Chief Executive Officer and (ii) for Sanofi, its [***].

1.1.202 [***] has the meaning given in Clause 2.6.

1.1.203 "**Small Molecule**" means (a) a small molecule, (b) a modification, derivative or fragment of a molecule falling within the scope of such small molecule referred to in sub-clause (a), (c) a salt, free acid/base, solvate, hydrate, isomer, enantiomer, non-crystalline form, crystalline form or polymorphic form of any molecule falling within the scope of sub-clause (a) or (b), or (d) is a prodrug, metabolite, conjugate or complex of any molecule falling within the scope of sub-clause (a), (b) or (c).

1.1.204 "**Small Molecule Inhibitor**" means any Small Molecule that [***] of a Target, and modulate the biologic activity of such Target. Small Molecule Inhibitors do not include other [***] (e.g. [***]), or [***] of Small Molecules, including those that (a) use a different [***] (e.g. [***] such as [***]).

1.1.205 "**Small Molecule Research Project**" means, with respect to an Approved Collaboration Target, Research activities conducted by or on behalf of the Parties in accordance with the Research Plan for that Approved Collaboration Target, unless and until that Approved Collaboration Target is substituted out pursuant to any of Sanofi's substitution rights in Clauses 4.5 and 4.6.

1.1.206 "**Subcommittee**" has the meaning given in Clause 11.7.

1.1.207 "**Subcontracting Party**" has the meaning given in Clause 5.5.

1.1.208 "**Sublicensee**" means, with respect to Sanofi, a Third Party to whom Sanofi has granted a sublicence or licence in accordance with Clause 20.4, either directly or indirectly, in each case of the rights licensed to Sanofi by EXS pursuant to this Agreement, but excluding: (a) any Third Party acting as a distributor; and (b) EXS and any of its Affiliates or subcontractors permitted under Clause 5.5.

1.1.209 "**Substitution List**" has the meaning given in paragraph 3.4 of Schedule 1.

1.1.210 "**Substituted In Target**" has the meaning given in Clause 14.2(c).

1.1.211 "**Substituted Out Target**" has the meaning given in Clause 14.2(c).

1.1.212 "**Substitution Targets**" has the meaning given in paragraph 3.3 of Schedule 1.

1.1.213 "**Substitution Term**" means the period running from the Effective Date through the expiration of the [***].

1.1.214 "**Systems**" means those information technology assets, computer systems, devices, mobile devices, equipment, hardware, servers, software, networks, telecommunications systems and related infrastructure and facilities, used in connection with a Research Program.

1.1.215 "**Target**" means (a) a specific protein, that is (i) identified by a GenBank protein accession number or by its amino acid sequence and (ii) coded by a genetic locus or (b) any non-synonymous mutation, splice variation or any post-translational modification of such protein described in sub-clause (a).

1.1.216 "**Target Availability Request**" has the meaning given in paragraph 2.2 of Schedule 1.

1.1.217 "**Target Pool**" has the meaning given in paragraph 1.1(c) of Schedule 1.

1.1.218 "**Target Pool Shortlist**" has the meaning given in paragraph 1.3 of Schedule 1.

1.1.219 "**Target Prioritisation Criteria**" means the criteria that EXS shall consider in determining whether to suggest an EXS Knowledge-Based Target from the Target Pool (the "**Target Prioritisation Criteria**") to Sanofi under Schedule 1, as set out in Schedule 3.

1.1.220 "**Target Validation Plan**" has the meaning given in paragraph 4.1 of Schedule 1.

1.1.221 "**Tax**" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

1.1.222 "**Tax Credit**" means a credit against, relief or remission for, or repayment of, any Tax.

1.1.223 "**Tax Deduction**" means a deduction or withholding for or on account of Tax from a payment made under this Agreement.

1.1.224 "**Term**" means, on an Approved Collaboration Target-by-Approved Collaboration Target or Collaboration NSM Target-by-Collaboration NSM Target basis, the period from and including the Effective Date to the date on which neither Party has any obligation to the other under this Agreement with respect to that Approved Collaboration Target (including, to the extent applicable, with respect to a Qualifying Small Molecule Product for that Approved Collaboration Target) or Collaboration NSM Target (including, to the extent applicable with respect to a Qualifying Non-Small Molecule Product for that Collaboration NSM Target).

1.1.225 "**Terminated Target**" means an Approved Collaboration Target or Collaboration NSM Target that becomes a "Terminated Target" as expressly set forth in this Agreement. For clarity, once a an Approved Collaboration Target or Collaboration NSM Target is deemed a "Terminated Target", then it will no longer be an Approved Collaboration Target or Collaboration NSM Target for purposes of this Agreement.

1.1.226 "**Termination Molecules**" has the meaning given in Clause 33.2.

1.1.227 "**Termination Notice**" has the meaning given in Clause 32.4.

1.1.228 "**Termination Products**" has the meaning given in Clause 33.2.

1.1.229 "**Terminated Project IP**" means any EXS Project IP relating to a Termination Molecule or Termination Product.

1.1.230 "**Territory**" means worldwide.

1.1.231 "**Third Party**" means any Person other than EXS, Sanofi and any of their Affiliates.

1.1.232 "**Third Party Infringement**" has the meaning given in Clause 24.4.

1.1.233 "**Trademark**" means any trademark, service mark, trade name, brand name, sub-brand name, trade dress, product configuration, program name, delivery form name, certification mark, collective mark, logo, tagline, slogan, design right, symbol or other identifier of source or origin recognised by any Governmental Authority, whether or not registered, and all statutory and common law rights therein and all registrations and applications therefor, together with all goodwill associated with, or symbolised by, any of the foregoing.

1.1.234 "**Translational Milestone**" has the meaning given in Clause 16.1.

1.1.235 "**Translational Milestone Payment**" has the meaning given in Clause 16.1.

1.1.236 "**Translational Platform**" has the meaning given in Clause 16.1.

1.1.237 "**Translational Research Plan**" means a research plan to be mutually agreed by the Parties, through the Joint Steering Committee, that describes any precision medicine activities to be conducted in connection with a particular Research Program and the associated [***]. A form Translational Research Plan is attached as Schedule 12.

1.1.238 "**Translational Results**" has the meaning given in Clause 16.1.

1.1.239 "**United States**" or "**U.S.**" means the United States of America and all of its territories and possessions.

1.1.240 "**USD**" means the lawful currency of the United States.

1.1.241 "**Validated Sanofi-Originated Target**" has the meaning given in paragraph 1.4 of Schedule 1.

1.1.242 "**Validation Criteria**" has the meaning given in paragraph 4.1 of Schedule 1.

1.1.243 "**Valid Claim**" means [***] of an issued and unexpired Patent Right that has not been held permanently revoked, unenforceable or invalid by a decision of a court or other Governmental Authority of competent jurisdiction, unappealable or unappealed within the time allowed for appeal and that is not admitted to be invalid or unenforceable through reissue, disclaimer or otherwise. [***]

1.1.244 "**Violation**" means that a Party or any of its Affiliates, or any of its or their respective officers or directors, or any other of its personnel (or other permitted agents of such Party performing activities under this Agreement, including Third Party subcontractors and their respective officers and directors) has been:

(a) convicted of any of the felonies identified among the exclusion authorities listed on the U.S. Department of Health and Human Services, Office of Inspector General

(OIG) website, including 42 U.S.C. § 1320a-7(a) (http://oig.hhs.gov/exclusions/authorities.asp);

(b) identified in the OIG List of Excluded Individuals/Entities (LEIE) database (http://exclusions.oig.hhs.gov/) or otherwise excluded from contracting with the federal government (see the System for Award Management (formerly known as the Excluded Parties Listing System) at http://sam.gov/portal/public/SAM/); or

(c) listed by any U.S. federal agency as being suspended, debarred, excluded or otherwise ineligible to participate in federal procurement or non-procurement programs, including pursuant to Section 306 of the FFDCA (21 U.S.C. § 335(a) or (b)) (http://www.fda.gov/ora/compliance_ref/debar/),

(together, the "**Exclusions Lists**").

1.2 In this Agreement, unless the context requires otherwise:

(a) any definition of or reference to any agreement, instrument or other document herein will be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein); and

(b) any reference to any Applicable Law herein will be construed as referring to such Applicable Law, all rules and regulations thereunder and any successor Applicable Law, in each case as from time to time enacted, repealed or amended.

1.3 In this Agreement:

(a) any reference to any Applicable Law refers to such Applicable Law, all rules and regulations thereunder and any successor Applicable Law, in each case as from time to time enacted, repealed or amended;

(b) the definitions of the terms herein will apply equally to the singular and plural forms of the terms defined and, where a word or phrase is defined herein, each of its other grammatical forms will have a corresponding meaning;

(c) whenever the context may require, any pronoun will include the corresponding masculine, feminine and neuter forms;

(d) words in the singular or plural form include the plural and singular form, respectively;

(e) "A or B" means "A or B or both"; "either A or B" means "A or B, but not both"; and "A and B" means "both A and B";

(f) the word "will" will be construed to have the same meaning and effect as the word "shall";

(g) the words “include”, “includes”, “including”, “exclude”, “excludes”, “excluding”, “for example”, “e.g.” and words of similar import, will be deemed to be followed by the words “but not limited to”, “without limitation” or words of similar import;

(h) the words “hereof”, “herein” and “herewith”, and words of similar import, will, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement;

(i) unless the context requires otherwise or is otherwise specifically provided: (i) all references herein to Clauses or Schedules will be construed to refer to clauses or schedules of this Agreement; (ii) all references herein to paragraphs will be construed to refer to paragraphs of the applicable Schedule and (iii) a reference in any Clause to any sub-clause is a reference to such sub-clause of such Clause;

(j) whenever this Agreement refers to a number of days, unless otherwise specified (including references to Business Days), such number refers to calendar days;

(k) unless otherwise specified, deadlines within which any payment is to be made or act is to be done within or following a specified time period after a date will be calculated by excluding the day, Business Day, month or year of such date, as applicable, and including the day, Business Day, month or year of the date on which the period ends;

(l) whenever any payment is to be made or action to be taken under this Agreement is required to be made or taken on a day other than a Business Day, such payment will be made or action taken on the next Business Day following such day to make such payment or do such act; and

(m) subject to Clause 36, unless the context requires otherwise, references to a Person will be constructed to include references to the successors or assigns (immediate or otherwise) of that Person.

1.4 Clauses 1.1 to 1.3 apply unless expressly provided to the contrary herein.

1.5 The headings, captions and the table of contents in this Agreement are for convenience only and will not be used in the interpretation or construction of this Agreement.

1.6 If there is any conflict or inconsistency between a term in the main part of this Agreement and a term in any of the Schedules or other documents referred to or otherwise incorporated into this Agreement, the term in the main part of this Agreement shall take precedence, unless the Schedule or other document which is incorporated into this Agreement is expressly stated to take precedence over the main part of this Agreement.

2. EXCLUSIVITY

2.1 Except with respect to EXS’s performance of a Research Program in accordance with this Agreement, EXS shall not, for itself, or with, through or for its Affiliates or any Third Party (including the grant of any licence to any Third Party) [***] engage in discussions or negotiations concerning, or enter into, any agreement with any Third Party regarding a

collaboration, licence, sale, or other transaction with respect to, or grant any right, title, or interest in or to:

(a) subject to (y) below, any [***], in each case, solely to the extent that [***];

(b) subject to (z) below, each [***], without limiting [***];

(c) each [***] Field, during the period starting upon [***];

(d) each [***] during the period starting upon [***]; and

(e) each Approved Collaboration Target, subject to Clauses 2.2 and 2.3, [***].

For the avoidance of doubt, EXS: (x) will not be in breach of this Clause 2.1 if EXS is approached by a Third Party to discuss or negotiate a collaboration, licence, sale, or other transaction of the type described in this Clause 2.1, but EXS declines to have further discussions with that Third Party; (y) may conduct preliminary internal Research relating to [***], provided that it provides regular updates to Sanofi, through its Alliance Manager (other than as prohibited by Applicable Law), in relation to that internal Research; and (z) may conduct preliminary internal Research relating to any [***].

2.2 Subject to Clause 2.3, if an Approved Collaboration Target is substituted out pursuant to any of Sanofi's substitution rights in Clauses 4.5 and 4.6, then (a) such substituted-out Approved Collaboration Target will no longer be an Approved Collaboration Target and instead will be deemed a Terminated Target and (b) the exclusivity provisions in Clause 2.1 will cease to apply in respect of that Terminated Target and EXS may conduct Research, Development, Manufacture and Commercialisation activities with respect to that Terminated Target itself or with any Third Party, or grant any rights to any Third Party with respect to that Terminated Target.

2.3 For any Approved Collaboration Target [***] that (a) was substituted in for a previous Approved Collaboration Target under [***] or [***] but (b) subsequently becomes a Terminated Target due to Sanofi's termination of this Agreement with respect to such Target [***]:

(a) EXS may [***];

(b) during the [***] Sanofi will have the [***], provided that:

(i) if [***]; and

(ii) if approached by a Third Party during the [***];

(c) if [***] then EXS shall [***] and, by the [***] Sanofi shall [***];

(d) in the event Sanofi [***]; and

(e) if [***].

2.4 Notwithstanding Clause 2.1, if EXS undergoes a Change of Control and on the date of the closing of such Change of Control, the Acquiring Entity is Researching, Developing, Manufacturing or Commercialising a product that is [***] (such product, a "**Competing Product**"), then EXS will not be in breach of Clause 2.1 as a result of such Change of Control or the continuation of such activities by such Acquiring Entity thereafter; provided that:

(a) such Acquiring Entity provides written notice to Sanofi no later than [***] days following the closing of that Change of Control that identifies such Competing Product; and

(b) such Acquiring Entity Segregates such Competing Product.

2.5 Except with respect to (a) Sanofi's performance of a Research Program in accordance with this Agreement, (b) any Development, Manufacturing or Commercialisation activities undertaken by or on behalf of Sanofi with respect to a Qualifying Small Molecule or Qualifying Small Molecule Product in accordance with this Agreement or (c) in connection with Sanofi's exercise of its rights under Clause 20.4, during the Research Term, Sanofi shall not, for itself, or with, through or for its Affiliates or any Third Party (including the grant of any licence to any Third Party) conduct, and shall cause its Affiliates to not conduct, directly or indirectly, any [***]. For the avoidance of doubt, the foregoing sentence does not restrict Sanofi or its Affiliates from conducting such activities with respect to [***].

2.6 Notwithstanding anything to the contrary in Clause 2.5, if, with respect to a given Licensed Collaboration Development Candidate, there is [***] Sanofi (a) does not conduct any [***], or (b) has instituted and maintained (per Sanofi's internal policies) a [***], and such [***] is not (i) by [***], (ii) a result of Sanofi's reasonable response to [***], (iii) as a result of a [***], (iv) a result of a [***], or (v) a direct result of any other [***] If Sanofi [***], then EXS may [***].

2.7 With respect to each Approved Collaboration Target [***] EXS shall not [***]. EXS shall apply filters to the [***] which have the effect of ensuring that EXS complies with the foregoing sentence.

3. TARGET SELECTION

3.1 Each Party shall comply with the target selection process set out in Schedule 1.

3.2 As soon as practicable after the Validation Criteria with respect to a Collaboration Target having been met or upon the designation of a Substitution Target as a Collaboration Target (provided that the Target Validation Plan for that Substitution Target was previously successfully completed pursuant to paragraph 4 of Schedule 1), EXS shall prepare and deliver to the Joint Steering Committee, for the Parties' review and agreement through the Joint Steering Committee, a high-level Research plan (the "**Preliminary Research Plan**") that includes:

(a) a description of [***] for that Collaboration Target;

(b) a description of [***] mutually agreed by the Parties for that Collaboration Target;

(c) the [***] for the Research Program for that Collaboration Target, including the [***] for that Collaboration Target and [***] for each Development Candidate Data Package;

(d) a description of Sanofi's [***] responsibilities;

(e) a non-exhaustive description of [***] with respect to such Research activities for that Collaboration Target (including, with respect to a Research Program involving [***]); and

(f) the requirements (in addition to those set forth in Schedule 6) for the Development Candidate Data Packages that EXS will deliver to Sanofi in accordance with Clause 5.8; and

(g) a description of any [***] activities to be undertaken with respect to the [***] (which description will be set forth in [***] to be attached the Preliminary Research Plan).

3.3 EXS shall [***] in good faith any [***] provided by Sanofi in writing to EXS's Alliance Manager with respect to the proposed criteria and activities set out in a Preliminary Research Plan prior to delivering that Preliminary Research Plan to the Joint Steering Committee.

3.4 If (a) a Non-Small Molecule Target is advanced by Sanofi under paragraph 5.1 of Schedule 1 and [***]; or (b) Sanofi requests that EXS Research any Non-Small Molecule Target that is a Validated Sanofi-Originated Target, then, subject to paragraph 5.3 of Schedule 1, the Parties shall collaborate to achieve certain translational milestones pursuant to a research plan to be mutually agreed by the Parties, through the Joint Steering Committee, that will describe the precision medicine activities to be conducted by EXS concurrently with the research and development activities to be conducted by Sanofi and its Third Party collaborators for that Non-Small Molecule Target (an "**NSM Research Plan**" and such Non-Small Molecule Target that is the subject of such Research Plan, a "**Collaboration NSM Target**"). The template NSM Research Plan is attached as Schedule 12.

3.5 Promptly following the Effective Date, EXS shall provide Sanofi, with a written report that summarises EXS's internal Research activities with respect to each of the Initial Pathways of Interest (if any). If, at any time during the Substitution Term, there is any change with respect to EXS's internal Research activities with respect to each of the Initial Pathways of Interest, EXS shall provide Sanofi, via the Joint Steering Committee, with a written update summarising such changes at least [***] weeks in advance of each meeting of the Joint Steering Committee.

4. APPROVED COLLABORATION TARGETS

4.1 Following the successful completion of the Target Validation Plan with respect to a Collaboration Target that is a Small Molecule Inhibitor modality and the delivery of the

Preliminary Research Plan in accordance with Clause 3.2, the Joint Steering Committee shall either:

(a) designate in writing the applicable Collaboration Target as an "**Approved Collaboration Target**"; or

(b) reject in writing the applicable Collaboration Target as an Approved Collaboration Target. For clarity, such rejected Collaboration Target may be subsequently determined by the Joint Steering Committee to be a Collaboration NSM Target in accordance with paragraph 5.1 of Schedule 1.

4.2 Upon designation of a Collaboration Target as an Approved Collaboration Target:

(a) the Parties (via the Joint Steering Committee) shall discuss and use Commercially Reasonable Efforts to finalise the Preliminary Research Plan for that Approved Collaboration Target at the next meeting of the Joint Steering Committee (each such agreed-upon research plan, a "**Research Plan**"); and

(b) Sanofi shall [***].

4.3 The initial Research Plans for the first [***] Approved Collaboration Targets are attached hereto as [***]. However, the commencement of the Cycle Time for each of the initial [***] Research Programs will start [***], but in any event by no later than [***].

4.4 Notwithstanding anything to the contrary in this Agreement, with respect to each Approved Collaboration Target, if EXS has not delivered the applicable Development Candidate Data Packages as required under the Research Plan on the date specified in the Research Plan for that Approved Collaboration Target, then Sanofi may elect to extend the applicable term of each Small Molecule Research Project by up to [***] months following such date.

4.5 [***] with respect to [***] Approved Collaboration Targets and [***], Sanofi (in its sole discretion) will have the [***] right to substitute, at no cost, each of those [***] Approved Collaboration Targets for any Target listed in the Nomination List or Substitution List [***].

4.6 After the [***] with respect to [***] Approved Collaboration Targets and [***] following the start of the drug design activities in accordance with the Research Plan for that Approved Collaboration Target as recorded by the Alliance Managers (excluding any preliminary preparation steps such as [***]) under the applicable Small Molecule Research Project for that Approved Collaboration Target, Sanofi (in its sole discretion) will have the [***] right to substitute, at no cost, each of those [***] Approved Collaboration Targets for any Target listed in the Nomination List or Substitution List [***]. For the avoidance of doubt, any Target that has become an Approved Collaboration Target due to the [***] in the Nomination List or Substitution List.

5. RESEARCH ACTIVITIES

5.1 Following the designation of a Collaboration Target as an Approved Collaboration Target, the Parties shall commence the Small Molecule Research Project for that Approved Collaboration

Target in accordance with this Agreement (including the Research Plan for that Approved Collaboration Target), provided that: (a) there will be no more than [***] active Small Molecule Research Projects (for clarity, excluding any Research Program for a Collaboration NSM Target) at any given time during the Research Term; and (b) the maximum number of active Small Molecule Research Projects in sub-clause (a) will [***] each time [***] Collaboration Development Candidates are selected for an Approved Collaboration Target in accordance with Clause 6.1. For the avoidance of doubt, if one or more Collaboration Development Candidates are selected for [***] Approved Collaboration Targets, neither Party shall be required to carry out any further Small Molecule Research Projects.

5.2 Each Party shall use Commercially Reasonable Efforts to undertake those activities allocated to it in each Research Plan and NSM Research Plan in accordance with such Research Plan or NSM Research Plan and this Agreement. Each Party shall comply with Applicable Laws in performing those activities allocated to it in the Research Plan.

5.3 Each Party shall ensure that all of its personnel engaged in the performance of any of that Party's responsibilities under each Research Plan or NSM Research Plan (a) are competent and efficient; and (b) have appropriate and relevant qualifications, training and experience for, and are knowledgeable about, that Party's responsibilities under that Research Plan or NSM Research Plan.

5.4 Any Research Plan or NSM Research Plan may be amended from time to time by the Joint Steering Committee in accordance with Clause 11.

5.5 Each Party (the "**Subcontracting Party**") may engage an Affiliate or Third Party subcontractor to perform any of its responsibilities under a Research Plan; provided that:

(a) prior to [***] subcontracting such performance to Third Party subcontractors, [***] shall obtain the prior written consent of [***] it being agreed that the subcontractors listed on Schedule 2 are pre-agreed as of the Effective Date);

(b) that Affiliate or subcontractor meets the qualifications and standards generally required by the Subcontracting Party for the performance of work similar in scope and complexity to the subcontracted activity;

(c) the Subcontracting Party ensures that it retains or obtains Control of any Patent Rights, Know-How or other intellectual property rights created by such Affiliate or subcontractor under or in connection with this Agreement; and

(d) the Subcontracting Party shall be responsible for all acts and omissions of any such Affiliate or subcontractor as fully as if they were the acts and omissions of the Subcontracting Party.

5.6 With respect to each Research Plan and NSM Research Plan:

(a) EXS will be responsible for [***] and, within [***] Business Days after the end of each Calendar Quarter, Sanofi will provide to EXS an invoice for any such expenses

incurred or paid by Sanofi or its Affiliates during the previous Calendar Quarter. EXS shall pay such invoice within [***] days following receipt thereof; and

(b) except as provided in Clause 5.6(a) above, [***] will be responsible for all costs and expenses incurred by or on behalf of [***] in relation to the Research Plan or NSM Research Plan.

5.7 With respect to each Approved Collaboration Target that is the subject of a Research Plan, EXS shall (a) promptly provide a written report to Sanofi when EXS believes that any Small Molecule for an Approved Collaboration Target has achieved [***] and (b) provide to Sanofi all data and information in support thereof that is reasonably necessary for Sanofi to determine that such Small Molecule for such Approved Collaboration Target has achieved [***] ("**Lead Identification Data Package**"). Sanofi shall promptly (and in any event within [***] days after the date of the complete Lead Identification Data Package) evaluate the Lead Identification Data Package to determine whether or not the applicable Small Molecule has achieved [***] and provide prompt written notice of such determination to EXS and, if [***] has been achieved, whether Sanofi wishes to either (i) continue with the Research Program with respect to that Approved Collaboration Target, in which case, to the extent a Research Milestone is payable in accordance with Clause 14.1, Sanofi shall pay the applicable Research Milestone Payment in accordance with this Agreement; or (ii) terminate the Research Program in accordance with the terms of this Agreement.

5.8 With respect to each Approved Collaboration Target that is the subject of a Research Plan, EXS shall (a) promptly provide (and in any event within [***] days following the conclusion of the Research Plan) a written report to Sanofi when EXS believes that a Small Molecule for such Approved Collaboration Target has achieved [***] and (b) provide to Sanofi (i) the corresponding Development Candidate Data Package and (ii) such additional information that Sanofi may reasonably request and reasonable quantities of any assays, reagents, research tools and such Small Molecules for such Approved Collaboration Target that are reasonably necessary for Sanofi to determine whether such Small Molecule for such Approved Collaboration Target have achieved [***]. Except as otherwise set forth in a corresponding Research Plan, EXS shall deliver a Development Candidate Data Package for the Lead Molecule for an Approved Collaboration Target first and shall deliver a Development Candidate Data Package with respect to [***] Back-Up Molecules [***] for such Approved Collaboration Target by no later than [***] months following the delivery of the Development Candidate Data Package for the Lead Molecule. Sanofi shall promptly (and, in any event, within [***] days after the date of EXS's delivery of each complete Development Candidate Data Package) evaluate such Development Candidate Data Package to determine whether or not the applicable Small Molecule has achieved [***] and provide prompt written notice of such determination to EXS.

5.9 Notwithstanding anything to the contrary in Clause 5.8 (but without limiting EXS's obligations to deliver Development Candidate Data Packages with respect to any Back-Up Molecules as required in Clause 5.8), if Sanofi provides notice to EXS that, with respect to a given Small Molecule for an Approved Collaboration Target, Sanofi desires to obtain delivery of the corresponding Development Candidate Data Package prior to its anticipated date of delivery because Sanofi believes that [***] with respect to that Small Molecule are likely to

be met and desires to progress such Small Molecule into Development at an earlier date, then the Parties shall, acting reasonably and in good faith, discuss appropriate amendments to [***]; provided that the Parties intend to not discuss or make any such amendments during the [***] month period immediately preceding the anticipated date for delivery of such Development Candidate Data Package. If the Parties so agree to amend [***] and the applicable Small Molecule achieves the amended [***], then (a) EXS shall promptly deliver the corresponding Development Candidate Data Package to Sanofi within [***] days following the date that [***] amended and (b) such Small Molecule will be deemed to have been designated as a Collaboration Development Candidate that meets [***] for purposes of Clauses 6.1 and [***] as of the date of EXS's delivery of the corresponding Development Candidate Data Package. [***] shall not withhold its agreement to any proposed amendment to [***] for the sole purpose of delaying the timing [***].

5.10 By no later than [***] Business Days following Sanofi's receipt of a Lead Identification Data Package or Development Candidate Data Package for an Approved Collaboration Target, Sanofi may (a) notify EXS in writing that such Lead Identification Data Package or Development Candidate Data Package is incomplete or inconsistent, in which case EXS shall use Commercially Reasonable Efforts to address Sanofi's concerns and deliver to Sanofi a complete Lead Identification Data Package or Development Candidate Data Package as promptly as practicable or (b) provide EXS with written notice requesting a discussion with EXS representative(s) who have the relevant knowledge and information regarding such Approved Collaboration Target or the Small Molecules relating to such Approved Collaboration Target, in which case EXS shall require such representatives to meet with Sanofi to discuss as soon as reasonably practicable.

5.11 Each Party shall prepare and maintain complete and accurate written records of all activities performed as well as results and data obtained pursuant to each Research Plan or NSM Research Plan, in sufficient detail and in good scientific manner appropriate for patent and regulatory purposes. In addition to the reporting obligations set forth in Clause 5.12, upon reasonable request of Sanofi, EXS will grant Sanofi and its Affiliates reasonable access to all results and data (including all primary data and data contained in laboratory notebooks) that is generated in the course of performance of each Research Plan and NSM Research Plan in a format reasonably acceptable to both Parties (including interim results, chemical structures and drug design strategies arising out of the Research Plan or NSM Research Plan). EXS shall consider in good faith any reasonable comments arising out of Sanofi's review of such results and data and provided by Sanofi in writing to EXS's Alliance Manager and make reasonable adjustments to the applicable Research Plan or NSM Research Plan in order to account for those reasonable comments. Sanofi and its Affiliates will also have the right, at reasonable intervals and upon reasonable notice to EXS, to have copies of such records made to use and transfer as permitted hereunder. All such records in their disclosed form will be deemed the Confidential Information of each Party (without affecting the ownership of or confidentiality and non-use obligations related to the information therein).

5.12 Each Party will furnish to the Joint Steering Committee, at each Joint Steering Committee meeting, to the extent applicable to such Party, an update on such Party's progress under the Research Plan for an Approved Collaboration Target or the NSM Research Plan for any Collaboration NSM Target during the relevant Calendar Quarter, including a summary of any

material results and data generated by such Party under such Research Plan or NSM Research Plan since the previous Joint Steering Committee meeting. Such Party shall provide the Joint Steering Committee with such other results, data and other information with respect to the activities under the Research Plan or NSM Research Plan as any member of the Joint Steering Committee may reasonably request that are in such Party's possession or control and are reasonably necessary or useful for the Joint Steering Committee to perform its responsibilities under Clause 11 or for either Party to exercise its rights under this Agreement. Upon reasonable request by a Party, through the Joint Steering Committee, the other Party shall provide the Joint Steering Committee with such other information and such additional access to records with respect to any Approved Collaboration Target or Collaboration NSM Target that is the subject of a Research Plan or NSM Research Plan as the Joint Steering Committee or such other Party may reasonably request for the conduct or evaluation of the Research Program, including data that is specific to the applicable Research Program (e.g., underlying datasets that are specific to the applicable Research Program and which are used by a Party in the course of conducting its activities with respect to the applicable Research Program). Nothing in this Clause 5.12 will require a Party to provide any data to the other Party if doing so would be contrary to Applicable Laws.

5.13 Sanofi will have the right to perform [***] activities under a Research Plan for each Approved Collaboration Target, including [***]. In the event of a dispute regarding the scope of the activities to be performed by Sanofi under that Research Plan, Sanofi will have final decision-making authority regarding that scope, and EXS shall not unreasonably withhold, delay or condition its approval of that scope. If Sanofi performs any such activities, then EXS shall transfer, upon Sanofi's request and at no cost to Sanofi, adequate amounts of materials, which Sanofi may use in accordance with the terms and conditions of this Agreement (including the applicable Research Plan) and any Material Transfer Agreement entered into between the Parties). Prior to EXS transferring any such materials to Sanofi, the Parties shall enter into a Material Transfer Agreement in the form attached as Schedule 5.

5.14 Sanofi may provide EXS with (a) Sanofi-Originated Molecules Directed To an Approved Collaboration Target or other materials, in each case developed outside of this Agreement and Controlled by Sanofi or its Affiliates ("**Sanofi Materials**") or (b) Sanofi-Provided Data, which Sanofi may use in accordance with the terms and conditions of this Agreement (including the applicable Research Plan) and any Material Transfer Agreement entered into between the Parties. Prior to Sanofi transferring any Sanofi Materials to EXS, the Parties shall enter into a Material Transfer Agreement in the form attached as Schedule 5.

6. DEVELOPMENT

6.1 As soon as practicable (and, in any event, within [***] days following the delivery of a complete Development Candidate Data Package for that Approved Collaboration Target), Sanofi shall notify EXS of whether Sanofi elects to designate the Small Molecule that is the subject of such Development Candidate Data Package as a Collaboration Development Candidate to be progressed to Development. Sanofi will have the right, in its sole discretion, to designate any Small Molecule(s) arising out of a Research Plan as a Collaboration Development Candidate, irrespective of whether such Small Molecule meets [***]. If, at any time, Sanofi elects to advance into Development any Small Molecule which has not met [***]

(including [***] may be amended in accordance with Clause 5.8), then (a) such Small Molecule will be deemed designated as an "**Advanced-At-Risk Candidate**" and [***], and the [***] with respect to such Small Molecule will be adjusted as set out in Clause [***]; and (b) during the period following Sanofi's election to advance an Advanced-At-Risk Candidate through the start of the first Phase 1 Clinical Trial intended to be relied upon for an application for a Regulatory Approval in a Major Country for that Advanced-At-Risk Candidate, such At-Risk-Candidate will not be deemed a Collaboration Development Candidate for the purposes of Clauses [***] (but, for the avoidance of doubt, such At-Risk-Candidate is a Collaboration Development Candidate for all other purposes under this Agreement). Without limiting Sanofi's rights under Clauses 4.4 or 32.4, if Sanofi does not designate any Collaboration Development Candidate for an Approved Collaboration Target within [***] days following the delivery of the final complete Development Candidate Data Package (other than if agreed by EXS), then this Agreement with respect to that Approved Collaboration Target will be deemed to have been terminated by Sanofi under Clause 32.2 and such Approved Collaboration Target will be deemed a Terminated Target.

6.2 With respect to a given Approved Collaboration Target, EXS shall promptly (but no later than [***] days) following each selection of a Collaboration Development Candidate for such Approved Collaboration Target pursuant to Clause 6.1 and at the end of the Research Program (for each Approved Collaboration Target, the "**Handoff**"), transfer to Sanofi or its designated Affiliate a copy of all Know-How (i) related to the Collaboration Development Candidates for such Approved Collaboration Target in its possession or Control as of the Handoff or (ii) otherwise included in the EXS Project IP, Sanofi Collaboration IP [***], including any documentation (whether held in paper or electronic format) or similar removable media (including emails, documents, spreadsheets, copies of standard operating procedures or technical specifications) in a format agreed by the Parties. For a given Approved Collaboration Target, after the Handoff for such Approved Collaboration Target, if Sanofi reasonably believes that EXS has not delivered all Know-How that it is required to deliver pursuant to this Clause 6.2, Sanofi may request any missing Know-How from EXS. EXS shall use Commercially Reasonable Efforts to address Sanofi's request and, where applicable, deliver to Sanofi a copy of the missing Know-How as promptly as practicable.

6.3 To assist with the transfer of Know-How under this Clause 6, for [***] months after the date of Handoff with respect to a given Approved Collaboration Target (if any), EXS shall answer any reasonable queries from Sanofi during normal business hours to transfer such Know-How for such Approved Collaboration Target to Sanofi and to respond to Sanofi's reasonable inquiries with respect thereto. All assistance provided pursuant to this Clause 6.3 will be at [***] cost and expense.

6.4 After the Handoff for a given Approved Collaboration Target, if Sanofi reasonably believes that any materials that were developed or used by or on or on behalf of EXS or its Affiliates in the Small Molecule Research Project are reasonably necessary for the Development or Manufacturing of the Collaboration Development Candidates or Qualifying Small Molecule Products by or on behalf of Sanofi, then Sanofi may request in writing that EXS transfer to Sanofi a reasonable quantity of such materials to enable Sanofi to perform its Development or Manufacturing activities under this Agreement. EXS shall not unreasonably withhold its consent to any such request.

6.5 For each Collaboration Development Candidate:

(a) as soon as the relevant information is available and by no later than [***] days before the start of the first Phase 1 Clinical Trial for that Collaboration Development Candidate, Sanofi shall notify EXS if Sanofi is interested in equally sharing the Clinical Development Costs for that Collaboration Development Candidate;

(b) within [***] days following Sanofi's notice, EXS shall confirm whether it may be interested in sharing costs for that Collaboration Development Candidate;

(c) if EXS is interested in sharing costs for that Collaboration Development Candidate in accordance with Clause 6.5(a) above, then Sanofi shall, as promptly as practical, provide EXS with a good faith estimate of the Clinical Development Costs required for that Collaboration Development Candidate (the "**Budget Estimate**") for the [***] years following the start of Clinical Development. EXS shall notify Sanofi within [***] days following Sanofi's provision of the Budget Estimate whether EXS remains interested in sharing Clinical Development Costs for that Collaboration Development Candidate; and

(d) if EXS notifies Sanofi that EXS remains interested in sharing Clinical Development Costs for that Collaboration Development Candidate, then [***] share the Clinical Development Costs for that Collaboration Development Candidate with Sanofi ("**Cost Share Agreement**"), including, [***].

6.6 If the Parties agree to a Cost Share Agreement, then the Parties shall share the Clinical Development Costs for the relevant Collaboration Development Candidate (a "**Cost Share Candidate**") in accordance with the terms set forth in the Cost Share Agreement. The Cost Share Agreement will set forth the [***] for the Clinical Development Costs and the [***] that will apply to the Cost Share Candidate.

6.7 For [***], Sanofi shall:

(a) prepare and provide to EXS, prior to [***], a written plan that summarises the Development activities that it intends to carry out [***];

(b) notify EXS (via the Joint Steering Committee) at the start and end of any Clinical Trial carried out [***] and, after the completion of each such Clinical Trial, promptly after first public disclosure by Sanofi of the completion of each such Clinical Trial intended to be relied upon for an application for a Regulatory Approval in a Major Market, provide [***] for such Clinical Trial; and

(c) use Commercially Reasonable Efforts to obtain the Regulatory Approval for at least [***] Qualifying Small Molecule Product in at least one (1) Indication in the Field in at least [***] Major Market for such Approved Collaboration Target.

6.8 For each Calendar Year following the Effective Date, within [***] days after the end of that Calendar Year, Sanofi shall provide [***]. Other than as prohibited by Applicable Law or Third Party confidentiality obligations, in the event of any material deviation from the

planned Development activities to be performed by Sanofi, its Affiliates and Sublicensees, Sanofi shall [***].

6.9 Except as otherwise set forth herein or in a Cost Share Agreement, and without limiting Sanofi's rights or remedies under this Agreement, at law, or otherwise, as between the Parties, Sanofi will be responsible for all costs and expenses incurred in relation to the Development of a Collaboration Development Candidate, including all Clinical Development Costs required for each Collaboration Development Candidate for that Approved Collaboration Target.

7. MANUFACTURING

Except as necessary for the conduct of a Research Plan, which will be EXS's responsibility, for a given Approved Collaboration Target, Sanofi will, at its cost and expense, be solely responsible for the Manufacture (including, for the avoidance of doubt, having a Third Party Manufacture on its behalf) of all Collaboration Development Candidates or Qualifying Small Molecule Products for an Approved Collaboration Target (including all such Manufacturing for use in Clinical Trials and for Commercialisation), including all activities related to developing the process, analytics and formulation for the Manufacture of clinical and commercial quantities of Collaboration Development Candidates or Qualifying Small Molecule Products for such Approved Collaboration Target, the Manufacture of Collaboration Development Candidates or Qualifying Small Molecule Products, or any raw materials or packaging materials with respect thereto, or any intermediate of any of the foregoing, including process and cost optimisation, process qualification and validation, commercial Manufacture, stability, in-process and release testing, quality assurance and quality control.

8. REGULATORY

8.1 Subject to Clause 6.7(c), for each Collaboration Development Candidate (and each Qualifying Small Molecule Product containing or comprising that Collaboration Development Candidate), Sanofi shall determine whether to make any filings of Regulatory Materials with Regulatory Authorities and in which countries in the Territory.

8.2 Each Party represents and warrants that it, its Affiliates and any subcontractor performing on its behalf under this Agreement, has not employed or otherwise used in any capacity, and covenants that it will not employ or otherwise use in any capacity, the services of any person, including any employee, officer, director, consultant or subcontractor:

(a) who is (or has been) on the Exclusions List, or who is (or has been) in Violation or otherwise debarred under U.S. law (including pursuant to Section 306 of the FFDCA (21 U.S.C. § 335(a) or (b))) or the equivalent in any other jurisdiction; or

(b) that is the subject of an FDA debarment investigation or proceeding (or similar proceeding by any Regulatory Authority outside the U.S.), in each case, in performing any portion of the activities under this Agreement.

8.3 If at any point during the Term, a Party is, or learns that any of its Affiliates or subcontractors or its or their respective officers or directors, or any person performing on behalf of such Party under this Agreement is in Violation, then such Party will promptly notify the other Party and will prohibit such person from performing any such activities, function or capacity related to any such activities under this Agreement.

9. COMMERCIALISATION

9.1 For each Qualifying Product in the Territory, Sanofi will have the sole right, in its discretion, to Commercialise any Qualifying Molecule or Qualifying Product in the Territory.

9.2 For each Calendar Year from and including the Calendar Year in which the First Commercial Sale of any Qualifying Small Molecule Product occurs, together with the first Royalty Report that is delivered after the end of each such Calendar Year, Sanofi shall provide [***]. Other than as prohibited by Applicable Law or Third Party confidentiality obligations, in the event of any material deviation from the planned Commercialisation activities to be performed by Sanofi, its Affiliates and Sublicensees, Sanofi shall update [***].

10. [***]

10.1 For a period of [***] starting on the Effective Date (the "[***]"), the Parties shall [***]. During the [***], EXS shall not [***].

10.2 During the [***], in relation to the potential [***], the Parties shall discuss:

(a) the scope and structure of [***];

(b) a detailed [***];

(c) the responsibilities of each Party;

(d) a [***];

(e) an overall [***];

(f) specific objectives for [***];

(g) the possible [***]; and

(h) the [***].

11. GOVERNANCE

11.1 Within [***] days following the Effective Date, the Parties shall form a steering committee to oversee the Research Collaboration on the terms set out in this Clause 11 (the "**Joint Steering Committee**").

11.2 The Joint Steering Committee will consist of [***] representatives of each Party. Each Party may change its representatives, in its sole discretion, effective upon written notice to the other Party designating such change provided at least [***] days before the next scheduled meeting

of the Joint Steering Committee. Representatives from each Party will have appropriate seniority, technical credentials, experience and knowledge pertaining to, and ongoing familiarity with, the Research Programs.

11.3 Upon at least [***] Business Days' notice (except to the extent not practicable) to the other Party, any Party may substitute of any of its Joint Steering Committee members with another representative of equivalent authority and expertise to attend and perform the functions of that member at any meeting of the Joint Steering Committee.

11.4 Each Party may invite other persons to attend Joint Steering Committee meetings as non-voting participants with the consent (not to be unreasonably withheld, conditioned or delayed) of the other Party, provided that, where any such person is not an employee of the relevant Party, that person is bound by written confidentiality undertakings equivalent to those set out in Clause 30.

11.5 The Joint Steering Committee will meet [***], unless the Parties agree otherwise. The location for meetings will alternate between EXS and Sanofi facilities (or such other location as is determined by the Joint Steering Committee). As agreed or if necessary, the Joint Steering Committee may meet by means of teleconference, videoconference or other similar means. Each Party may also request a special meeting to discuss particular matters requested by such Party upon [***] Business Days' prior written notice to the other Party and the other Party shall not unreasonably withhold its consent to such special meeting. Each Party will bear its own expenses related to the attendance of the Joint Steering Committee meetings by its representatives.

11.6 Each Party shall select from their representatives a co-chairperson for the Joint Steering Committee, and each Party may change its designated co-chairperson from time to time upon written notice to the other Party. The chairpersonship of Joint Steering Committee meetings will alternate between each Party's co-chairperson. The chairperson of each Joint Steering Committee will be responsible for leading the discussion during that Joint Steering Committee meeting, unless otherwise agreed by the Parties in writing.

11.7 The Joint Steering Committee may from time to time establish one (1) or more subcommittees (each, a "**Subcommittee**") to perform certain duties and exercise certain powers of the Joint Steering Committee as expressly set forth in this Agreement as delegated by the Joint Steering Committee to such Subcommittee, including, for example, a Subcommittee that will be responsible for managing the Target selection process under Schedule 1 and individual Subcommittees that will be responsible for the performance of individual Research Programs.

11.8 Subject to the terms of this Agreement, the Joint Steering Committee will be responsible for:

(a) overseeing and coordinating the activities of the Parties with respect to the Research Programs and NSM Research Plans;

(b) setting the number of [***] from the [***] in each Calendar Quarter for the purposes of paragraph 1.3 of Schedule 1;

(c) identifying in writing whether molecules or targets are [***] for the purposes of this Agreement;

(d) setting the number of [***] from the [***] in a given Calendar Quarter, which will be approximately [***] Targets in the first Calendar Quarter during the Term and [***] Targets in each subsequent Calendar Quarter during the Substitution Term thereafter (such number of Targets for a given Calendar Quarter, the "**Agreed PDP Amount**");

(e) considering each Prioritisation Data Package and [***] in accordance with paragraph 3.1 of Schedule 1 and recording the date of each [***];

(f) [***] in accordance with paragraphs 3.2 and **3.3** of Schedule 1;

(g) [***] from the [***] in accordance with paragraph 3.4 of Schedule 1;

(h) [***] in accordance with paragraphs 3.3 and 3.6 of Schedule 1;

(i) determining the scope of any [***] in accordance with paragraph 3.5 of Schedule 1;

(j) discussing and agreeing upon each [***] in accordance with paragraph 4.1 of Schedule 1;

(k) determining whether the [***] Directed To a Collaboration Target or a Substitution Target is a [***] for the purposes of paragraph 5.1 of Schedule 1;

(l) reviewing and agreeing upon each Preliminary Research Plan in accordance with Clause 3.2;

(m) deciding whether to designate or reject each Collaboration Target as an Approved Collaboration Target in accordance with Clause 4.1;

(n) discussing and agreeing upon each Research Plan in accordance with Clause 5.1;

(o) discussing any changes to EXS' internal Research activities with respect to the Initial Pathways of Interest since the prior Joint Steering Committee meeting in accordance with Clause 3.5;

(p) amending the Research Plans in accordance with Clause 5.4;

(q) reviewing each Lead Identification Data Package and Development Candidate Data Package;

(r) discussing nominations of Collaboration Development Candidates in accordance with Clause 6.1;

(s) discussing whether an Approved Collaboration Target has achieved each Research Milestone in accordance with Clause 14; and

(t) performing any other duties that are assigned to the Joint Steering Committee in this Agreement.

11.9 All decisions of the Joint Steering Committee will be made by unanimous consent, with each Party's representatives on the Joint Steering Committee collectively having [***] vote. If the Joint Steering Committee is unable to reach a decision by consensus within [***] days after a matter first being voted upon by the Joint Steering Committee, then the Parties shall refer the disputed matter to the management contacts described in Clause 38.2 (or their respective designees with power and authority to resolve the disputed matter) for further review and resolution. If the disputed matter is not resolved within [***] Business Days after it being referred to the management contacts described in Clause 38.2 (or their respective designees with power and authority to resolve the disputed matter), then Sanofi will have final decision-making authority with respect to all matters within the responsibilities of the Joint Steering Committee (including those responsibilities set forth in Clause 11.8), provided that it shall act reasonably and in good faith in exercising that final decision-making authority and it shall not use its final decision-making authority to:

(a) [***], provided that EXS shall not unreasonably withhold its consent to any such changes are within the scope of the relevant Research Program and will not extend the Research Program by more than [***] months;

(b) require EXS to conduct activities that are outside of the scope of any [***];

(c) [***];

(d) require EXS to take or decline to take any action that would be reasonably likely to result in a breach of Applicable Law or the requirements of any Regulatory Authority or in the infringement or unauthorised use of any intellectual property rights of a Third Party, in which event EXS shall provide reasonable evidence to Sanofi of the basis of such determination;

(e) require EXS to provide any EXS Platform Technology, EXS Platform Inventions or EXS Platform Technology IP to Sanofi, its Affiliates or its Sublicensees;

(f) [***]

(g) [***]

(h) determine that molecules or targets are [***] for the purposes of this Agreement;

(i) with respect to a Research Program involving a Sanofi-Originated Molecule, determine whether the Sanofi-Provided Data constitutes Requisite Sanofi-Originated Molecule Data [***]; or

(j) determine that more than [***] Targets are within an [***] for the purposes of this Agreement.

11.10 For clarity and notwithstanding the creation of the Joint Steering Committee or any Subcommittee, each Party will retain the rights, powers and discretion granted to it hereunder, and none of the Joint Steering Committee or any Subcommittee will be delegated or vested with such rights, powers or discretion unless such delegation or vesting is expressly provided

herein, or the Parties expressly so agree in writing. None of the Joint Steering Committee, any Subcommittee or Sanofi via exercise of its final decision-making authority will have the power to (a) resolve any Dispute regarding the existence or amount of any payment owed under this Agreement, (b) amend, waive or modify any term of this Agreement or (c) determine whether or not a Party has met its diligence or other obligations under this Agreement.

11.11 Sanofi will have the right to disband any Committee following the completion of the final Research Program. Once a Committee is disbanded, such Committee will have no further obligations under this Agreement and, thereafter, each Party will designate a contact person for the exchange of information under this Agreement or such exchange of information will be made through the Alliance Managers. In the event a Committee is disbanded, any decisions that are designated under this Agreement as being subject to the review or approval of such Committee will be made by the Parties directly through a designated representative, subject to the other terms and conditions of this Agreement, including the final decision-making rules and dispute resolution terms and conditions set forth herein.

11.12 Within [***] months of the Effective Date, the Parties (through the Joint Steering Committee) shall establish a working group focused on [***]. Any joint projects agreed by the Parties would be conducted under a separate collaboration agreement to be mutually agreed upon by the Parties.

12. ALLIANCE MANAGERS

12.1 Each Party has appointed one (1) representative to manage and oversee the governance of this Agreement (an "**Alliance Manager**"). The Alliance Managers will be the primary point of contact for the Parties, facilitate the communication and the collaboration between the Parties and escalate to the Joint Steering Committee any issue or dispute that could not be solved at the Research Program or Subcommittee level.

12.2 The Alliance Managers shall be responsible for (alternating between the Alliance Manager for each Party):

(a) scheduling meetings of the Joint Steering Committee;

(b) preparing agendas and minutes for meetings of the Joint Steering Committee;

(c) documenting any amendments to Research Plans that may be approved by the Joint Steering Committee;

(d) updating the Nomination List in accordance with paragraph 3.3 of Schedule 1 and recording the date of each change to the Nomination List;

(e) recording the date of each designation of a Target from the Nomination List as a Collaboration Target or Substitution Target in accordance with paragraphs 3.3 and 3.4 of Schedule 1;

(f) updating the Substitution List in accordance with paragraphs 3.3 and 3.6 of Schedule 1 and recording the date of each change to the Substitution List;

(g) recording the start date of the Option Period and the NSM Option and key dates with respect to [***] the NSM Option;

(h) recording the date of each designation or rejection of a Collaboration Target as an Approved Collaboration Target in accordance with Clause 4.1;

(i) recording the start of drug design activities for each Approved Collaboration Target for the purposes of Clause 4.6;

(j) recording the dates upon which EXS delivers a Development Candidate Data Package under Clauses 5.8, 5.9 or 5.10 for purposes of determining the Cycle Time;

(k) recording the dates on which any Target(s) are designated by the Joint Steering Committee as an [***] in accordance with paragraph 3.5 of Schedule 1

(l) determining and recording the date on which a Small Molecule Research Project is completed or terminated.

12.3 In addition to their function at the Joint Steering Committee, the Alliance Managers will be permitted to attend any other Subcommittee created by the Joint Steering Committee as a non-voting member and will receive all minutes and materials distributed in connection with such meetings. Unless otherwise agreed by the Alliance Managers, the Alliance Managers shall meet on no less than a monthly basis throughout the Research Term.

12.4 Each Party may replace its Alliance Manager with an appointee of equivalent experience and authority, on not less than [***] days' written notice to the other Party.

13. APPROVED COLLABORATION TARGET PAYMENTS

13.1 Within [***] Business Days following the Effective Date, EXS shall invoice Sanofi for an upfront amount of USD 100,000,000, which amount will be deemed to include the [***]. Sanofi shall pay such amount in accordance with Clause 19.8. For the avoidance of doubt, an additional Approved Collaboration Target Payment is not due [***].

13.2 Upon the [***], promptly following the date that [***], EXS shall invoice Sanofi, and Sanofi shall pay [***], in accordance with Clause 19.8:

(a) in the case of any [***] that is not associated with [***], USD [***]; or

(b) in the case of any [***] that is associated with [***], USD [***],

(each, an "**Approved Collaboration Target Payment**"). For the avoidance of doubt, no Approved Collaboration Target Payment will be due with respect to any Research Program for any Target that is substituted in pursuant to Sanofi's substitution rights hereunder (i.e., a maximum of [***] Approved Collaboration Target Payments will be due under this Clause 13.2).

14. RESEARCH MILESTONES

14.1 Subject to Clauses 14.2 and 14.3, in respect of each Approved Collaboration Target, (i) upon the first occurrence of the first [***] milestone to be achieved for that Approved Collaboration Target and (ii) upon the first occurrence of the first [***] milestone to be achieved for that Approved Collaboration Target, in each case, as described in the table below (a "**Research Milestone**"), EXS shall invoice Sanofi and Sanofi shall pay EXS the corresponding amount set out in the table below (each, a "**Research Milestone Payment**"), in accordance with Clause 19.8 (with the applicable Research Milestone Payment [***] and [***]):

Research Milestone	**Research Milestone Payment**	
	Per Approved Collaboration Target, [***]	**Per [***] Approved Collaboration Target, [***]**
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]

14.2 For the avoidance of doubt:

(a) subject to Clause 14.2(c), in respect of each Approved Collaboration Target, only [***]; and

(b) where multiple Small Molecules or Collaboration Development Candidates are Directed To the same Approved Collaboration Target, a Research Milestone Payment will only be payable when the first of those Small Molecules or Collaboration Development Candidates achieve the corresponding Research Milestone achieves that Research Milestone;

(c) where (i) any Approved Collaboration Target has been substituted in pursuant to the [***] (the "**Substituted In Target**") as a replacement for an Approved Collaboration Target (the "**Substituted Out Target**") and (ii) prior to the date of substitution, [***], then [***]; and

(d) if, prior to the date on which any [***] becomes payable with respect to an [***] for an Approved Collaboration Target, any other Small Molecule for such Approved

Collaboration meets the [***], the [***] shall become payable with respect to that other Small Molecule and [***].

14.3 Sanofi shall pay, for all Research Milestone Payments in aggregate, no more than USD [***]. If a Research Milestone Payment would result in Sanofi paying in excess of USD [***], then Sanofi shall pay the portion of that Research Milestone Payment that results in Sanofi paying USD [***] in aggregate for all Research Milestone Payments. After Sanofi has paid USD [***] in aggregate for all Research Milestone Payments, no further Research Milestone Payments will be due.

15. DEVELOPMENT AND REGULATORY MILESTONES

15.1 Subject to Clause 15.2, in respect of each Approved Collaboration Target, upon the first occurrence of the relevant milestone described in the table below (a "**D&R Milestone**"), EXS shall invoice Sanofi and Sanofi shall pay EXS the corresponding amount set out in the table below (each, a "**D&R Milestone Payment**"), in accordance with Clause 19.8:

D&R Milestone	D&R Milestone Payment (per Approved Collaboration Target)
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

For the avoidance of doubt:

(a) with respect to any Approved Collaboration Target: (i) if the [***], then Sanofi shall pay the D&R Milestone Payment corresponding to the [***]; and (ii) if the [***], then Sanofi shall pay the D&R Milestone Payment corresponding to the [***]; and

(b) where multiple Collaboration Development Candidates or Qualifying Small Molecule Products are Directed To the same Approved Collaboration Target, each D&R Milestone Payment will only be payable when the first of those Collaboration Development Candidates or Qualifying Small Molecule Products to achieve the corresponding D&R Milestone achieves that D&R Milestone.

15.2 Sanofi shall pay, for all D&R Milestone Payments in aggregate, no more than USD [***]. If a D&R Milestone Payment would result in Sanofi paying in excess of USD [***], then Sanofi shall pay the portion of that D&R Milestone Payment that results in Sanofi paying USD [***] in aggregate for all D&R Milestone Payments. After Sanofi has paid USD [***] in aggregate for all D&R Milestone Payments, no further D&R Milestone Payments will be due.

16. TRANSLATIONAL MILESTONES

16.1 Subject to Clause 16.2, upon the first achievement of the relevant milestone described in the table below (a "**Translational Milestone**") with respect to each given Collaboration NSM Target or Approved Collaboration Target, EXS shall invoice Sanofi and Sanofi shall pay EXS the corresponding amount set out in the table below, in accordance with Clause 19.8 (each, a "**Translational Milestone Payment**"):

Translational Milestone	Translational Milestone Descriptions	Translational Milestone Payment (per Collaboration NSM Target)	Translational Milestone Payment (per Approved Collaboration Target)
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]

16.2 Sanofi shall pay, for all Translational Milestone Payments in aggregate, no more than USD [***]. If a Translational Milestone Payment would result in Sanofi paying in excess of USD [***], then Sanofi shall pay the portion of that Translational Milestone Payment that results in Sanofi paying USD [***] in aggregate for all Translational Milestone Payments. After Sanofi has paid USD [***] in aggregate for all Translational Milestone Payments, no further Translational Milestone Payments will be due. If the [***], then Sanofi shall pay the Translational Milestone Payment corresponding to the [***].

16.3 For each Calendar Year following the Effective Date, within [***] days after the end of that Calendar Year, EXS shall provide Sanofi a written report that summarises EXS's progress against the Translational Milestones in that Calendar Year, such report to be on a Target-by-Target basis.

17. SALES MILESTONES

17.1 Subject to the terms and conditions herein, and on an Approved Collaboration Target-by-Approved Collaboration Target basis, Sanofi shall notify EXS within [***] days after the end of the Calendar Year if the aggregate Annual Net Sales of all of the Qualifying Small Molecule Products for such Approved Collaboration Target first achieves the applicable sales-based milestone event described below (each, a "**Sales Milestone**") during such Calendar Year. EXS shall invoice Sanofi, and Sanofi shall pay EXS in accordance with Clause 19.8, the applicable amounts set forth below associated with the applicable Sales Milestone (each, a "**Sales Milestone Payment**").

Sales Milestone	Sales Milestone Payment
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

17.2 Each Sales Milestone will be payable up to a maximum of [***] per Approved Collaboration Target as set forth in the table above, regardless of the number of times the applicable Sales Milestone is achieved with respect to such Approved Collaboration Target. For clarity, no Sales Milestone Payment will be due hereunder for any subsequent or repeated achievement of any such same Sales Milestone. Only [***] per Approved Collaboration Target will be made in any Calendar Year, provided that if [***] or more Sales Milestones are achieved in the same Calendar Year, then Sanofi shall pay (a) [***] in that Calendar Year; and (b) [***] in the next Calendar Year for each Calendar Year until all Sales Milestone Payments for the achieved Sales Milestones have been paid.

18. ROYALTIES

18.1 Subject to the terms and conditions of this Agreement (including the remainder of this Clause 18, Clause 19 and Clause 35), Sanofi shall pay EXS royalties on Annual Net Sales in the Territory, on a Qualifying Small Molecule Product-by-Qualifying Small Molecule Product basis, during the applicable Royalty Term, in an amount equal to the following portions of Annual Net Sales of the applicable Licensed Product multiplied by the applicable royalty rate set forth below for such portion of Annual Net Sales in the Territory during the applicable Royalty Term for each such Qualifying Small Molecule Product, as may be adjusted in accordance with this Agreement (including to the extent arising out of the Parties' sharing of Clinical Development Costs for a particular Qualifying Small Molecule Product in accordance with Clauses 6.5 and 6.6). For clarity, the royalties (and royalty tiers) will be

calculated separately on a Qualifying Small Molecule Product-by-Qualifying Small Molecule Product basis.

Annual Net Sales in the Territory for the relevant Qualifying Small Molecule Product in a Calendar Year	**Royalty rate for each Qualifying Small Molecule Product that does not contain or comprise a Cost Share Candidate**	**Royalty rate for each Qualifying Small Molecule Product that does contain or comprise a Cost Share Candidate [***]**
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]

For the avoidance of doubt, the royalty rate listed above for each Qualifying Small Molecule Product that contains or comprises a Cost Share Candidate is the royalty rate that is payable if the cost share between the Parties for the relevant Cost Share Candidate [***]. If the cost share between the Parties for the relevant Cost Share Candidate is [***], then the royalty rate for such Qualifying Small Molecule Products will be [***].

18.2 If, during the Royalty Term for a Qualifying Small Molecule Product in a country in the Territory, if such Qualifying Small Molecule Product is no longer Covered by a Valid Claim in such country, then the royalty rate applicable to Net Sales of that Qualifying Small Molecule Product in that country under Clause 18.1 will be reduced by [***] percent [***].

18.3 If, during the Royalty Term for a Qualifying Small Molecule Product in a country in the Territory, a Generic Version of that Qualifying Small Molecule Product is launched in that country, from the Calendar Quarter after the Calendar Quarter in which the launch of the Generic Version occurred, the royalty rate applicable to Net Sales of that Qualifying Small Molecule Product in that country under Clause 18.1 will be reduced as follows:

(a) by [***] percent [***], if the Net Sales of that Qualifying Small Molecule Product in that country decline in any Calendar Quarter by [***] percent [***] or less relative to the average quarterly Net Sales of that Qualifying Small Molecule Product in that country achieved in the [***] Calendar Quarters immediately prior to the launch of the Generic Version;

(b) by [***] percent [***], if the Net Sales of that Qualifying Small Molecule Product in that country decline in any Calendar Quarter by [***] percent [***] or less, but more than [***] percent [***], relative to the average quarterly Net Sales of that Qualifying Small Molecule Product in that country achieved in the [***] Calendar Quarters immediately prior to the launch of the Generic Version;

(c) by [***] percent [***], if the Net Sales of that Qualifying Small Molecule Product in that country decline in any Calendar Quarter by [***] percent [***] or less, but more than [***] percent [***], relative to the average quarterly Net Sales of that Qualifying Small Molecule Product in that country achieved in the [***] Calendar Quarters immediately prior to the launch of the Generic Version; and

(d) by [***] percent [***], if the Net Sales of that Qualifying Small Molecule Product in that country decline in any Calendar Quarter by more than [***] percent [***] relative to the average quarterly Net Sales of that Qualifying Small Molecule Product in that country achieved in the [***] Calendar Quarters immediately prior to the launch of the Generic Version.

18.4 Without limiting EXS's indemnity obligations under Clause 28.2 (to the extent applicable), if Sanofi determines, in its reasonable judgment, that it is necessary to obtain a licence from a Third Party under, or to acquire from a Third Party, any Blocking Third Party Intellectual Property in any country, then Sanofi will have the right to (i) negotiate the terms of and enter into an agreement to licence or acquire such rights and (ii) deduct [***] percent [***] of any Blocking Third Party Intellectual Property Costs from royalties for that Qualifying Small Molecule Product in that country that become due and payable to EXS pursuant to this Agreement, provided that:

(a) for each Calendar Quarter, the royalties payable by Sanofi for that Qualifying Small Molecule Product in that country will not be reduced below [***] percent [***] of the royalties that would have been payable to EXS before any royalty reduction is applied for that Calendar Quarter (the "**Floor**"); and

(b) [***].

18.5 Sanofi shall calculate all amounts payable to EXS pursuant to this Clause 18 at the end of each Calendar Quarter. Commencing as of the First Commercial Sale for a Qualifying Small Molecule Product, Sanofi shall, with respect to each Calendar Quarter (or portion thereof), provide a written report on a Market-by-Market basis showing (a) aggregate Net Sales of such Qualifying Small Molecule Product in each Market and the royalties due thereon for such Calendar Quarter, (b) the Tax Deductions, if any, required by Applicable Law to be made in respect of such royalties, and (c) the exchange rates used in determining the royalty amount expressed in Euro (each, a "**Royalty Report**"), within [***] days after the end of such Calendar Quarter. EXS shall invoice Sanofi reflecting the amounts set forth in the Royalty Report, and Sanofi shall pay such amount, pursuant to Clause 19.8. Sanofi shall provide such Royalty Reports for so long as any Royalty Term remains in effect for a given Qualifying Small Molecule Product.

19. PAYMENT TERMS

19.1 Any payment under this Agreement that is not paid on or before the date such payment is due shall bear interest, to the extent permitted by Applicable Law, at an annual rate of [***] percent [***] above the Secured Overnight Financing Rate (SOFR) as reported on the date upon which payment of such amount became due.

19.2 Payments and all other amounts payable by a Party under this Agreement will be paid in USD by wire transfer to an account(s) designated by the Party to whom payment is due from time to time in writing (including email).

19.3 If any currency conversion is required in connection with the calculation of amounts payable under this Agreement, that conversion shall be made using the same exchange rates used by Sanofi for its own public financial reporting purposes, or if none is used, then the average of the buying and selling rates on the last Business Day of the Calendar Quarter to which the amount applies as published by the U.S. Federal Reserve.

19.4 All amounts due and payable by either Party under this Agreement will be exclusive of any value added tax or equivalent sales tax in any jurisdiction unless otherwise agreed by the Parties in writing. If any such value added tax or sales tax applies to any supply made under this Agreement and the Party making that supply (or the representative member of any group of which that Party is a member) for the applicable value added tax or sales tax purposes is required to account therefor to the relevant taxation authority, then the Party receiving that supply shall, subject to receipt of a valid value added or (as applicable) sales tax invoice, pay to the Party making that supply an amount equal to such tax. All invoices will be valid value added or (as applicable) sales tax invoices.

19.5 Each paying Party shall make all payments to be made by it under this Agreement without any Tax Deduction, unless a Tax Deduction is required by Applicable Law. If a paying Party is required to make a Tax Deduction, that paying Party shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by Applicable Law.

19.6 Within [***] days after making either a Tax Deduction or any payment required in connection with that Tax Deduction, the paying Party making that Tax Deduction shall:

(a) deliver to the other Party a statement showing, (i) the gross amount of the payment, (ii) the amount of the Tax Deduction, and (iii) the actual amount paid;

(b) deliver to the other Party evidence reasonably satisfactory to that other Party that the Tax Deduction has been made or (as applicable) any appropriate payment has been paid to the relevant taxing authority; and

(c) provide to the other Party such assistance as the other Party may reasonably require to claim any Tax Credit attributable to the payment.

19.7 The Parties shall cooperate in completing any procedural formalities necessary for the paying Party to obtain authorisation to make that payment with the minimum amount of Tax Deduction.

19.8 With respect to any amounts owed under this Agreement by a Party to the other Party for which no other invoicing and payment procedure is specified herein, the Party owing such payment obligation will provide to the other Party (to be delivered to such other Party's Alliance Manager, if no invoice recipient for such other Party is provided) an invoice, together with reasonable supporting documentation, for such amounts owed and such other

Party will pay any undisputed amounts within [***] days after receipt of the invoice. For clarity, no payments will be made without an accompanying invoice. All invoices to be delivered by EXS to Sanofi hereunder must (i) include Sanofi tax number (VAT # [***]), EXS's tax number and complete bank references and (ii) be delivered by email to Sanofi's Alliance Manager. Except as otherwise specified by Sanofi in writing, in addition to delivering an invoice by email to Sanofi's Alliance Manager, EXS shall also either upload such invoice to a web portal to be specified by Sanofi or deliver a hard copy of all invoices by express courier service to the address below (provided that the invoice will be considered delivered and received on the earlier of (i) delivery of the emailed invoice and (ii) Sanofi's receipt of the couriered invoice):

[***]

19.9 If any amount or invoice payable under this Agreement is subject to a good faith dispute between the Parties:

(a) the disputing Party shall pay the non-disputing Party, on or before the due date for payment, all undisputed amounts;

(b) the disputing Party shall notify the non-disputing Party, on or before the due date for payment, of all disputed amounts and shall, as soon as reasonably practicable after it has notified the non-disputing Party, describe in reasonable detail its reasons for disputing those; and

(c) the Parties shall seek to reach settlement of the items that are the subject of the dispute as soon as practicable in accordance with Clause 38.

19.10 When any dispute regarding any invoice under this Agreement is resolved, the disputing Party shall pay any sum that is agreed or determined (in accordance with Clause 38) to be payable within [***] days after the date of resolution of that dispute, together with interest on that amount, to the extent permitted by Applicable Law, at an annual rate of [***] percent [***] above the Secured Overnight Financing Rate (SOFR) as reported on the date upon which payment of such amount became due.

19.11 Each Party will have the right to offset any amount owed to it by the other Party under or in connection with this Agreement, which obligation is not being contested by the other Party in good faith against any payments owed to it under this Agreement. Such offsets will be in addition to any other rights or remedies available under this Agreement and Applicable Law.

20. GRANT OF LICENCES

20.1 Without limiting Clause 21.4 and subject to Clause 33.2, EXS hereby grants to Sanofi:

(a) an exclusive, perpetual, irrevocable, freely transferable, worldwide, with the right to grant sublicences through multiple tiers (as provided in Clause 20.4), licence under the EXS Project IP for all purposes;

(b) an exclusive (for the purposes set forth below), perpetual, irrevocable, worldwide, with the right to grant sublicences through multiple tiers (as provided in Clause 20.4),

licence under the EXS Background IP [***] that are necessary or useful for the Research, Development, Manufacture or Commercialisation of one or more Qualifying Molecules or Qualifying Products for that Approved Collaboration Target or Collaboration NSM Target (as applicable) for purposes of Research, Development, Manufacture and Commercialisation of any such Qualifying Molecule or Qualifying Product; and

(c) a non-exclusive, perpetual, irrevocable, freely transferable, worldwide, with the right to grant sublicences through multiple tiers (as provided in Clause 20.4), licence under the EXS Background IP [***] to the extent necessary to exploit the Sanofi Collaboration IP or EXS Project IP.

20.2 For each Research Program, through the expiration or termination of the applicable Research Plan or NSM Research Plan, subject to Clause 20.4, Sanofi hereby grants to EXS a non-exclusive, non-sublicensable (except to subcontractors permitted under Clause 5.5), royalty-free, worldwide licence under the Sanofi Licensed Background IP, the Sanofi Collaboration IP and the rights exclusively licensed to Sanofi under Clause 20.1, in each case, solely for EXS to conduct its obligations under that Research Program (and with respect to Sanofi-Provided Data, solely for the purposes for which such Sanofi-Provided Data is provided by or on behalf of Sanofi to EXS as described in the applicable Research Plan or NSM Research Plan) and not for any other purpose.

20.3 Without limiting Clauses 20.1 or 21.4, EXS hereby grants to Sanofi a [***]. All intellectual property rights arising out of [***]. In the event that Sanofi or its Affiliates wishes to [***].

20.4 Subject to Clause 5.5, each Party may grant sublicences under the licences granted under this Agreement without the prior written consent of the other Party, provided that:

(a) each sublicensee is bound by a written agreement that is consistent with, and subject to the applicable terms and conditions of, this Agreement; and

(b) the sublicensing Party will remain liable for all acts and omissions of its Sublicensees as if those acts and omissions were its own.

20.5 Except for the rights expressly granted under this Agreement, no right, title or interest of any nature whatsoever is granted whether by implication, estoppel, reliance or otherwise, by a Party to the other Party.

21. BACKGROUND INTELLECTUAL PROPERTY RIGHTS

21.1 Notwithstanding any other provision of this Agreement or any Research Plan or NSM Research Plan, nothing in this Agreement or any Research Plan or NSM Research Plan shall require:

(a) EXS to disclose any EXS Platform Technology or EXS Platform Inventions to Sanofi; or

(b) EXS to provide Sanofi with any explanation as to how the EXS Platform Technology operates or how any EXS Platform Inventions operate (including [***]).

21.2 EXS shall be the sole and exclusive owner of EXS Platform Technology IP. All EXS Platform Technology IP will vest automatically and unconditionally in EXS, in each case immediately on its creation. Sanofi hereby assigns, and shall ensure that each relevant Affiliate or subcontractor shall assign, to EXS absolutely and from the date of its creation any EXS Platform Technology IP that, but for this Clause 21.2, would vest in Sanofi (or any of its Affiliates or subcontractors) and shall take, and shall procure the taking of, all steps necessary to give effect to this Clause 21.2.

21.3 For the avoidance of doubt, EXS has the exclusive right, in its sole discretion, to determine the steps to be taken to Prosecute, Maintain, Defend and Enforce the EXS Platform Technology IP.

21.4 EXS hereby irrevocably and perpetually covenants that, at no time, will it or any of its Affiliates, directly or indirectly, sue Sanofi or any of its Affiliates under any EXS Platform Technology IP with respect to Sanofi's exercise of any of its rights granted by EXS hereunder or the use or exploitation of any Sanofi Collaboration IP or EXS Project IP. The foregoing covenant is extended to any third party to the extent such third party accesses or uses such Sanofi Collaboration IP, EXS Project IP or Sanofi Background IP pursuant to rights or permissions granted by Sanofi or its Affiliates or their agents, sublicensees or distributors. In relation to any intellectual property rights that are the subject of this covenant not to sue, EXS agrees that this covenant not to sue will bind any transferee of any of such intellectual property rights, and EXS shall obtain a written agreement to abide by such covenant not to sue from any such transferee of any such intellectual property rights.

21.5 Sanofi will retain all of its rights, title and interest in and to the Sanofi Background IP, except to the extent that any rights or licences under Sanofi Background IP are expressly granted to EXS under this Agreement.

21.6 EXS will retain all of its rights, title and interest in and to the EXS Background IP, except to the extent that any rights or licences under EXS Background IP are expressly granted to Sanofi under this Agreement.

21.7 EXS shall only use a publicly disclosed compound in the performance of Research activities, if expressly provided for in the relevant Research Plan or NSM Research Plan.

22. OWNERSHIP OF IP

22.1 As between the Parties, EXS will own all Patent Rights, Know-How and other intellectual property rights [***] Sanofi hereby assigns, and shall ensure that its Affiliates and subcontractors shall assign, to EXS, such right, title and interest in and to [***] and [***], and shall do and procure the doing of all further steps, in each case as is necessary to give effect to this Clause 22.1.

22.2 As between the Parties, Sanofi will own all Patent Rights, Know-How and other intellectual property rights arising out of [***] EXS hereby assigns, and shall ensure that its Affiliates

and subcontractors shall assign, to Sanofi, such right, title and interest in and to [***], and shall do and procure the doing of all further steps, in each case as is necessary to give effect to this Clause 22.2. All [***] will be deemed to be Sanofi's Confidential Information regardless of which Party generated the [***]

22.3 With respect to each Research Program, each Party will promptly disclose to the other Party all invention disclosures submitted to such Party by its or its Affiliates' employees describing inventions made under or in connection with the Research Program; provided that Sanofi will not be required to disclose to EXS any invention disclosures relating to Sanofi Collaboration IP and EXS will not be required to disclose to Sanofi any invention disclosures relating to EXS Platform Technology IP. Each Party will also respond promptly to reasonable requests from the other Party for more information relating to such disclosed inventions.

23. PROSECUTION AND MAINTENANCE

23.1 As between the Parties, in all countries in the Territory:

(a) at its own cost, Sanofi will have the sole and exclusive right, but not the obligation, to control the Prosecution and Maintenance of any Patent Rights comprised in the Sanofi Background IP, the Sanofi Collaboration IP and any EXS Project IP (other than the Terminated Project IP); and

(b) at its own cost, EXS will have the sole and exclusive right, but not the obligation, to control the Prosecution and Maintenance of any Patent Rights comprised in the EXS Background IP [***] and any Terminated Project IP.

23.2 If Sanofi elects to abandon any Patent Rights comprised in the EXS Project IP under Clause 20.1(a) in any country in the Territory, then Sanofi shall provide EXS with prompt written notice (in any event, at least [***] prior to the date that abandonment would become effective) and EXS shall, at its own cost, have the right to assume the Prosecution and Maintenance of those Patent Rights in its own name.

23.3 Sanofi shall provide EXS with copies of any documents it receives or prepares in connection with the Prosecution and Maintenance of the Licensed Product Patents and shall inform EXS of the progress of such Prosecution and Maintenance. Before filing any document with a patent office in connection with such Prosecution and Maintenance of the Licensed Product Patents, Sanofi shall provide a copy of the document to EXS sufficiently in advance to enable EXS to comment on it and give due consideration to EXS's comments. EXS shall, and shall cause its Affiliates to, assist and cooperate with Sanofi, and provide any information and assistance as Sanofi may reasonably request from time to time, in connection with the Prosecution and Maintenance of the Licensed Product Patents or the Sanofi Product Patents including: (a) offering its comments promptly upon reasonable request; (b) providing access to relevant documents and other evidence and making its employees available at reasonable business hours and (c) providing to Sanofi any reference relevant to such Patent Rights as necessary to meet any duty of disclosure to a patent authority. Sanofi shall [***].

23.4 EXS shall, [***] reasonably cooperate with Sanofi upon Sanofi's reasonable request in obtaining patent term extension or supplemental protection certificates and the like with

respect to any Product Patent, in each country and region where it is possible to do so. Sanofi will make the election in accordance with the preceding sentence, and EXS agrees to abide by any election made by Sanofi.

24. DEFENCE AND ENFORCEMENT

24.1 As between the Parties, in all countries in the Territory, at its own cost, EXS will have the sole and exclusive right, but not the obligation, to Defend and Enforce the EXS Background IP [***] and any Terminated Project IP.

24.2 Each Party will promptly notify the other Party of any infringement, misappropriation or other violation by a Third Party of any Product Patent in the Territory of which it becomes aware, including any declaratory judgment or similar action alleging invalidity, unenforceability or non-infringement with respect to any such Product Patent (collectively, "**Infringement**").

24.3 Sanofi will have the first right, but not the obligation, to bring and control any legal action (including settlements thereof) or take such other actions as it deems appropriate in connection with any Infringement of any Product Patent at its cost and expense. If (a) Sanofi fails to bring or confirm to EXS that it will timely bring any such action with respect to any Licensed Product Patent within [***] days following the notice of alleged Infringement provided pursuant to Clause 24.2; or (b) Sanofi fails to bring any action with respect to any Licensed Product Patent within [***] days before the time limit, if any, set forth in Applicable Law for the filing of such actions, whichever comes first, then EXS will have the right to bring and control any such action at its own expense, and Sanofi will have the right, at its own expense, to be represented in any such action by counsel of its own choice. A Party that elects to enforce under this Clause 24.3 (the "**Enforcing Party**") will keep the other Party (the "**Non-Enforcing Party**") reasonably informed of the status and progress of such enforcement efforts, and reasonably consult with the Non-Enforcing Party, including using reasonable efforts to take the Non-Enforcing Party's comments into good faith consideration with respect to such enforcement action, including the infringement or claim construction of any claim in any Product Patent. The Non-Enforcing Party will also provide reasonable assistance in connection with such enforcement actions, including by executing reasonably appropriate documents, cooperating in discovery and joining as a party to the action if required. The Enforcing Party will in no event settle or otherwise compromise any legal action by admitting that any Product Patent is invalid or unenforceable, in each case without first obtaining the prior written consent of the Non-Enforcing Party, which consent will not be unreasonably withheld, conditioned, or delayed. Any recovery (including any settlement) received as a result of any action under this Clause 24.3 will be allocated in the following order: (a) to reimburse the Enforcing Party for the costs and expenses (including attorneys' and professional fees) that the Enforcing Party incurred in connection with such action, to the extent not previously reimbursed; (b) to reimburse the Non-Enforcing Party, where it joins a legal action as provided under this Clause 24.3, for the costs and expenses (including attorneys' and professional fees) that the Non-Enforcing Party incurred in connection with such action, to the extent not previously reimbursed; and (c) any recoveries in excess of such costs and expenses will be [***]

24.4 Each Party will promptly notify the other Party of any Claim alleging that the Development, Manufacture or Commercialisation of the Qualifying Products in the Territory infringes, misappropriates or otherwise violates any Patents, Know-How or other intellectual property rights of any Third Party ("**Third Party Infringement**"). In any such instance, the Parties shall as soon as practicable thereafter discuss in good faith the best response to such notice of Third Party Infringement. Sanofi will have the sole right, but not the obligation, to defend, and take other actions (including to settle), with respect to any such Claim of Third Party Infringement, at Sanofi's sole discretion, cost and expense, and EXS will have the right to be represented in any such action by counsel of its own choice at EXS's sole cost and expense; provided that in no event will Sanofi settle or otherwise compromise any Third Party Infringement by admitting that any Product Patent is invalid or unenforceable, in each case without first obtaining the prior written consent of EXS, which consent will not be unreasonably withheld, conditioned or delayed. Any recovery (including any settlement) received as a result of any action under this Clause 24.4 will be allocated in the following order: (a) to reimburse Sanofi for the costs and expenses (including attorneys' and professional fees) that Sanofi incurred in connection with such action, to the extent not previously reimbursed; (b) to reimburse EXS, where it joins a legal action as provided under this Clause 24.4, for the costs and expenses (including attorneys' and professional fees) that EXS incurred in connection with such action, to the extent not previously reimbursed; and (c) any recoveries in excess of such costs and expenses will be [***].

25. TRADEMARKS

25.1 In respect of each Qualifying Product in a country in the Territory, Sanofi will have the sole and exclusive right to select (including the creation, searching and clearing), register, maintain, police and enforce all Trademarks for use in connection with the Commercialisation of Qualifying Products in that country in the Territory.

25.2 Except as otherwise expressly set forth herein, neither Party (or any of its respective Affiliates) shall use the name or any Trademark of the other Party or any of its Affiliates, or its or their respective employees, in any publicity, promotion, news release or other public disclosure relating to this Agreement or its subject matter, without the other Party's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed); provided that such consent will not be required to the extent use thereof may be required by Applicable Law, including the rules of any securities exchange or market on which a Party's or its Affiliate's securities are listed or traded.

26. DATA SECURITY

26.1 The Parties shall, within [***] following the Effective Date, discuss and agree [***]. Upon [***] EXS shall perform its obligations in connection with this Agreement in accordance with [***].

26.2 EXS shall create [***]. EXS shall ensure that [***]. If deemed necessary by the Joint Steering Committee, EXS shall [***]. During the Term, exchange of [***].

26.3 Each Party acknowledges that, for the purpose of Data Protection Laws it is a data controller of the personal data generated or received by it under or in connection with this Agreement

(the "**Relevant Personal Data**") and that it independently of, and not jointly with, the other, determines the purposes for which and the manner in which Relevant Personal Data is, or is to be, processed.

26.4 Each Party shall comply with its obligations under Data Protection Laws in connection with this Agreement.

26.5 EXS shall perform its activities under each Research Program using the EXS Platform Technology in a manner that ensures that any data which (i) is provided to EXS by Sanofi or (ii) is specific to any Research Program or Approved Collaboration Target or Collaboration NSM Target is not applied to any other project conducted by EXS on behalf of a Third Party.

26.6 If in the performance of any Research Program, either Party will be exporting any materials, supplies, products, equipment or technology, then such Party shall obtain any and all export licenses required in connection therewith.

27. REPRESENTATIONS, WARRANTIES AND COVENANTS

27.1 Each Party hereby represents, warrants and, where denoted below, covenants to the other Party as of the Effective Date that:

(a) it has the power to execute and deliver this Agreement and to perform its obligations under it and has taken all action necessary to authorise execution and delivery and the performance of its obligations;

(b) this Agreement constitutes a legal, valid and binding obligation of that Party in accordance with its terms;

(c) it has obtained all authorisations, licences or consents from, and notices or filings with, each Governmental Authority that are necessary to enable it to execute, deliver and perform its obligations under this Agreement and are in full force and effect and all conditions of each authorisation, licence, consent, notice or filing have been complied with;

(d) it has not and will not, after the Effective Date and during the Term, grant any right to any Third Party that would conflict with the rights granted to the other Party hereunder; and

(e) each employee or other representative of that Party (and its Affiliates) involved in performing that Party's responsibilities under each Research Plan and each NSM Research Plan has executed and, as of the start of such employee's or other representative's performance under such Research Plan or NSM Research Plan, will have executed agreements requiring assignment to that Party (or its Affiliates) of all intellectual property rights subsisting in any Inventions made during the course of and as a result of the individual's association with that Party, and obligating the relevant individual to maintain as confidential the Confidential Information of that Party (and its Affiliates).

27.2 As of the Effective Date and as of the commencement of each Research Program involving a Sanofi-Originated Molecule, Sanofi hereby represents and warrants to EXS that, so far as it is aware, the use of any Sanofi Background IP provided with respect to such Sanofi-Originated Molecule in the manner proposed to be conducted by such Research Program pursuant to this Agreement will not infringe the rights of any Third Party.

27.3 As of the Effective Date and as of the commencement of each Research Program, EXS hereby represents and warrants that so far as it is aware, the use of any EXS Background IP or EXS Platform Technology IP in the manner proposed to be conducted by such Research Program pursuant to this Agreement will not infringe the rights of any Third Party.

27.4 With respect to any representation or warranty given by a Party pursuant to Clause 27.2 or 27.3 at the commencement of any Research Program, that Party shall not be liable in respect of any claim that it has breached such representation or warranty to the extent that the fact, matter, event or circumstance has been disclosed to the other Party in writing prior to the commencement of the Research Program or is a fact, matter, event or circumstance of which the other Party has actual knowledge as at the commencement of the Research Program.

27.5 As of the Effective Date, EXS hereby represents and warrants that:

(a) to EXS's knowledge, neither EXS nor any of its Affiliates have received any notice, written or otherwise, of any Claim that any Patent Rights or Know-How (including any trade secret right) owned or controlled by a Third Party would be infringed, misappropriated or otherwise violated by the performance by EXS of the Research activities hereunder;

(b) to EXS's knowledge, there are no activities by Third Parties that would constitute any material misappropriation of the Know-How included within the EXS Background IP;

(c) EXS has not received any written notice of a Claim or written threat of a Claim made by any Third Party against EXS or its Affiliates that alleges that any EXS Background IP or EXS Platform Technology IP is invalid or unenforceable; and

(d) there are no Claims pending or, to the knowledge of EXS, threatened against EXS or its Affiliates which could reasonably be expected to adversely affect the EXS Background IP or EXS's Control thereof.

27.6 Each Party covenants to the other that it shall (a) to the extent applicable, perform its activities pursuant to this Agreement in compliance with Applicable Laws and good laboratory and clinical practices; (b) with respect to the care, handling and use in Research Program activities of any non-human animals, at all times comply (and shall ensure compliance by any of its subcontractors) with all Applicable Laws and the most current best practices for the proper care, handling and use of animals in biopharmaceutical research activities; and (c) notify the other Party in writing promptly on becoming aware of any material breach of any representation, warranty or covenant given by either Party under this Clause 27.

27.7 Save as provided in this Agreement, no representations, warranties or other terms, express or implied, statutory or otherwise, as to condition, quality, performance or fitness for purpose are given or assumed by either Party, and all those representations, warranties and terms are excluded save to the extent that any exclusion is prohibited by law.

28. INDEMNITIES

28.1 Sanofi shall indemnify EXS and its Affiliates and their respective directors, officers, employees, subcontractors and agents ("**EXS Indemnitees**") from and against any Losses incurred by or awarded against any EXS Indemnitee relating to or in connection with any and all Claims brought by a Third Party to the extent arising out of or resulting from:

(a) any breach of any representation, warranty, covenant or obligation of Sanofi under this Agreement;

(b) any breach or violation of Applicable Law by Sanofi or any of its Affiliates, subcontractors or Sublicensees in performing Sanofi's responsibilities under this Agreement; or

(c) any acts or omissions of Sanofi or any of its Affiliates, subcontractors or Sublicensees with respect to the Research, Development or Commercialisation of each Approved Collaboration Target or NSM Collaboration Target and Qualifying Molecules and Qualifying Products for that Approved Collaboration Target or NSM Collaboration Target in the Territory,

in each case except to the extent that the relevant Third Party Claim is attributable to the gross negligence or wilful misconduct of an EXS Indemnitee or is subject to an indemnity pursuant to Clause 28.2.

28.2 EXS shall indemnify, defend and hold harmless Sanofi and its Affiliates and their respective directors, officers, employees, subcontractors and agents ("**Sanofi Indemnitees**") from and against any Losses incurred by or awarded against any Sanofi Indemnitee relating to or in connection with any and all Claims brought by a Third Party to the extent arising out of or resulting from:

(a) any breach of any representation, warranty, covenant or obligation of EXS under this Agreement;

(b) any breach or violation of Applicable Law by EXS or any of its Affiliates, subcontractors or sublicensees in performing EXS's responsibilities under this Agreement;

(c) the Research of any Approved Collaboration Target and Qualifying Molecules and Qualifying Products for that Target in the Territory by or on behalf of EXS or any of its Affiliates or permitted subcontractors and sublicensees;

(d) any acts or omissions of EXS or any of its Affiliates, subcontractors and sublicensees with respect to any Termination Molecule, Termination Product, Reversion Molecule or Reversion Product; or

(e) any allegation by a Third Party that either (i) the exercise by any Sanofi Indemnitee of any rights granted to Sanofi by EXS hereunder or (ii) the use or exploitation by any Sanofi Indemnitee of any Sanofi Collaboration IP or EXS Project IP, infringes any intellectual property rights of that Third Party, but solely to the extent that such Claim alleges that such infringement arose as a result of the EXS Platform Technology IP infringing upon the same intellectual property rights of that Third Party.

in each case except to the extent that the relevant Third Party Claim is attributable to the gross negligence or wilful misconduct of an Sanofi Indemnitee or is subject to an indemnity pursuant to Clause 28.1.

28.3 Notwithstanding any other term of this Agreement, with respect to any Claim by a Third Party against a Party (the "**Indemnified Party**") in relation to which the Indemnified Party is entitled to indemnification under this Agreement from the other Party (the "**Indemnifying Party**"):

(a) the Indemnified Party shall promptly notify the Indemnifying Party in writing of the relevant Third Party Claim (provided that any delay or failure to provide such notice will not constitute a waiver or release of, or otherwise limit, the Indemnified Party's rights to indemnification, except to the extent that such delay or failure materially prejudices the Indemnifying Party's ability to defend against the relevant Claims);

(b) the Indemnified Party shall not admit any liability or agree to any settlement or compromise without the prior written consent of the Indemnifying Party;

(c) the Indemnifying Party shall assume exclusive conduct of the relevant Claim, which shall include the exclusive right to conduct any proceedings or action, negotiate the settlement of the Claim and conduct all discussions and dispute resolution efforts in connection with the relevant Claim (taking into consideration in good faith any reasonable concerns or objections raised by the Indemnified Party);

(d) until the Indemnifying Party assumes conduct of the relevant Claim, the Indemnified Party shall take all proper action to deal with the Claim so as to minimise the extent of any amount payable under that Claim;

(e) the Indemnified Party shall, at the Indemnifying Party's request, cost and expense, give the Indemnifying Party all reasonable assistance in connection with the conduct of the relevant Claim, including access to personnel and provision of documents; and

(f) the Indemnifying Party shall not settle the relevant Claim unless the settlement fully and unconditionally releases the Indemnified Party from all liability relating to that Claim (unless the Indemnified Party agrees otherwise in writing).

29 LIABILITY

EXCEPT WITH RESPECT TO LOSSES SUFFERED OR INCURRED: (A) BY A PARTY FOR CLAIMS OCCASIONED BY THE FRAUD, WILFUL MISCONDUCT OR GROSS NEGLIGENCE OF THE OTHER PARTY OR ITS AFFILIATES, SUBCONTRACTORS OR SUBLICENSEES; (B) BY THE INDEMNIFIED PARTY FOR CLAIMS THAT THE INDEMNIFYING PARTY IS OBLIGATED TO INDEMNIFY THE INDEMNIFIED PARTY UNDER CLAUSE 28; (C) BY A PARTY FOR CLAIMS RELATING TO THE OTHER PARTY'S MATERIAL BREACH OF SUCH OTHER PARTY'S EXCLUSIVITY OBLIGATIONS UNDER CLAUSE 2 OR CLAUSE 20.1(a) OR 20.1(b); (D) BY A PARTY FOR CLAIMS RELATING TO THE OTHER PARTY'S BREACH OF SUCH OTHER PARTY'S CONFIDENTIALITY OBLIGATIONS (INCLUDING ANY BREACH OF CLAUSE 30); OR (E) THAT CANNOT BE EXCLUDED OR LIMITED BY APPLICABLE LAW, NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY FOR (I) ANY LOSS OF FUTURE REVENUE OR PROFIT; OR (II) INDIRECT, CONSEQUENTIAL, INCIDENTAL, COLLATERAL, EXEMPLARY, OR PUNITIVE DAMAGES, REGARDLESS OF THE FORM OF THE ACTION OR THE THEORY OF RECOVERY, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

30 CONFIDENTIALITY

30.1 The Receiving Party which receives the Confidential Information of the Disclosing Party pursuant to or in connection with this Agreement will: (a) maintain in confidence such Confidential Information using not less than the efforts that such Receiving Party uses to maintain in confidence its own proprietary information of similar kind and value, but in no event less than a reasonable degree of efforts; (b) not disclose such Confidential Information to any Third Party without first obtaining the prior written consent of the Disclosing Party, except for disclosures expressly permitted pursuant to this Clause 30; and (c) not use such Confidential Information for any purpose except those expressly permitted under this Agreement, which permitted uses include, in the case of Sanofi, the exercise of the rights, licences and options granted to Sanofi hereunder. The obligations of confidentiality, non-disclosure and non-use under this Clause 30.1 will be in full force and effect from the Effective Date until [***] years following the expiration or termination of this Agreement.

30.2 Notwithstanding Clause 30.1, the Receiving Party may disclose Confidential Information belonging to the Disclosing Party:

(a) as permitted by and in accordance with Clause 30.4, to the U.S. Securities and Exchange Commission or any national securities exchange in any jurisdiction in the Territory (each, a "**Securities Regulator**");

(b) in response to a valid order of a court of competent jurisdiction or other Governmental Authority or, if in the reasonable opinion of the Receiving Party's legal counsel, such disclosure is otherwise required by Applicable Law (other than to a Securities Regulator); provided that to the extent legally permissible the Receiving Party will first give written notice to the Disclosing Party and give the Disclosing

Party a reasonable opportunity to (i) quash any such order; (ii) obtain a protective order or confidential treatment requiring that the Confidential Information that is the subject of such order or Applicable Law (A) be held in confidence by the recipient and (B) be used only for the purposes for which the order was issued or as required by Applicable Law; or (iii) propose redactions to such Confidential Information; and provided, further, that any Confidential Information disclosed in response to any such order or Applicable Law will be limited to that information which is legally required to be disclosed in response thereto;

(c) by the Receiving Party, to the extent reasonably necessary to exercise its rights or perform its obligations to Prosecute and Maintain any Patent Rights for which it has a Prosecution and Maintenance right or obligation under Clause 23;

(d) by Sanofi, as the Receiving Party, to a Regulatory Authority, as reasonably required in connection with any filing, submission or communication with respect to any Qualifying Molecule or Qualifying Product, provided that Sanofi gives EXS a reasonable opportunity to obtain a protective order or confidential treatment requiring that the relevant Confidential Information be held in confidence by the recipient and be used only for the purposes required and to propose redactions to the relevant Confidential Information;

(e) by EXS, as the Receiving Party, to a Regulatory Authority, as reasonably required in connection with any filing, submission or communication with respect to any Termination Molecule or Termination Product, provided that EXS gives Sanofi a reasonable opportunity to obtain a protective order or confidential treatment requiring that the relevant Confidential Information be held in confidence by the recipient and be used only for the purposes required and to propose redactions to the relevant Confidential Information;

(f) (i) to any of the Receiving Party's officers, employees, consultants, agents or Affiliates who need to know such Confidential Information to perform on behalf of such Receiving Party under this Agreement or (ii) in the case of Sanofi, as the Receiving Party, to any actual or potential collaborators, partners, licensees, Sublicensees or subcontractors in connection with the Research, Development, Manufacture or Commercialisation of Qualifying Molecules or Qualifying Products or otherwise to the extent necessary or useful for Sanofi to exercise its rights or perform its obligations hereunder; provided that, in each case ((i) and (ii)), prior to any such disclosure, each disclosee will be bound by written obligations of confidentiality, non-disclosure and non-use no less restrictive than the obligations set forth in this Clause 30; and provided, further, that the Receiving Party will remain responsible for any failure by any such disclosee to treat such Confidential Information as required under this Clause 30; and

(g) to its advisers (including attorneys and accountants) in connection with activities under this Agreement; provided that prior to any such disclosure, each such disclosee will be bound by written obligations of confidentiality, non-disclosure and non-use no less restrictive than the obligations set forth in this Clause 30 (provided, however, that

in the case of legal advisers, no written agreement will be required); and provided, further, that the Receiving Party will remain responsible for any failure by any such disclosee to treat such Confidential Information as required under this Clause 30.

If and whenever any Confidential Information is disclosed in accordance with this Clause 30.2, such disclosure will not cause any such information to cease to be Confidential Information, except to the extent that such disclosure results in a public disclosure of such information other than by breach of this Agreement.

30.3 Clause 30.1 will not apply to any portion of the Confidential Information of the Disclosing Party to the extent such Confidential Information:

(a) was known to the Receiving Party or any of its Affiliates, as evidenced by written records, without any obligation to the Disclosing Party to keep it confidential or to restrict its use, prior to disclosure by the Disclosing Party;

(b) is subsequently disclosed to the Receiving Party or any of its Affiliates by a Third Party lawfully in possession thereof and without any obligation to the Disclosing Party to keep it confidential or to restrict its use;

(c) is published by a Third Party or otherwise becomes publicly available or enters the public domain, either before or after it is disclosed to the Receiving Party, without any breach by the Receiving Party of its obligations hereunder; or

(d) is independently developed by or for the Receiving Party or any of its Affiliates, as evidenced by written records, without reference to or reliance upon the Disclosing Party's Confidential Information.

Any combination of features or disclosures will not be deemed to fall within the foregoing exclusions merely because individual features are published or available to the general public or in the rightful possession of the Receiving Party unless the combination itself and principles of operation are published or available to the general public or in the rightful possession of the Receiving Party.

30.4 Each Party acknowledges and agrees that the other Party may submit this Agreement to, or file this Agreement with, the Securities Regulators or to other Persons as may be required by Applicable Law, and if a Party submits this Agreement to, or files this Agreement with, any Securities Regulator or other Person as may be required by Applicable Law, such Party agrees to consult with the other Party with respect to the preparation and submission of a confidential treatment request for this Agreement. Notwithstanding the foregoing, if a Party is required by any Securities Regulator or other Person as may be required by Applicable Law to make a disclosure of the terms of this Agreement in a filing or other submission as required by such Securities Regulator or such other Person, and such Party has: (a) provided copies of the disclosure to the other Party reasonably in advance under the circumstances of such filing or other disclosure; (b) promptly notified the other Party in writing of such requirement and any respective timing constraints; and (c) given the other Party reasonable time under the circumstances from the date of provision of copies of such disclosure to comment upon and request confidential treatment for such disclosure, then such Party will have the right to make

such disclosure at the time and in the manner reasonably determined by its counsel to be required by the Securities Regulator or the other Person. Notwithstanding the foregoing, if a Party seeks to make a disclosure as required by a Securities Regulator or other Person as may be required by Applicable Law as set forth in this Clause 30.4 and the other Party provides comments in accordance with this Clause 30.4, the Party seeking to make such disclosure or its counsel, as the case may be, will incorporate such comments to the extent legally permissible.

30.5 During the Research Term, neither Party shall publicly present, publish or otherwise publicly disclose any paper, publication, oral presentation, abstract, poster, manuscript or other presentation relating to any activity or other matter under this Agreement (each, a "**Publication**"), without the other Party's prior written consent. Following the Research Term, Sanofi will be responsible for and control all Publications relating to the (a) Approved Collaboration Targets, (b) Non-Small Molecule Targets that are, or, at any time during the Research Term, were, the subject of any activity under a NSM Research Plan, (c) Qualifying Molecules and (d) Qualifying Products and, in each case ((a) through (d)), EXS shall not make any such Publication without the prior written consent of Sanofi. EXS will be responsible for and control all Publications relating to the Termination Molecules and Termination Products and Sanofi shall not make any such Publication without the prior written consent of EXS. To the extent a Party has a right pursuant to this Clause 30.5 to make a Publication, then the publishing Party (the "**Publishing Party**") shall provide to the other Party (the "**Reviewing Party**") an opportunity to review such Publication to determine whether such Publication contains the Confidential Information of the Reviewing Party. The Publishing Party will deliver to the Reviewing Party a copy of any such proposed Publication or an outline of the proposed oral disclosure, together with any slides or other materials to be provided in connection with such oral disclosure, at least [***] days prior to submission for publication or presentation for review by the Reviewing Party. The Reviewing Party will have the right, in its sole discretion, to: (i) require the removal of its Confidential Information from any such Publication by the Publishing Party or (ii) request a reasonable delay in publication or presentation in order to protect its patentable information. If the Reviewing Party requests such a delay, then the Publishing Party shall delay submission or presentation for a period of [***] days after its provision of the copy of the proposed publication or disclosure to enable the filings of patent applications protecting the Reviewing Party's rights in such information.

30.6 Nothing contained in Clause 30.5 prohibits the inclusion of information in a patent application claiming, and in furtherance of, the manufacture, use, sale or formulation of an Approved Collaboration Target or Qualifying Product, provided that such application is made in accordance with Clause 30.5.

30.7 Notwithstanding anything to the contrary in this Agreement, Sanofi and its Affiliates and Sublicensees, and its or their designees, will have the right to publish registry information and summaries of data and results from any Clinical Trials conducted in connection with Qualifying Molecules or Qualifying Products and EXS and its Affiliates and permitted subcontractors and sublicensees, and its or their designees, will have the right to publish registry information and summaries of data and results from any Clinical Trials conducted in connection with Termination Molecules or Termination Products, on its or their Clinical

Trials registry or on a government-sponsored database (such as www.clinicaltrials.gov), without first obtaining the prior consent of the other Party. The Parties will reasonably cooperate if required or reasonably requested by a Party in order to facilitate any such publication.

31. PRESS RELEASES

Each Party will have the right to issue an individual press release announcing the execution of this Agreement in a form to be agreed between the Parties in writing upon a mutually agreed-upon date after the Effective Date, but within [***] days thereafter. Neither Party will make any other press release or other public statement disclosing this Agreement or the activities hereunder or transactions contemplated hereby, without the other Party's prior written consent, provided that:

(a) the contents of any press release or other public statement that has been reviewed and approved by a Party may be re-released by the other Party in exactly the same language as previously approved without first obtaining the other Party's prior written consent in accordance with this Clause 31; and

(b) Sanofi may make a press release or public statement concerning a Qualifying Product that does not contain any Confidential Information of EXS or reference EXS or its Affiliates or this Agreement.

32. TERM AND TERMINATION

32.1 This Agreement will become effective on the Effective Date and, on an Approved Collaboration Target-by-Approved Collaboration Target or Collaboration NSM Target-by-Collaboration NSM Target basis, unless earlier terminated pursuant to this Clause 32, will continue through the applicable Term for each Approved Collaboration Target or Collaboration NSM Target.

32.2 Sanofi may terminate this Agreement as a whole, or on an Approved Collaboration Target-by-Collaboration Target or Collaboration NSM Target-by-Collaboration NSM Target basis, at any time after the Effective Date, for any reason or no reason, effective upon not less than [***] days' written notice to EXS.

32.3 Sanofi may terminate this Agreement on an Approved Collaboration Target-by-Collaboration Target or Collaboration NSM Target-by-Collaboration NSM Target basis upon written notice to EXS based on Safety Reasons. Upon such termination for Safety Reasons, Sanofi will be responsible, at its cost and expense, for the wind down of any Development of applicable Qualifying Products for such Approved Collaboration Target or Collaboration NSM Target (including any Clinical Trials for the applicable Qualifying Product being conducted by or on behalf of Sanofi) and any Commercialisation activities for applicable Qualifying Products for such Approved Collaboration Target or Collaboration NSM Target. Such termination will become effective upon the date that Sanofi notifies EXS in writing that such wind-down is complete.

32.4 If a Party materially breaches this Agreement with respect to one or more Approved Collaboration Targets or Collaboration NSM Targets, then the other Party may terminate this Agreement with respect to the affected Approved Collaboration Target or Collaboration NSM Target if such breach has continued for (a) [***] days in the case of a material breach as a result of non-payment, or (b) [***] days in the case of any other material breach, after written notice has been provided to the breaching Party by the non-breaching Party requiring such breach to be remedied and stating an intention to terminate if not so cured (such period, the "**Cure Period**") and such notice, a "**Termination Notice**"). Except as set forth in this Clause 32.4, any such termination will become effective at the end of such Cure Period unless the breaching Party has cured any such breach prior to the expiration of the Cure Period or, if a material breach described in sub-clause (b) above is a breach of a Party's obligations to use Commercially Reasonable Efforts for Research, Development or Commercialisation under this Agreement, the alleged breaching Party has re-commenced use of those Commercially Reasonable Efforts during such Cure Period.

32.5 A Party will have the right to terminate this Agreement upon written notice if the other Party incurs an Insolvency Event; provided, however, in the case of any involuntary bankruptcy proceeding, such right to terminate will only become effective if the Party that incurs the Insolvency Event consents to the involuntary bankruptcy or if such proceeding is not dismissed or stayed within [***] days after the filing thereof. For purposes of Section 365(n) of the Code and any similar law, foreign or domestic, all rights and licences granted under or pursuant to any Clause of this Agreement are rights to "intellectual property" (as defined in Section 101(35A) of the Code). The Parties agree that the licensee of such rights under this Agreement will retain and may fully exercise all of its protections, rights and elections under the Code and any similar laws in any other country. Each Party hereby acknowledges that copies of research data, laboratory samples, product samples and inventory, formulas, laboratory notes and notebooks, pre-clinical research data and results, tangible Know-How and rights of reference, in each case that relate to such intellectual property, constitute "embodiments" of such intellectual property pursuant to Section 365(n) of the Code, and that the licensee will be entitled to a complete duplicate of (or complete access to, as appropriate) any such intellectual property and all embodiments of such intellectual property, and the same, if not already in its possession, will be promptly delivered to it upon its written request therefor and election under Section 365(n)(1)(B) of the Code to retain the licences granted hereunder. The provisions of this Clause 32.5 are without prejudice to any rights the non-subject Party may have arising under the Code, laws of other jurisdictions governing insolvency and bankruptcy or other Applicable Law. The Parties agree that they intend the following rights to extend to the maximum extent permitted by law, including for purposes of the Code and any similar laws in any other country: (x) the right of access to any intellectual property (including all embodiments thereof) of the licensor, or any Third Party with whom the licensor contracts to perform an obligation of such licensor under this Agreement which is necessary for the Development, Manufacture or Commercialisation of a Qualifying Product; (y) the right to contract directly with any Third Party described in (x) to complete the contracted work and (z) the right to cure any breach of or default under any such agreement with a Third Party and set off the costs thereof against amounts payable to such licensor under this Agreement.

32.6 With respect to any Approved Collaboration Target or Collaboration NSM Target for which this Agreement has been terminated: (a) such Target will no longer be considered an Approved Collaboration Target or Collaboration NSM Target for all purposes of this Agreement and will become a Terminated Target and (b) except to the extent expressly set forth herein, each Party's rights and obligations under this Agreement with respect to the Research, Development, Manufacture, Commercialisation or other exploitation of such Terminated Target(s) shall automatically cease as of the effective date of termination. For clarity, if this Agreement is terminated in its entirety, then all Approved Collaboration Targets and Collaboration NSM Targets will be Terminated Targets.

33. EFFECT OF TERMINATION; REVERSION

33.1 Upon termination of this Agreement in its entirety or with respect to one (1) or more Approved Collaboration Target(s) or Collaboration NSM Target(s) by a Party pursuant to Clauses 32.2 through 32.6, the following terms will apply to this Agreement, either in its entirety or with respect to Collaboration Target(s) or Collaboration NSM Target(s) that are the subject of such termination, as the case may be, and except as the application of such Clauses may be limited as provided in a given sub-clause of this Clause 33.1:

(a) except in the case of EXS for any Confidential Information of Sanofi that is Reversion IP and in the case of Sanofi for any Confidential Information of EXS that Sanofi is entitled to use in order to exercise any of its rights or perform any of its obligations under this Agreement that survive expiration or termination, within [***] days after the effective date of termination with respect to an Approved Collaboration Target(s) or Collaboration NSM Target(s), each Party shall destroy all tangible items comprising, bearing or containing any Confidential Information of the other Party that are in its or its Affiliates' Control that is solely related to such terminated Approved Collaboration Target or Collaboration NSM Target; provided, that such Party may retain one copy of such Confidential Information for its legal archives, and provided further that such Party shall not be required to destroy electronic files containing Confidential Information that are made in the ordinary course of its business information back-up procedures pursuant to its electronic record retention and destruction practices that apply to its own general electronic files and information;

(b) EXS will remain entitled to receive all payments that accrued but were unpaid before the effective date of such termination;

(c) if this Agreement is terminated in its entirety, then the Joint Steering Committee (and all Subcommittees) will be dissolved as of the effective date of such termination; and

(d) certain provisions herein will survive termination, in accordance with Clause 33.5.

33.2 Upon termination of this Agreement by Sanofi under Clause 32.2 or by EXS under Clause 32.4 or Clause 32.5, solely with respect to the applicable terminated Approved Collaboration Targets(s) (and not, for clarity, with respect to terminated NSM Collaboration Targets), the following will apply with respect to (x) the Licensed Development Candidates ("**Termination Molecules**") for such Terminated Target(s) and (y) any product in the Field that (A) is Directed To such Terminated Target; and (B) contains or comprises a Termination

Molecule (each, a "**Termination Product**") for such Terminated Target(s) (in addition to any other rights, obligations or remedies under this Agreement with respect to such termination):

(a) the scope of the licence granted to Sanofi under Clause 20.1(a) will be amended such that it is for all purposes except for the Research, Development, Manufacture or Commercialisation of the Termination Molecules and Termination Products for the applicable Terminated Target(s);

(b) taking into account patient and other ethical considerations together with EXS, Sanofi shall wind down any ongoing Clinical Trials for any Termination Molecules or Termination Products for the Terminated Target(s) in accordance with Applicable Law, at Sanofi's cost;

(c) Sanofi shall, on request of EXS, promptly return to EXS or destroy all Confidential Information of EXS that relates exclusively to the Terminated Target(s), save to the extent Sanofi is required to retain a copy for compliance with Applicable Law; and

(d) Sanofi shall grant, and hereby grants, to EXS for any Termination Product that [***] (each, a "**Reversion Molecule**" and a "**Reversion Product**", respectively) [***], perpetual, irrevocable, freely transferable, worldwide licence, with the right to grant sublicences through multiple tiers, to Research, Develop, Manufacture, and Commercialise such Reversion Molecules and Reversion Products: (A) [***] (for the purposes set forth below), sublicensable (through multiple tiers of sublicensees) licence for purposes of Research, Development, Manufacture and Commercialisation of such Reversion Molecules or Reversion Products, and (B) [***], sublicensable (through multiple tiers of sublicensees) licence for purposes of Research, Development, Manufacture, and Commercialisation of such Reversion Molecules or Reversion Products, under all of Sanofi's or its Affiliates' right, title and interest in and to, [***] (collectively, the "**Reversion IP**"), provided that, in consideration for such licence, on a Reversion Product-by-Reversion Product basis, the Parties shall negotiate in good faith, and EXS shall pay Sanofi, a reasonable royalty on net sales of all Reversion Products, on a Reversion Product-by-Reversion Product and country-by-country basis for a royalty term to be negotiated in good faith by the Parties, but consistent with the Royalty Term. If the Parties are unable to agree on the reasonable royalty rate or term under this Clause 33.2(d), either Party may submit such dispute to arbitration for resolution in accordance with the provisions in Clause 38.

33.3 Upon the expiration of the Royalty Term (i.e. in the case where there is no earlier termination pursuant to Clause 32), on a Licensed Collaboration Development Candidate-by-Licensed Collaboration Development Candidate basis and Licensed Small Molecule Product-by-Licensed Small Molecule Product and country-by-country basis, the licences granted to Sanofi under Clause 20.1 with respect to EXS Project IP, EXS Background IP [***] will convert to a perpetual, fully paid-up, non-royalty-bearing licence. Certain provisions herein will survive expiration, in accordance with Clause 33.5.

33.4 Except as otherwise provided in Clause 32 or 33, expiration or earlier termination of this Agreement for any reason shall not release either Party from any liability or obligation

(including payments) that already has accrued prior to such expiration or termination, nor affect the survival of any provision hereof to the extent it is expressly stated to survive such termination. Subject to and without limiting the terms and conditions of this Agreement (including Clause 28), expiration or termination of this Agreement will not preclude any Party from (a) claiming any other damages, compensation or relief that it may be entitled to upon such expiration or termination, (b) subject to Clause 33.3, any right to receive any amounts accrued under this Agreement prior to the expiration or termination date but which are unpaid or become payable thereafter and (c) any right to obtain performance of any obligation provided for in this Agreement which shall survive expiration or termination.

33.5 Termination or expiration of this Agreement in its entirety or with respect to an Approved Collaboration Target or Collaboration NSM Target will not affect rights or obligations of the Parties under this Agreement that have accrued prior to the date of termination or expiration of this Agreement in its entirety or with respect to such Target. Notwithstanding anything to the contrary, the following provisions will survive and apply after expiration or termination of this Agreement: Clauses 1, 2.1(a), 2.1(e), 20.1(a), 20.1(c), 20.3, 20.4, 20.5, 21.2, 21.4, 21.5, 21.6, 22, 28, 29, 30.1, 30.2, 30.3, 30.7, 33, 37, 38 and 39.

34 FORCE MAJEURE

34.1 Neither Party shall be liable to the other Party for any delay or non-performance of its obligations under this Agreement if such delay or non-performance arises directly from any Force Majeure Event, and the performance of the affected Party's obligations, to the extent affected by the cause, shall be suspended during the period that the Force Majeure Event persists; provided that:

(a) the affected Party promptly notifies the other Party (but no later than [***] days after such occurrence) in writing of the cause and nature of the Force Majeure Event, the likely duration of the delay or non-performance and any action being taken by such affected Party to avoid or minimise the effect;

(b) the affected Party will use reasonable efforts to limit to avoid or remove such causes of delay or non-performance and to mitigate the effect of the Force Majeure Event on such Party, and will continue performance in accordance with the terms of this Agreement whenever such causes are removed; and

(c) the suspension of performance by the affected Party will be of no greater scope and no longer duration than is necessary under the circumstances.

34.2 When such circumstances arise, the Parties will negotiate in good faith any modifications of the terms of this Agreement that may be necessary or appropriate in order to arrive at an equitable solution.

34.3 The Parties agree the effects of the COVID-19 pandemic that is ongoing as of the Effective Date may be invoked by a Party as a Force Majeure Event for the purposes of this Agreement to the extent such effect was beyond the reasonable control of the affected Party and could not reasonably be planned for or avoided.

35. RECORDS AND AUDIT

35.1 Each Party shall (and shall procure that any subcontractors shall) maintain full and accurate records, and in good scientific manner, of:

(a) all work done and results achieved in the performance of its responsibilities under each Research Plan and NSM Research Plan;

(b) with respect to any Cost Share Candidate, the Clinical Development Costs incurred by that Party; and

(c) in respect of Sanofi, the information set out in Clause 18.5.

35.2 Each Party shall, by no later than [***] days after receipt of written notice from the other Party (the "**Auditing Party**"), permit an Independent Accountant engaged by the Auditing Party, to have access [***] per Calendar Year (other than in the case of suspected material breach or fraud) during ordinary business hours to such books and records as may be necessary to verify the accuracy of any amounts payable under this Agreement.

35.3 When exercising a right of audit under Clause 35.2, each Auditing Party shall use its, and shall ensure that the Independent Accountant shall use their, reasonable endeavours not to cause any material disruption to the other Party's business when carrying out such an audit.

35.4 Subject to Clause 35.5, each Party shall bear its own costs and expenses suffered or incurred in respect of any audit.

35.5 If any audit reveals an underpayment, the audited Party shall pay the Auditing Party the amount of such underpayment within [***] days after becoming aware of the underpayment. If the underpayment exceeds [***] per cent [***] of the aggregate amount of payments that are subject to the audit, the audited Party shall pay for the Auditing Party's reasonably incurred costs and expenses in respect of the audit.

36. ASSIGNMENT

36.1 Subject to Clauses 5.5, 20.4 and 36.2, neither Party may assign or transfer this Agreement, whether by operation of law or otherwise, or any of its rights or obligations under this Agreement, without the prior written consent of the other Party.

36.2 Nothing in this Agreement shall prevent or restrict a Party from assigning, without the other Party's consent, this Agreement or such Party's rights or obligations hereunder, in whole or in part, to: (a) any of its Affiliates; (b) its successor in interest in the transfer or sale of all or substantially all of its assets or business related to the subject matter of this Agreement (or the applicable Qualifying Molecule(s) or Qualifying Product(s)); or (c) its successor in interest in a merger or consolidation (or similar transaction) of the assigning Party, provided that, in each case, the assigning Party notifies the other Party within [***] calendar days after such assignment. In the event that a permitted assignment of this Agreement by a Party increases the tax liability of the other Party or any of its Affiliates over the amount of any Taxes that

otherwise would have been payable in the absence of such assignment, the assigning Party will reimburse the other Party for the amount of such increased Tax liability.

37. GENERAL

37.1 Status

Sanofi and EXS are independent contractors under this Agreement. Nothing in this Agreement is intended or shall be construed to constitute either Party as a partner, agent or joint venturer of the other Party. Neither Party will have any express or implied right or authority to assume or create any obligations on behalf of or in the name of the other Party, or to bind such other Party to any agreement with any Third Party.

37.2 Counterparts

This Agreement may be executed in any number of counterparts, all of which, taken together, shall constitute one and the same Agreement, and any Party (including any duly authorised representative of a Party) may enter into this Agreement by executing a counterpart.

37.3 Waiver

The rights of each Party under this Agreement:

(a) may be exercised as often as necessary;

(b) are cumulative and not exclusive of rights or remedies provided by law; and

(c) may be waived, and the obligations of each Party hereunder may be released, only in writing signed by the Parties and specifically.

Delay in exercising or non-exercise of any such right is not a waiver of that right. Waiver of any breach of any provision hereof will not be deemed to be a waiver of any other breach of such provision or any other provision on such occasion or any succeeding occasion.

37.4 Amendments

Any amendment of this Agreement will not be binding on the Parties unless set out in writing, expressed to amend this Agreement and signed by an authorised representative of each of the Parties.

37.5 Severability

The provisions contained in each Clause of this Agreement will be enforceable independently of each of the others and their validity will not be affected if any of the others are invalid. If any of those provisions is void but would be valid if some part of the provision were deleted, the provision in question will apply with such modification as may be necessary to make it valid.

37.6 **Further assurance**

Each Party shall execute, acknowledge and deliver such further instruments, and do all such other ministerial, administrative or similar acts, as may be reasonably necessary or appropriate in order to carry out the expressly stated purposes and the clear intent of this Agreement.

37.7 **Costs**

Except as otherwise specified in this Agreement, each Party will bear the costs and expenses incurred by it in connection with this Agreement and the transactions contemplated hereby.

37.8 **Notices**

Any notice or other document to be served under this Agreement may be delivered or sent by post or email to the Party to be served at its address set out below:

to EXS at:

EXSCIENTIA AI LIMITED

The Schrödinger Building
Heatley Road
Oxford Science Park
Oxford, OX4 4GE
United Kingdom

Email address: [***]
Marked for the attention of: [***]

with a copy (which shall not constitute notice) to:
[***]

to Sanofi at:

SANOFI

Sanofi SA
54, rue La Boetie
75008 Paris France
Attention: [***]

With copies to:
Attention: [***]

and
Sanofi SA

50 Binney Street
Cambridge, MA 02142 USA
Attention: [***]

or at any other address or to any other addressee as it may have notified to the other Party in accordance with this Clause 37.8. Any notice or other document sent by post shall be sent by prepaid airmail.

In proving service of a notice or document it shall be sufficient to prove that delivery was made or that the envelope containing the notice or document was properly addressed and posted (either by prepaid first class recorded delivery post or by prepaid airmail, as the case may be) or that there was no apparent error in the operation of the sender's email system and no delivery failure message was received, as the case may be.

37.9 **Language**

Any notice given or document provided in connection with this Agreement must be in English.

37.10 **Third Party rights**

There are no express or implied Third Party beneficiaries hereunder. The terms of this Agreement are for the sole benefit of the Parties and their successors and permitted assigns, and no other Person will have any right or claim against any Party by reason of these provisions or be entitled to enforce any of these provisions against any Party, except for the indemnification rights of the EXS Indemnitees pursuant to Clauses 28.1 and 28.3 and the Sanofi Indemnitees pursuant to Clauses 28.2 and 28.3.

37.11 **Entire agreement**

This Agreement, together with the Schedules and each Research Plan and NSM Research Plan (and all attachments thereto), contains the entire agreement between the Parties relating to the transactions contemplated by this Agreement and supersede with respect to the subject matter hereof and supersedes any prior express or implied agreements, understandings and representations, either oral or written, which may have related to the subject matter hereof in any way, including any and all term sheets exchanged between the Parties prior to the Effective Date; provided that this Agreement will not supersede the terms and provisions of that certain Confidentiality Agreement between Exscientia Limited and Sanofi dated 28 June 2021 applicable to any period prior to the Effective Date.

37.12 **Severability**

If one (1) or more of the terms or provisions of this Agreement is held by a court of competent jurisdiction to be void, invalid or unenforceable in any situation in any jurisdiction, such holding will not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the void, invalid or unenforceable term or provision in any other situation or in any other jurisdiction, and the term or provision will be considered severed from this Agreement solely for purposes of such situation and solely in such jurisdiction. If the final judgment of a court of competent jurisdiction holds that any term or provision hereof is void, invalid or unenforceable, the Parties agree to: (a) reduce the scope, duration, area or applicability of the term or provision or to delete specific words or phrases to the minimum extent necessary to cause such term or provision as so reduced or amended to be enforceable; and (b) make a good faith effort to replace any void, invalid or unenforceable term or provision with a valid and enforceable term or provision such that the objectives contemplated by the Parties when entering this Agreement may be realised.

37.13 **Interpretation**

This Agreement has been diligently reviewed by and negotiated by and between the Parties, and in such negotiations each of the Parties has been represented by competent (in-house or external) counsel, and the final agreement contained herein, including the language whereby it has been expressed, represents the joint efforts of the Parties and their counsel. Accordingly, in interpreting this Agreement or any provision hereof, no presumption will apply against any Party as being responsible for the wording or drafting of this Agreement or any such provision, and ambiguities, if any, in this Agreement will not be construed against any Party, irrespective of which Party may be deemed to have authored the ambiguous provision.

38. DISPUTES

38.1 Any dispute, claim, difference or controversy arising out of, relating to or having any connection with this Agreement (other than a matter for which Sanofi is expressly stated to have final decision-making authority under this Agreement, which will be resolved in accordance with Clause 11.9), including any dispute as to its existence, validity, interpretation, performance, breach or termination or the consequences of its nullity, any dispute as to whether Sanofi does in fact have final decision-making authority for a certain matter under this Agreement and any dispute relating to any non-contractual obligations arising out of or in connection with it (a "**Dispute**"), shall be finally resolved pursuant to the following provisions of this Clause 38 unless Sanofi has final decision-making authority under Clause 11.9.

38.2 In the event a Dispute arises, the Parties agree that they shall attempt in good faith to resolve the Dispute by referring it in writing to the Alliance Manager of the other Party and the Joint Steering Committee. Any dispute that is not resolved by the Alliance Managers or the Joint Steering Committee may be referred in writing at any time by either Party's Alliance Manager for resolution to the Parties' respective Senior Executives, and such Senior Executives will meet (including via teleconference) at a mutually agreed upon time and location for discussion and resolution of the Dispute within [***] Business Days after such reference.

38.3 If a Dispute has not been resolved within [***] days after referral to the Senior Executives, then either Party will be entitled to refer that Dispute for final resolution via binding arbitration in accordance with this Clause 38.3:

(a) The arbitration shall be administered by [***] pursuant to [***] in effect at the time of the arbitration (the "**Rules**"), except to the extent such Rules are inconsistent with this Clause 38.3, this Clause 38.3 will control and the Rules will be deemed to have been amended by this Clause 38.3 for the purposes of this Agreement.

(b) Any demand or notice for arbitration must be made in writing to the other Party and served properly in accordance with the Rules and Applicable Law.

(c) The arbitration shall be conducted by [***] arbitrators (each an "**Arbitrator**"). Each Party shall nominate [***] Arbitrator and the [***] Arbitrators so nominated by the Parties will nominate the presiding Arbitrator and, if they are unable to so agree, then the presiding Arbitrator will be appointed by [***].

(d) Notwithstanding the Rules, and unless otherwise agreed to by both Parties, the following procedures shall apply to any proceeding conducted pursuant to this Clause 38.3:

(i) the total duration of the arbitration proceeding shall not last more than [***] months from the signing of the terms of reference or the holding of a case management conference, whichever occurs later;

(ii) fact discovery shall be limited to document productions from only [***] custodians Party and [***] fact depositions per Party; expert discovery shall

be limited to [***] experts per Party; and each Party can submit up to [***] expert reports, no more than [***] pages each;

(iii) each Party may submit one pre-trial brief of no more than [***] pages, and there will be no other briefings or motion practices except for post-hearing briefs (if requested by the Arbitrators); any arbitration hearing shall not exceed [***] days, each Party can call no more than [***] expert witnesses; direct testimony per witness shall not exceed [***] hours, and cross-examination of any witness shall not exceed [***] hours;

(iv) the Arbitrators' decision must be issued within [***] months of the last day of the [***] month period according to sub-clause (i) above, and the Arbitrators' decision cannot exceed [***] pages unless the Parties jointly request an extension, or the Arbitrator determines, in a reasoned decision, that the interest of justice or the complexity of the case requires that such a time limit be extended; and

(v) for the avoidance of doubt, the [***] shall not apply.

(e) The arbitration shall be held in [***] and shall be conducted in English. The Arbitrators will apply the substantive law of the State of New York in accordance with Clause 39, without regard to conflicts of law principles and except that the interpretation and enforcement of this arbitration provision will be governed by the Federal Arbitration Act, 9 U.S.C. § 1 *et seq*.

(f) Notwithstanding any provision to the contrary in the Rules, the Parties agree that the Arbitrators may have the same nationality as any Party to the arbitration.

(g) Each Party shall be responsible for its own expenses (including legal fees and expenses) in connection with the arbitration, except that the fees of the Arbitrators and other related costs of the arbitration will be shared equally by the Parties, unless the Arbitrators determine that a Party has incurred unreasonable expenses due to vexatious or bad faith positions taken by the other Party, in which event the Arbitrators may make an award of all or any portion of such expenses (including legal fees and expenses) so incurred.

(h) The Parties hereby submit to the non-exclusive jurisdiction of [***] for the limited purpose of enforcing this Agreement to arbitrate. The arbitration award shall be final and binding, and judgment over the award may be entered by any court having jurisdiction thereof or having jurisdiction over the relevant Party and its assets.

38.4 This Clause 38 is without prejudice to each Party's right to seek interim relief against the other Party (such as an injunction) through the courts of the [***] to protect its rights and interests, or to enforce the obligations of the other Party. Neither Party will have the right independently to seek recourse from a court of law or other authorities in lieu of arbitration, but nothing in this Clause 38 will preclude either Party from seeking equitable relief or interim or provisional relief from a court of competent jurisdiction, including a temporary restraining order, preliminary injunction or other interim equitable relief, concerning a dispute

either prior to or during any arbitration if necessary to protect the interests of such Party or to preserve the status quo pending the arbitration proceeding.

39. GOVERNING LAW AND JURISDICTION

This Agreement and any non-contractual obligations arising out of or in connection with it is governed by the laws of the State of New York, without regard to conflict of laws principles.

[signature page follows]

IN WITNESS WHEREOF, and intending to be legally bound hereby, the Parties have caused this Agreement to be executed by their respective duly authorized officers as of the Effective Date.

SANOFI

By: _____

Name: John Reed

Title: Executive Vice President, Global Head of Research & Development

EXSCIENTIA AI LIMITED

By: _____

Name: Andrew Hopkins

Title: Chief Executive Officer

SCHEDULE 1

TARGET SELECTION PROCESS

[***]

SCHEDULE 2

SUBCONTRACTORS

[CRO	Service	Corporate/site address
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]

SCHEDULE 3

TARGET PRIORITISATION CRITERIA

[***]

[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

SCHEDULE 4

VALIDATION CRITERIA

[***]

[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

SCHEDULE 5

FORM OF MATERIAL TRANSFER AGREEMENT

This **MATERIAL TRANSFER AGREEMENT** (this "**Agreement**"), is effective as of [●] (the "**Effective Date**"), by and between **SANOFI**, with offices at 50 Binney Street, Cambridge MA 02142 ("**Sanofi**") and **EXSCIENTIA AI LIMITED.**, with offices at Level 3, Dundee One River Court, 5 West Victoria Dock Road, Dundee, United Kingdom ("**EXS**"). Sanofi and EXS are each referred to herein as a "**Party**" and collectively as the "**Parties**." Capitalized terms used but not defined in this Agreement have the meanings set forth in the Collaboration and Licence Agreement (defined below).

R E C I T A L S:

WHEREAS, Sanofi and EXS are parties to that certain collaboration and licence agreement dated January 4, 2022 (the "**Collaboration and Licence Agreement**");

WHEREAS, a Party (the "**Transferor**") pursuant to Clause 5.13 or 5.14 of the Collaboration and Licence Agreement intends to transfer chemical or biological materials described on Exhibit A hereto (which, together with all fragments, progeny, portion, derivatives, hybrids, antibodies or analogs thereof shall comprise the "**Material**" to be transferred by such Party) and certain related Confidential Information (as described in Section 4 below); and

WHEREAS, the other Party (a "**Recipient**") desires to receive such Material and Confidential Information solely for the purposes set forth in the Collaboration and Licence Agreement, as more fully described in Exhibit A attached hereto (the "**Purpose**").

NOW, THEREFORE, in consideration of the premises and the mutual promises contained herein, the Parties hereto agree as follows:

1. **Limited Right of Use of Material**. Recipient shall use the Material solely for the Purpose and not for any other purpose. Recipient will not chemically or biologically modify the Material, except as may be explicitly permitted in furtherance of the Purpose. Except as provided in the Collaboration and Licence Agreement, Recipient shall not transfer the Material, or any part of the Material, to any Third Party. Recipient shall be responsible for ensuring that the Material is only used by and made accessible to Recipient's employees, subcontractors and Affiliates, in each case, to the extent permitted under the Collaboration and Licence Agreement, who are responsible for the performance of the Purpose. The Material shall be stored and used at the facility(ies) set forth on Exhibit A (as may be updated from time to time by Recipient upon written notice to Transferor). Recipient will not administer the Material, or any materials produced from the Material, to humans. RECIPIENT UNDERSTANDS THAT THE MATERIAL IS PROVIDED SOLELY FOR CERTAIN RESEARCH USE ONLY AND HAS NOT BEEN APPROVED FOR HUMAN USE. USE OF THE MATERIAL IN HUMANS IS SPECIFICALLY PROHIBITED. The Parties shall create a new Exhibit A each time a new Material is to be transferred from one Party to another Party.

2. **Use of Material in Animals**. If animals are to be used in any screening or studies of Material by Recipient, Recipient represents and warrants that (A) the persons conducting the research to be performed in furtherance of the Purpose have expertise in conducting tests in vitro or in animals used only for laboratory research approaches; (B) no animal will be kept as a domestic pet or livestock; (C) no animal tissues or by-products (e.g., milk, eggs, etc.) derived from such animals will be used for food; (D) all studies and tests have been reviewed and approved by an appropriate Institutional Animal Care and Use Committee or its equivalent and comply with the Animal Welfare Act and all applicable USDA regulations thereunder; (E) Recipient will immediately report to Transferor any serious adverse experience (i.e., an experience suggesting a significant risk to human subjects, including any finding of mutagenicity, teratogenicity, or carcinogenicity) that is observed in the course of using or testing the Material in animals or in vitro; and (F) Recipient will report all non-serious adverse experiences to Transferor in the Results (as defined in Section 6 below) and/or any written report provided to Transferor.

3. **Provision of Material**. Recipient acknowledges that the Material is experimental in nature and that it is provided "AS IS." EXCEPT AS PROVIDED IN SECTION 8 BELOW OR IN CLAUSE 27 OF THE COLLABORATION AND LICENCE AGREEMENT, TRANSFEROR MAKES NO

REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE MATERIAL OR THE USE OF THE MATERIAL, AND TRANSFEROR DISCLAIMS ALL SUCH WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT.

4. **Confidential Information**. Recipient acknowledges and agrees that any data, documents, materials or information of any type whatsoever, in whatever form or medium, whether or not marked as "confidential" and/or "proprietary," and which could reasonably be expected to be valuable and proprietary, that is disclosed to Recipient by Transferor or its Affiliates pursuant to this Agreement constitutes Confidential Information as such term is defined in the Collaboration and Licence Agreement.

5. **Ownership**. Title and all rights to all Confidential Information disclosed under this Agreement and to the Material shall be determined in accordance with Clause 22 of the Collaboration and Licence Agreement.

6. **Obligation to Report**. All data and any physical, chemical, or biological results obtained from the screening, testing or other use of Material by Recipient (the "**Results**") will be reported to Transferor as Research activities as contemplated by the Collaboration and Licence Agreement. Transferor may only use the Results for the Purpose and/or as permitted or contemplated by the Collaboration and Licence Agreement. Recipient shall not publish any of the Results except as expressly permitted in the Collaboration and Licence Agreement.

7. **No License or Other Rights**. Nothing in this Agreement is to be construed as a grant of a license or any other right to Recipient to utilize the Confidential Information or Materials, except as provided in this Agreement or the Collaboration and Licence Agreement, in any way whatsoever or under any trade secret, patent or patent application owned by either Party or jointly by the Parties, unless a separate written license agreement is executed. Any modification to this Agreement, and any further contract or license agreement between Recipient and Transferor regarding the Confidential Information or Material, shall be in writing and signed by the Parties.

8. **Representations and Warranties**. Recipient represents and warrants as follows to Transferor: (A) Recipient shall comply with (i) all laws and governmental rules, regulations and guidelines which are applicable to the Materials and the use and disposal of the Materials, including biosafety procedures, and (ii) any safety precautions accompanying the Materials; (B) Recipient is permitted to enter into this Agreement and when fully executed by the Parties this Agreement shall constitute a valid, legal and binding obligation upon Recipient, enforceable in accordance with its terms; and (C) it is not now a party to any agreement which conflicts with this Agreement and it will not knowingly enter into any agreement with any other party that would in any way conflict with this Agreement. Transferor represents and warrants as follows to Recipient: (1) Transferor is permitted to enter into this Agreement and when fully executed by the Parties this Agreement shall constitute a valid, legal and binding obligation upon Transferor, enforceable in accordance with its terms; and (2) it is not now a party to any agreement which conflicts with this Agreement and it will not knowingly enter into any agreement with any other party that would in any way conflict with this Agreement.

9. **Term and Termination**. The term of this Agreement shall commence as of the Effective Date and, if not earlier terminated as provided herein, shall be coterminous with the term of the Collaboration and Licence Agreement (the "**Term**"). The termination date of this Agreement will be either the last day of the Term or the date on which this Agreement is earlier terminated in accordance with this Section 9 (the "**Termination Date**"). Transferor may terminate this Agreement by giving Recipient [***] days prior written notice of termination. Upon termination of this Agreement, Recipient shall immediately discontinue any use of the Material and Confidential Information, unless the continued use is necessary to perform any obligation or exercise any right under the Collaboration and Licence Agreement, or agreed to in writing by the Transferor.

10. **Return or Destruction of Material**. Within [***] calendar days following the Termination Date, Recipient shall, at the written request and expense of Transferor, return to Transferor any unused Material, by registered mail, certified mail, or courier service together with a written certification that all unused Material has been returned. Alternatively, at the written request of Transferor, Recipient shall destroy any unused Material in accordance with the requirements of 21 C.F.R. 312.160(c) and shall provide Transferor with written certification that such Material has been destroyed within [***] business days following such destruction.

11. **Limitation of Liability**. EXCEPT FOR (I) CLAIMS FOR INDEMNIFICATION UNDER THE PROVISIONS OF CLAUSE 28 OF THE COLLABORATION AND LICENCE AGREEMENT TO THE EXTENT SUCH DAMAGES ARE AWARDED TO A THIRD PARTY OR (II) ACTS OF GROSS NEGLIGENCE, RECKLESSNESS, INTENTIONAL MISCONDUCT, OR FRAUD, NEITHER TRANSFEROR NOR ANY OF ITS AFFILIATES SHALL BE LIABLE TO RECIPIENT OR ITS AFFILIATES FOR ANY INDIRECT, CONSEQUENTIAL, SPECIAL, RELIANCE OR PUNITIVE DAMAGES, WHETHER LIABILITY IS ASSERTED IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT PRODUCT LIABILITY), INDEMNITY OR CONTRIBUTION, AND IRRESPECTIVE OF WHETHER TRANSFEROR OR ANY REPRESENTATIVE OF TRANSFEROR HAS BEEN ADVISED OF, OR OTHERWISE MIGHT HAVE ANTICIPATED THE POSSIBILITY OF, ANY SUCH LOSS OR DAMAGE.

12. **Miscellaneous**.

A. No Further Obligations. Notwithstanding the terms of this Agreement, no Party to this Agreement shall be obligated to enter into any further agreement with the other.

B. Assignment. This Agreement shall be assignable only in accordance with the Collaboration and Licence Agreement.

C. Costs. Unless otherwise expressly set forth in the Collaboration and Licence Agreement, each Party shall bear its own costs and expenses incurred in connection with the preparation, delivery, evaluation, and/or destruction of the Material.

D. Binding Effect. This Agreement shall be binding upon and inure to the benefit of each Party and their respective Affiliates, successors, legal representatives and permitted assigns.

E. Governing Law. This Agreement and any Dispute arising from the performance or breach hereof will be governed by and interpreted in accordance with the laws of the State of New York, without giving effect to any choice of law rules. The provisions of the United Nations Convention on Contracts for the International Sale of Goods will not apply to this Agreement or any subject matter hereof.

F. Survival. The expiration or earlier termination of this Agreement shall not affect any rights or obligations of either Party accruing prior to the Termination Date. The provisions of Sections 4 (solely for the period set forth therein), 5, 6, 7, 10 and 11 shall survive the Termination Date.

G. Entire Agreement/Modification. This Agreement, including Exhibit A attached hereto (together with the Collaboration and Licence Agreement and other agreements contemplated therein), sets forth the entire and complete understanding between the Parties in regard to the covered subject matter. No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the Parties unless reduced to writing and signed by the respective authorized officers of the Parties. In the event of any conflict between the terms of this Agreement and the terms of the Collaboration and Licence Agreement, the terms of the Collaboration and Licence Agreement shall govern.

[Signature page follows.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed by their respective duly authorized representatives as of the Effective Date.

SANOFI		**EXSCIENTIA AI LIMITED**	
By:		By:	
Name:		Name:	
Title:		Title:	

Exhibit A to Material Transfer Agreement

Materials

Transferor:

Transferor contact:

Recipient name:

Recipient contact:

Address for Shipment of Material:

Shipment Date:

Amount of Material Requested:

Name and Description of Material:

Specific Description of Purpose:

Facilities:

SCHEDULE 6

DEVELOPMENT CANDIDATE DATA PACKAGE REQUIREMENTS

[***]

SCHEDULE 7

INITIAL PATHWAYS OF INTEREST

[***]

SCHEDULE 8

INTENTIONALLY LEFT BLANK

SCHEDULE 9

INTENTIONALLY LEFT BLANK

SCHEDULE 10

RESEARCH PLAN FOR [***]

[***]

SCHEDULE 11

RESEARCH PLAN FOR [***]

[***]

SCHEDULE 12

FORM OF TRANSLATIONAL RESEARCH PLAN

[***]

Exhibit 4.21

Execution Version

FIRST AMENDMENT TO COLLABORATION AND LICENSE AGREEMENT

This First Amendment to Collaboration and License Agreement (this "**Amendment**") is entered into as of January 30, 2023 (the "**Amendment Date**") by and between Exscientia AI Limited, registered in Scotland under SC428761, whose registered office is at Level 3, Dundee One River Court, 5 West Victoria Dock Road, Dundee, United Kingdom ("**EXS**"), and Sanofi, a French Société Anonyme, having its registered head office at 54, rue La Boétie, 75008 Paris, France ("**Sanofi**"). EXS and Sanofi are each referred to herein by name or, individually, as a "**Party**" or, collectively, as the "**Parties**."

Recitals

WHEREAS the Parties entered into that certain Collaboration and License Agreement (as amended by this Amendment, the "**Agreement**"), dated January 4, 2022; and

WHEREAS the Parties wish to amend the Agreement to modify certain terms and conditions of the Agreement with respect to [****] research activities for [****], as further described herein.

Now Therefore, in consideration of the foregoing premises and the mutual promises, covenants and conditions contained in this Amendment, in accordance with Section 37.4 of the Agreement, the Parties agree as follows:

1. Defined Terms. As used in this Amendment, capitalized terms, whether used in the singular or plural form, that are capitalized but not defined herein shall have the meanings ascribed to such terms in the Agreement.

2. Amendments.

(a) [****] **Research Plan**. A research plan describing [****] activities to be conducted in connection with [****] shall be finalized by the Joint Steering Committee as promptly as practicable following the Amendment Date, and shall be considered attached hereto as **Exhibit A** when approved by the Joint Steering Committee. Such research plan in the form approved by the Joint Steering Committee, as the same may be amended by the Parties in accordance with the terms of the Agreement, is referred to as the "[****] **Research Plan**". Notwithstanding anything to the contrary in the Agreement, for clarity, the [****] Research Plan shall be considered a [****] Research Plan for purposes of the Agreement.

(b) Applicability of Agreement Provisions. The Parties agree that Clauses 5.2, 5.3, 5.4, 5.5, 5.6, 5.11, 5.12, and 27.1(e) of the Agreement shall apply *mutatis mutandis* to the activities conducted under the [****] Research Plan. In addition, the Parties agree that the activities conducted under the [****] Research Plan shall be subject to the oversight of the Joint Steering Committee and the Alliance Managers, in accordance with the terms of the Agreement.

(c) Ownership of IP; Grant of Licenses.

(i) All Patent Rights, Know-How, and other intellectual property rights arising out of activities conducted under the [****] Research Plan ("[****] **Inventions**") shall be deemed [****], EXS Project IP, or Sanofi Collaboration IP, as applicable (as such terms apply *mutatis mutandis* to activities conducted under the [****] Research Plan instead of a Research Program, Research Plan, Small Molecule Research Project, or NSM Research Plan). For clarity, (A) any [****] Invention that pertains to [****] shall be deemed EXS Project IP or Sanofi Collaboration IP [****], and (B) any [****] Invention that [****] shall be deemed [****]. Notwithstanding the foregoing, if [****], then:

(1) Sanofi grants to EXS a non-exclusive, perpetual, irrevocable, freely transferable, worldwide, with the right to grant sublicenses through multiple tiers (as provided in Clause 20.4 of the Agreement), under any [****] Inventions that are EXS Project IP or Sanofi Collaboration IP, for [****]. For clarity, EXS owns, and so is entitled to use and otherwise exploit, any [****] Inventions that are [****], subject to and in accordance with the terms of the Agreement, including the exclusive license granted to Sanofi in Clause 20.1(b) of the Agreement.

(2) EXS grants to Sanofi a non-exclusive, perpetual, irrevocable, freely transferable, worldwide, with the right to grant sublicenses through multiple tiers (as provided in Clause 20.4 of the Agreement), under any [****] Inventions that are [****], for [****]. For clarity, (a) EXS has licensed to Sanofi, and so Sanofi is entitled to use and otherwise exploit, any [****] Inventions that are EXS Project IP, and (b) Sanofi owns, and so is entitled to use and otherwise exploit, any [****] Inventions that are [****], in each case, subject to and in accordance with the terms of the Agreement.

(ii) Notwithstanding anything to the contrary in Clause 33.5 of the Agreement, the Parties agree that the terms of this Clause 2(c) shall survive and apply after any expiration or termination of the Agreement.

(d) [****] **Milestones**. The following [****] Milestones will be deemed to replace the first [****] Milestone set forth in the table in Clause [****] (referred to as "[****]"), solely for purposes of [****] activities conducted under the [****] Research Plan:

[****] **Milestone – for** [****] **Resulting from Activities Conducted under the** [****] **Research Plan**	[****] **Milestone Descriptions**	[****] **Milestone Payment**
[****]	[****]	[****]

[****]	[****]	[****]

3. Miscellaneous.

(a) No Other Amendments. This Amendment shall be deemed to be a part of and incorporated into the Agreement. In the event of an express conflict between this Amendment and the Agreement, this Amendment shall control. Except as expressly set forth in this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and are ratified and confirmed in all respects and remain in full force and effect.

(b) Entire Agreement. This Amendment, together with the Agreement and any exhibits or attachments thereto (including the Schedules and each Research Plan and NSM Research Plan, and all attachments thereto), contains the entire agreement by the Parties with respect to the subject matter hereof, and any reference to the Agreement shall refer to the Agreement, as amended by this Amendment.

(c) Counterparts. This Amendment may be executed in counterparts with the same effect as if both Parties had signed the same document. All such counterparts will be deemed an original, will be construed together and will constitute one and the same instrument.

(d) Governing Law. This Agreement, and any non-contractual obligations arising out of or in connection with it, is governed by the laws of the State of New York, without regard to conflict of laws principles.

[Signature Page Follows]

IN WITNESS WHEREOF, and intending to be legally bound hereby, the Parties have caused this Amendment to be executed by their respective duly authorized representatives as of the Amendment Date.

Certain confidential information contained in this document, marked by [****], has been omitted because it is both (i) not material and (ii) is the type that the registrant treats as private or confidential.

EXSCIENTIA AI LIMITED

By:/s/David Hallett

Name: David Hallett

Title: Chief Operating Officer

SANOFI

By: /s/ Daniel Haines

Name: Daniel Haines

Title: Head of Legal Global Functions

Certain confidential information contained in this document, marked by [****], has been omitted because it is both (i) not material and (ii) is the type that the registrant treats as private or confidential.

Exhibit A
[****] Research Plan

[To be approved by the Joint Steering Committee and attached hereto as Exhibit A when so approved by the Joint Steering Committee.]

Certain confidential information contained in this document, marked by [****], has been omitted because it is both (i) not material and (ii) is the type that the

registrant treats as private or confidential.

Exhibit 12.1

SECTION 302 CERTIFICATION

I, Andrew L. Hopkins, certify that:

1. I have reviewed this annual report on Form 20-F of Exscientia plc;

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 company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) 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 company 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 company, 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 company'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 company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company'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 company'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 company's internal control over financial reporting.

Date: March 23, 2023

/s/ Andrew L. Hopkins

Chief Executive Officer

Exhibit 12.2

SECTION 302 CERTIFICATION

I, Ben R. Taylor, certify that:

1. I have reviewed this annual report on Form 20-F of Exscientia plc;

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 company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) 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 company 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 company, 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 company'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 company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company'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 company'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 company's internal control over financial reporting.

Date: March 23, 2023.....

/s/ Ben R. Taylor

Chief Financial Officer

Exhibit 13.1

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Andrew L. Hopkins, Chief Executive Officer of Exscientia plc (the "Company"), and Ben R. Taylor, Chief Financial Officer of the Company, each hereby certifies that, to the best of his or her knowledge:

The Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2022, to which this Certification is attached as Exhibit 13.1 (the "Annual Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 23, 2023

In Witness Whereof, the undersigned have set their hands hereto as of the 23rd day of March, 2023.

/s/Andrew L. Hopkins	/s/ Ben R. Taylor
Andrew L. Hopkins	Ben R. Taylor
Chief Executive Officer	Chief Financial Officer

This certification accompanies the Form 20-F to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Exscientia plc under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Form 20-F), irrespective of any general incorporation language contained in such filing.

Exscientia Plc
The Schrodinger Building
Oxford Science Park
Oxfordshire
OX4 4GE

23 March 2023

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-60315) of Exscientia Plc of our report dated March 23, 2023 relating to the financial statements, which appears in this Form 20-F.

Yours sincerely,

/s/ PricewaterhouseCoopers LLP
Reading, UK
March 23, 2023