

News Release

Bayer collaborates with Recursion to strengthen digital drug discovery and advance new therapies for fibrotic diseases

- Drug Discovery partnership and equity investment led by Leaps by Bayer in Series D financing round
- Digitally-powered drug discovery to address fibrotic diseases with previously undiscovered mechanisms and to deliver novel therapies to patients faster

Berlin, Germany and Salt Lake City, USA, September 9, 2020 – Bayer and US-based Recursion Pharmaceuticals, Inc., a digital biology company industrializing drug discovery, have entered into a strategic collaboration agreement. The partnership will leverage Recursion’s purpose-built artificial intelligence-guided drug discovery platform and Bayer’s small molecule compound library and deep scientific expertise to discover and develop new treatments for fibrotic diseases of the lung, kidney, heart and more. In addition, Leaps by Bayer, the impact investment arm of Bayer AG, is leading Recursion’s Series D financing with an investment of USD 50 million.

“We are driving forward digital transformation in R&D as we believe that digital technologies such as artificial intelligence and machine learning, offer a myriad of novel opportunities to address the complex biology of many diseases and identify new treatments for patients,” said Joerg Moeller, MD, Member of the Executive Committee of Bayer AG’s Pharmaceuticals Division and Head of Research and Development. “The collaboration with Recursion enables us to discover small molecule drug candidates targeting novel biology for the treatment of fibrotic diseases and complements our expertise in cardiovascular research with digital technologies.”

Fibrotic diseases are a significant cause of morbidity and mortality worldwide. One of the biggest challenges in the treatment of fibrotic diseases is the underlying complex biology and the associated difficulty in discovering relevant drug targets. Phenotypic screening is

a method to screen for novel therapeutic molecules to uncover novel drug targets and their role in complex disease processes. Artificial intelligence and the use of machine learning methods allow the processing of enormous amounts of data – including high-resolution imaging – generated by these screens and offers unprecedented potential for the discovery of new drug candidates for diseases with complex biology such as fibrotic diseases.

“Leaps by Bayer invests in paradigm-shifting advances in the life sciences and artificial intelligence might be one of the most disruptive technologies of our time,” said Juergen Eckhardt, MD, Head of Leaps by Bayer. “Recursion is a leading digitally-powered drug discovery company to lift biotech research to new horizons with the use of artificial intelligence and pioneers transformational machine-learning powered drug discovery with the potential to develop curative treatments in the future.”

Recursion’s drug discovery platform combines highly automated, wet lab biology experiments as the base for iterative learning through its computational tools. The purpose-built drug-discovery platform is based on a proprietary library of over half a billion images of human cells from more than 33 million experiments conducted in-house at Recursion and coupled with advanced data analytics based on machine learning. To date, Recursion has on-boarded over 750 cellular disease models to broadly interrogate diverse therapeutic areas.

“Many of the most significant innovations of this century will occur at the intersection of biology and technology. We believe that our vision of using technology to unravel the exceptional complexity of biological systems will lead to next generation biotherapeutics at unprecedented speed, scale and precision,” said Chris Gibson, PhD, co-founder and CEO of Recursion. “We have the potential to elucidate novel biological pathways, targets and chemical entities across large disease domains such as fibrosis, neurodegeneration, neuroinflammation and targeted oncology, which we believe will form the basis of early partnerships with key pharma stakeholders.”

Under the terms of the agreement, the parties may initiate more than ten programs with possible development and commercial milestone payments of more than USD 100 million per program plus royalties on future sales. Bayer will gain the option to exclusively license novel therapeutics derived from the research activities. Bayer will contribute with its small molecule compound library and expertise in biology and medicinal chemistry. In addition

to the USD 50 million equity investment, Recursion will receive an upfront payment of USD 30 million.

The Pharmaceuticals Business Development & Licensing team of Bayer facilitated the license, research collaboration and option agreement of this deal.

About Bayer and Leaps by Bayer

Bayer is a global enterprise with core competencies in the life science fields of health care and nutrition. Its products and services are designed to benefit people by supporting efforts to overcome the major challenges presented by a growing and aging global population. At the same time, the Group aims to increase its earning power and create value through innovation and growth. Bayer is committed to the principles of sustainable development, and the Bayer brand stands for trust, reliability and quality throughout the world. In fiscal 2019, the Group employed around 104,000 people and had sales of 43.5 billion euros. Capital expenditures amounted to 2.9 billion euros, R&D expenses to 5.3 billion euros. For more information, go to www.bayer.com.

Leaps by Bayer, a unit of Bayer AG, leads impact investments into solutions to some of today's biggest challenges in health and agriculture. The investment portfolio includes more than 30 companies. They are all working on potentially breakthrough technologies to overcome some specific challenges such as, e.g. regenerating lost tissue function, reducing the environmental impact of farming, preventing or curing cancer, and others. For more information, go to leaps.bayer.com

About Recursion

Recursion's mission is to decode biology to radically improve lives. Unraveling the exceptional complexity of biological systems and delivering the next generation of biotherapeutics at unprecedented speed and scale can only be achieved by bridging life science and technology. Recursion is the leader in digital biology, and has built the world's most advanced ultra-high throughput wet-lab and machine learning platform. Recursion's ability to generate proprietary, high-dimensional, multi-modal and relatable datasets of human cellular biology at massive scale, and apply advanced machine learning approaches to reveal novel biological relationships, has resulted in a proven, target-agnostic drug-discovery engine.

Recursion has demonstrated the power of its platform to industrialize drug discovery by delivering a broad, clinical and preclinical pipeline spanning diverse therapeutic areas, positioning Recursion as the partner of choice in digitally-powered drug discovery. Recursion's groundbreaking technology, inclusive culture and multidisciplinary team make it a destination for engineers and scientists passionate about trailblazing the frontier of digital biology. Learn more at www.recursionpharma.com, or connect on Twitter and LinkedIn.

Contact Bayer:

Dr. Julia Schulze, phone +49 30 468-193636

Email: julia.schulze@bayer.com

Find more information at www.pharma.bayer.com

Follow us on Facebook: <http://www.facebook.com/pharma.bayer>

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Contact Recursion:

Shafique Virani, MD, FRCS (Corporate Development)

Email: shafique.virani@recursionpharma.com

Michael Secora, PhD (Investors)

Email: michael.secora@recursionpharma.com

Denise Powell (Media)

Email: denise@redhousecomms.com

Follow Recursion on Twitter: [@RecursionPharma](https://twitter.com/RecursionPharma)

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Forward-Looking Statements

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